# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# Form 10-K

**(Mark One)**

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

**For the fiscal year ended December 31, 2005**

**or**

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

**Commission File Number 001-13545**

# AMB Property Corporation

*(Exact name of Registrant as specified in its charter)*

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

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

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

| (Title of Each Class) | (Name of Each Exchange on Which Registered) |
|---|---|
| Common Stock, $.01 par value | New York Stock Exchange |
| 6 1/2% Series L Cumulative Redeemable Preferred Stock | |
| 6 3/4% Series M Cumulative Redeemable Preferred Stock | |
| 7% Series O Cumulative Redeemable Preferred Stock | |

**Securities registered pursuant to Section 12(g) of the Act:**
**None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

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

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

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

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

The aggregate market value of common shares held by non-affiliates of the registrant (based upon the closing sale price on the New York Stock Exchange) on June 30, 2005 was $3,506,339,073.

As of March 01, 2006, there were 87,561,917 shares of the Registrant's common stock outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

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

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## FORWARD-LOOKING STATEMENTS

*Some of the information included in this annual report on Form10-K contains forward-looking statements, 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 risks and uncertainties, there are important factors that could cause our 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 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," "pro forma," "estimates" or "anticipates," or the negative of these words and phrases, or similar words or phrases. You can also identify forward-looking statements by discussions of strategy, plans or intentions. Forward-looking statements involve numerous risks and uncertainties and you should not rely upon them as predictions of future events. There is no assurance that the events or circumstances reflected in forward-looking statements will occur or be achieved. Forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and we may not be able to realize them.*

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

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

*Our success also depends upon economic trends generally, various market conditions and fluctuations and those other risk factors discussed under the heading "Risk Factors" in Item 1.A of this report. We caution you not to place undue reliance on forward-looking statements, which reflect our analysis only and speak as of the date of this report or as of the dates indicated in the statements. We assume no obligation to update or supplement forward-looking statements.*

# PART I

## Item 1. *Business*

### General

AMB Property Corporation, a Maryland corporation, acquires, develops and operates industrial properties in key distribution markets throughout North America, Europe and Asia. We use the terms "industrial properties" or "industrial buildings" to describe various types of industrial properties in our portfolio and use 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.

We commenced operations as a fully integrated real estate company effective with the completion of our initial public offering on November 26, 1997. Our strategy focuses on providing properties for customers who value the efficient movement of goods in the world's busiest distribution markets: large, supply-constrained locations with proximity to airports, seaports and major highway systems. As of December 31, 2005, we owned or had investments in, on a consolidated basis or through unconsolidated joint ventures, or managed buildings, properties and development projects expected to total approximately 115.0 million rentable square feet (10.7 million square meters) and 1,057 buildings in 42 markets within eleven countries.

We operate our business through our subsidiary, AMB Property, L.P., a Delaware limited partnership, which we refer to as the "operating partnership". As of December 31, 2005, we owned an approximate 95.1% general partnership interest in the operating partnership, excluding preferred units. As the sole general partner of the operating partnership, we have the full, exclusive and complete responsibility for and discretion in its day-to-day management and control.

Our investment strategy generally targets customers whose businesses are tied to global trade, which, according to the World Trade Organization, has grown more than three times the world gross domestic product growth rate during the last 20 years. To serve the facilities needs of these customers, we seek to invest in major distribution markets, transportation hubs and gateways, both domestically and internationally. Our investment strategy targets markets that are generally characterized by large population densities and typically offer substantial consumer bases, proximity to large clusters of distribution-facility users and significant labor pools. When measured by total consolidated and unconsolidated annualized base rents, 94.6% of our portfolio of industrial properties is located in our target markets, and much of it in in-fill submarkets within our target markets. In-fill locations are characterized by supply constraints on the availability of land for competing projects as well as physical, political or economic barriers to new development.

Our strategy is to become a leading provider of industrial properties in supply-constrained submarkets located near key international passenger and cargo airports, highway systems and seaports in major metropolitan areas of North America, Europe and Asia. These submarkets are generally tied to global trade.

Further, we focus on High Throughput Distribution® ("HTD®") facilities, which are buildings designed to facilitate the distribution of our customers' products rather than store them. Our investment focus on HTD assets is based on what we believe to be a global trend toward lower inventory levels and expedited supply chains. HTD facilities generally have a variety of physical 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. We believe that these building characteristics represent an important success factor for time-sensitive customers such as air express, logistics and freight forwarding companies, and that these facilities function best when located in convenient proximity to transportation infrastructure such as major airports and seaports.

Of the approximately 115.0 million rentable square feet as of December 31, 2005:

- on a consolidated basis, we owned or partially owned 876 industrial buildings, principally warehouse distribution facilities, encompassing approximately 87.8 million rentable square feet that were 95.8%

leased, and other buildings encompassing approximately 0.3 million rentable square feet that were 98.7% leased;

- we managed, but did not have an ownership interest in, industrial and other properties, totaling approximately 1.7 million rentable square feet;
- through unconsolidated joint ventures, we had investments in 86 industrial operating properties, totaling approximately 12.8 million rentable square feet, and two industrial development projects, expected to total approximately 0.3 million rentable square feet;
- on a consolidated basis, we had investments in 45 industrial development projects which are expected to total approximately 11.5 million rentable square feet; and
- on a consolidated basis, we owned one development project, totaling $32.8 million and approximately 0.6 million rentable square feet, that was available for sale or contribution.

During 2005, our property acquisitions totaled $555.0 million(including expected capital expenditures), primarily in target metropolitan markets including Amsterdam, Boston, Chicago, Dallas, Los Angeles, Guadalajara, Hamburg, Shanghai and Tokyo. As of December 31, 2005, we had five industrial buildings and one undeveloped land parcel held for divestiture. Our dispositions during 2005 totaled $926.6 million, including assets in markets that no longer fit our investment strategy and properties at valuations that we considered to be at premium levels. While we continue to sell assets, we believe that we have substantially achieved our near-term strategic disposition goals. Additionally, we contributed $130.5 million of operating assets to a private capital joint venture as part of our continuing strategy to increase the proportion of our assets owned in co-investment joint ventures.

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

Our principal executive office is located at Pier 1, Bay 1, San Francisco, California 94111; our telephone number is (415) 394-9000. We maintain regional offices in Amsterdam, Boston, Chicago, Los Angeles, New Jersey, Shanghai, Singapore, Tokyo and Vancouver. As of December 31, 2005, we employed 309 individuals: 161 at our San Francisco headquarters, 60 in our Boston office and the remainder in our other regional offices. Our website address is www.amb.com. Our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 are available on our website free of charge as soon as reasonably practicable after we electronically file such material with, or furnish it to, the U.S. Securities and Exchange Commission. Information contained on our website is not and should not be deemed a part of this annual report or any other report or filing filed with the U.S. Securities and Exchange Commission.

Unless the context otherwise requires, the terms “we,” “us” and “our” refer to AMB Property Corporation, AMB Property, L.P. and their other controlled subsidiaries, and the references to AMB Property Corporation include AMB Property, L.P. and their controlled subsidiaries. We refer to AMB Property, L.P. as the “operating partnership.” The following marks are our registered trademarks: AMB®; HTD®; and High Throughput Distribution®.

**Operating Strategy**

We base our operating strategy on a variety of operational and service offerings, including in-house acquisitions, development, redevelopment, asset management, property management, leasing, finance, accounting and market research. Our strategy is to leverage our expertise across a large customer base, and complement our internal management resources with long-standing relationships with entrepreneurial real estate management and development firms in our target markets.

We believe that real estate is fundamentally a local business and best operated by local teams in each market comprised of AMB employees, local alliance partners or both. We intend to increase utilization of internal management resources in target markets to achieve both operating efficiencies and to expose our customers to the broadening array of AMB service offerings, including access to multiple locations worldwide and build-to-suit developments. We actively manage our portfolio, whether directly or with an alliance partner, by establishing leasing strategies, negotiating lease terms, pricing, and level and timing of property improvements.

**Growth Strategies**

*Growth through Operations*

We seek to generate long-term internal growth through rent increases on existing space and renewals on rollover space by working to maintain a high occupancy rate at our properties and to control expenses by capitalizing on the economies of scale inherent in owning, operating and growing a large, global portfolio. However, during 2005, our average industrial property base rental rates decreased by 9.7% from the rent in place at expiration for that space on leases entered into or renewed during the period. This amount excludes expense reimbursements, rental abatements, percentage rents and straight-line rents. Since 2001, as the industrial property market weakened, we have focused on maintaining occupancy levels. During 2005, cash-basis same-store net operating income (rental revenues less property operating expenses and real estate taxes for properties included in the same-store pool, which is set annually and excludes properties purchased or developments stabilized after December 31, 2003) increased by 0.1% on our industrial properties. Since our initial public offering in November 1997, we have experienced average annual increases in industrial property base rental rates of 4.9% and maintained an average quarter-end occupancy of 94.9% in our industrial property operating portfolio. While we believe that it is important to view real estate as a long-term investment, past results are not necessarily an indication of future performance. See Part II, Item 7: “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Supplemental Earnings Measures” for a discussion of net operating income and Part IV, Item 15: Note 16 of the “Notes to Consolidated Financial Statements” for detailed segment information, including revenue attributable to each segment, gross investment in each segment and total assets.

*Growth through Development*

We believe that development, redevelopment and expansion of well-located, high-quality industrial properties should continue to provide us with attractive investment opportunities at a higher rate of return than we may obtain from the purchase of existing properties. We believe we have the in-house expertise to create value both through new construction and acquisition and management of value-added properties. Value-added conversion projects represent the repurposing of land or a building site for a more valuable use and may include such activities as rezoning, redesigning, reconstructing and retenanting. Both new development and value-added conversions require significant management attention and capital investment to maximize their return. Completed development properties may be held in our portfolio, sold to third parties or contributed to our co-investment joint ventures. We believe our global market presence and expertise will enable us to continue to generate and capitalize on a diverse range of development opportunities.

We believe that the multidisciplinary backgrounds of our employees should provide us with the skills and experience to capitalize on strategic renovation, expansion and development opportunities. Many of our officers have specific experience in real estate development, both with us and with national development firms, and over the past two years, we have expanded our development staff. We pursue development projects directly and in joint ventures, providing us with the flexibility to pursue development projects independently or in partnerships, depending on market conditions, submarkets or building sites.

*Growth through Acquisitions and Capital Redeployment*

We believe that our acquisition experience and our network of property management, leasing and acquisition resources will continue to provide opportunities for growth. In addition to our internal resources, we have long-term relationships with third-party local property management firms, which we believe may give us access to additional acquisition opportunities, as such managers frequently market properties on behalf of sellers. We believe also that our UPREIT structure enables us to acquire land and industrial properties in exchange for limited partnership units in the operating partnership or AMB Property II, L.P., thereby enhancing our attractiveness to owners and developers seeking to transfer properties on a tax-deferred basis. Going forward, we believe that AMB Institutional Alliance Fund III, L.P., will serve as our primary source of capital for acquisitions of operating properties within the U.S. In addition, we seek to redeploy capital from non-strategic assets into properties that better fit our current investment focus.

We are generally engaged in various stages of negotiations for a number of acquisitions and dispositions that may include acquisitions and dispositions of individual properties, large multi-property portfolios or other real estate companies. We cannot assure you that we will consummate any of these transactions. Such transactions, if we consummate them, may be material individually or in the aggregate. Sources of capital for acquisitions may include retained cash flow from operations, borrowings under our unsecured credit facilities, other forms of secured or unsecured debt financing, issuances of debt or preferred or common equity securities by us or the operating partnership (including issuances of units in the operating partnership or its subsidiaries), proceeds from divestitures of properties, assumption of debt related to the acquired properties and private capital from our co-investment partners. See Part II, Item 7: “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Summary of Key Transactions in 2005.”

*Growth through Global Expansion*

By the end of 2007, we plan to have approximately 15% of our operating portfolio (based on consolidated and unconsolidated annualized base rent) invested in international markets. As of December 31, 2005, our international operating properties comprised 3.7% of our consolidated annualized base rent. When international operating properties owned in unconsolidated joint ventures are included, our annualized base rents from international investments increases to 7.1%. Our North American target markets outside of the United States currently comprise Guadalajara, Mexico City, Monterrey and Toronto. Our European target markets currently comprise Amsterdam, Brussels, Frankfurt, Hamburg, London, Lyon, Madrid, Milan and Paris. Our Asian target markets currently include Beijing, Busan, Nagoya, Osaka, the Pearl River Delta, Seoul, Shanghai, Singapore and Tokyo. We expect to add additional target markets outside the United States in the future.

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

There are many factors that could cause our entry into target markets and future capital allocation to differ from our current expectations, which are discussed in this report under the heading Business Risks — Risks Associated with Our International Business.” Further, it is possible that our target markets will change over time to reflect experience, market opportunities, customer needs and changes in global distribution patterns. For a discussion of the amount of our revenues attributable to the United States and international markets, please see Part IV, Item 15: Note 16 of the "Notes to Consolidated Financial Statements."

*Growth through Co-Investments*

We co-invest in properties with private-capital investors through partnerships, limited liability companies or joint ventures. Our co-investment joint ventures are managed by our private capital group and typically operate under the same investment strategy that we apply to our other operations. Typically we will own a 20-50% interest in our co-investment joint ventures. We believe that our co-investment program will continue to serve as a source of capital for acquisitions and developments; however, we cannot assure you that it will continue to do so. In addition, our co-investment joint ventures typically allow us to earn acquisition and development fees, asset management fees or priority distributions, as well as promoted interests or incentive distributions based on the performance of the co-investment joint ventures. As of December 31, 2005, we owned approximately 54.8 million square feet of our properties (47.7% of the total operating and development portfolio) through our consolidated and unconsolidated joint ventures.

## Item 1A. *Risk Factors*

### BUSINESS RISKS

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

### General Real Estate Industry Risks

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

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

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

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

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

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

As of December 31, 2005, leases on a total of 16.2% of our industrial properties (based on annualized base rent) will expire on or prior to December 31, 2006. We derive most of our income from rent received from our customers. Accordingly, our financial condition, results of operations, cash flow and our ability to pay dividends on, and the market price of, our stock could be adversely affected if we are unable to promptly relet or renew these expiring leases or if the rental rates upon renewal or reletting are significantly lower than expected. If a tenant experiences a downturn in its business or other type of financial distress, then it may be unable to make timely rental payments or renew its lease. Further, our ability to rent space and the rents that we can charge are impacted, not only by customer demand, but by the number of other properties we have to compete with to appeal to customers.

***Actions by our competitors may decrease or prevent increases of the occupancy and rental rates of our properties.***

We compete with other developers, owners and operators of real estate, some of which own properties similar to ours in the same submarkets in which our properties are located. If our competitors offer space at rental rates below current market rates or below the rental rates we currently charge our tenants, we may lose potential tenants, and we may be pressured to reduce our rental rates below those we currently charge in order to retain tenants when our tenants' leases expire. As a result, our financial condition, cash flow, cash available for distribution, trading price of our common stock and ability to satisfy our debt service obligations could be materially adversely affected.

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

Real estate assets are not as liquid as certain other types of assets. Further, as a real estate investment trust, the Internal Revenue Code regulates the number of properties that we can dispose of in a year, their tax bases and the cost of improvements that we make to the properties. In addition, a portion of the properties held directly or indirectly by certain of our subsidiary partnerships were acquired in exchange for limited partnership units in the applicable partnership. The contribution agreements for such properties may contain restrictions on certain sales, exchanges or other dispositions of these properties, or a portion thereof, that result in a taxable transaction for specified periods, following the contribution of these properties to the applicable partnership. These limitations may affect our ability to sell properties. This lack of liquidity and the Internal Revenue Code restrictions may limit our ability to vary our portfolio promptly in response to changes in economic or other conditions and, as a result, could adversely affect our financial condition, results of operations, cash flow and our ability to pay dividends on, and the market price of, our stock.

***We could be adversely affected if a significant number of our tenants are unable to meet their lease obligations.***

Our results of operations, distributable cash flow and the value of our common stock would be adversely affected if a significant number of our tenants were unable to meet their lease obligations to us. In the event of a significant number of lease defaults, our cash flow may not be sufficient to pay dividends to our stockholders and repay maturing debt. As of December 31, 2005, we did not have any single tenant account for annualized base rent revenues greater than 3.7%. However, in the event of lease defaults by a significant number of our tenants, we may incur substantial costs in enforcing our rights as landlord.

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

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

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

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

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

**Risks Associated With Our International Business**

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

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

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

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

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

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

We are pursuing, and intend to continue to pursue, growth opportunities in international markets. As we invest in countries where the U.S. dollar is not the national currency, we are subject to international currency risks from the potential fluctuations in exchange rates between the U.S. dollar and the currencies of those other countries. A significant depreciation in the value of the currency of one or more countries where we have a significant investment may materially affect our results of operations. We attempt to mitigate any such effects by borrowing under our multi-currency credit facility in the currency of the country we are investing in and, under certain circumstances, by putting in place international currency put option contracts hedging exchange rate fluctuations. For leases denominated in international currencies, we may use derivative financial instruments to manage the international exchange risk. We cannot, however, assure you that our efforts will successfully neutralize all international currency risks. If we do engage in international currency exchange rate hedging activities, any income recognized with respect to these hedges (as well as any international currency gain recognized with respect to changes in exchange rates) may not qualify under the 75% gross income test or the 95% gross income test that we must satisfy annually in order to qualify and maintain our status as a REIT.

**General Business Risks**

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

As of December 31, 2005, our industrial properties located in California represented 27.6% of the aggregate square footage of our industrial operating properties and 28.5% of our industrial annualized base rent. Our revenue from, and the value of, our properties located in California may be affected by local real estate conditions (such as an oversupply of or reduced demand for industrial properties) and the local economic climate. Business layoffs, downsizing, industry slowdowns, changing demographics and other factors may adversely impact California's economic climate. Because of the number of properties we have located in California, a downturn in California's economy or real estate conditions could adversely affect our financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, our stock.

***We may experience losses that our insurance does not cover.***

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

A number of our properties are located in areas that are known to be subject to earthquake activity. Domestic properties located in active seismic areas include properties in the San Francisco Bay Area, Los Angeles, Memphis and Seattle. Our largest concentration of such properties is in California where, as of December 31, 2005, we had 253 industrial buildings, aggregating approximately 24.3 million square feet and representing 27.6% of our industrial operating properties based on aggregate square footage and 28.5% based on industrial annualized base rent. International properties located in active seismic areas include Tokyo and Osaka, Japan and Mexico City, Mexico. We carry replacement-cost earthquake insurance on all of our properties located in areas historically subject to seismic activity, subject to coverage limitations and deductibles that we believe are commercially reasonable. We evaluate our earthquake insurance coverage annually in light of current industry practice through an analysis prepared by outside consultants.

A number of our properties are located in areas that are known to be subject to hurricane and/or flood risk. We carry replacement-cost hurricane and flood hazard insurance on all of our properties located in areas historically subject to such activity, subject to coverage limitations and deductibles that we believe are commercially reasonable. We evaluate our insurance coverage annually in light of current industry practice through an analysis prepared by outside consultants. In 2005, various properties that we own or lease in New Orleans, Louisiana and South Florida suffered damage as a result of Hurricanes Katrina and Wilma. Although we expect that our insurance will cover losses arising from this damage in excess of the deductibles paid by us and do not believe that such losses would have a material adverse effect on our business, assets or results from operations, we cannot assure you that we will be reimbursed for all losses incurred.

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

As of December 31, 2005, we owned approximately 54.8 million square feet of our properties through several joint ventures, limited liability companies or partnerships with third parties. Our organizational documents do not limit the amount of available funds that we may invest in partnerships, limited liability companies or joint ventures and we intend to continue to develop and acquire properties through joint ventures, limited liability companies and partnerships with other persons or entities when warranted by the circumstances. Such partners may share certain approval rights over major decisions. Partnership, limited liability company or joint venture investments involve certain risks, including:

- if our partners, co-members or joint venturers go bankrupt, then we and any other remaining general partners, members or joint venturers would generally remain liable for the partnership's, limited liability company's or joint venture's liabilities;
- if our partners fail to fund their share of any required capital contributions, then we may be required to contribute such capital;

- our partners, co-members or joint venturers might have economic or other business interests or goals that are inconsistent with our business interests or goals that would affect our ability to operate the property;
- our partners, co-members or joint venturers may have the power to act contrary to our instructions, requests, policies or objectives, including our current policy with respect to maintaining our qualification as a real estate investment trust;
- the joint venture, limited liability and partnership agreements often restrict the transfer of a joint venture's, member's or partner's interest or "buy-sell" or may otherwise restrict our ability to sell the interest when we desire or on advantageous terms;
- our relationships with our partners, co-members or joint ventures are contractual in nature and may be terminated or dissolved under the terms of the agreements, and in such event, we may not continue to own or operate the interests or assets underlying such relationship or may need to purchase such interests or assets at an above- market price to continue ownership;
- disputes between us and our partners, co-members or joint venturers may result in litigation or arbitration that would increase our expenses and prevent our officers and directors from focusing their time and effort on our business and result in subjecting the properties owned by the applicable partnership or joint venture to additional risk; and
- we may in certain circumstances be liable for the actions of our partners, co-members or joint venturers.

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

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

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

We also anticipate contributing or selling properties to funds and joint ventures. If the funds are unable to raise additional capital on favorable terms after currently available capital is depleted or if the value of such properties are appraised at less than the cost of such properties, then such contributions or sales could be delayed or prevented, adversely affecting our financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, our stock. For example, although we have acquired land for development and made capital commitments in Japan and Mexico, we cannot be assured that we ultimately will be able to contribute such properties to funds or joint ventures as we have planned.

***Contingent or unknown liabilities could adversely affect our financial condition.***

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

- liabilities for clean-up or remediation of undisclosed environmental conditions;
- accrued but unpaid liabilities incurred in the ordinary course of business;
- tax liabilities; and
- claims for indemnification by the general partners, officers and directors and others indemnified by the former owners of the properties.

***We are dependent on external sources of capital.***

In order to qualify as a real estate investment trust, we are required each year to distribute to our stockholders at least 90% of our real estate investment trust taxable income (determined without regard to the dividends-paid deduction and by excluding any net capital gain) and are taxed on our income to the extent it is not fully distributed. Consequently, we may not be able to fund all future capital needs, including acquisition and development activities, from cash retained from operations and must rely on third-party sources of capital. Further, in order to maintain our REIT status and avoid the payment of income and excise taxes, we may need to borrow funds on a short-term basis to meet the REIT distribution requirements even if the then-prevailing market conditions are not favorable for these borrowings. These short-term borrowing needs could result from differences in timing between the actual receipt of cash and inclusion of income for federal income tax purposes, or the effect of non-deductible capital expenditures, the creation of reserves or required debt or amortization payments. Our ability to access private debt and equity capital on favorable terms or at all is dependent upon a number of factors, including, general market conditions, the market's perception of our growth potential, our current and potential future earnings and cash distributions and the market price of our capital stock.

**Debt Financing Risks**

***We could incur more debt, increasing our debt service.***

It is our policy to incur debt, either directly or through our subsidiaries, only if it will not cause our share of total debt-to-our share of total market capitalization ratio to exceed approximately 45%. Our definition of "our share of total market capitalization" is our share of total debt plus preferred equity liquidation preferences plus market equity. See footnote 1 to the Capitalization Ratios table contained in Part II, Item 7: "Management's Discussion and Analysis of Financial Condition and Results of Operation — Liquidity and Capital Resources" for our definitions of "market equity" and "our share of total debt." The aggregate amount of indebtedness that we may incur under our policy increases directly with an increase in the market price per share of our capital stock. Further, our management could alter or eliminate this policy without stockholder approval. If we change this policy, then we could become more highly leveraged, resulting in an increase in debt service that could adversely affect the cash available for distribution to our stockholders.

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

As of December 31, 2005, we had total debt outstanding of $3.4 billion. We guarantee the operating partnership's obligations with respect to the senior debt securities referenced in our financial statements. We are subject to risks normally associated with debt financing, including the risk that our cash flow will be insufficient to meet required payments of principal and interest. We anticipate that we will repay only a small portion of the principal of our debt prior to maturity. Accordingly, we will likely need to refinance at least a portion of our outstanding debt as it matures. There is a risk that we may not be able to refinance existing debt or that the terms of any refinancing will not be as favorable as the terms of our existing debt. If we are unable to refinance or extend principal payments due at maturity or pay them with proceeds of other capital transactions, then we expect that our cash flow will not be sufficient in all years to pay dividends to our stockholders and to repay all such maturing debt. Furthermore, if prevailing interest rates or other factors at the time of refinancing (such as the reluctance of lenders to make commercial real estate loans) result in higher interest rates upon refinancing, then the interest expense relating to that refinanced indebtedness would increase.

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

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

The terms of our credit agreements and other indebtedness require that we comply with a number of financial and other covenants, such as maintaining debt service coverage and leverage ratios and maintaining insurance coverage. These covenants may limit flexibility in our operations, and our failure to comply with these covenants could cause a default under the applicable debt agreement even if we have satisfied our payment obligations. As of December 31, 2005, we had certain non-recourse, secured loans, which are cross-collateralized by multiple properties. If we default on any of these loans, we may then be required to repay such indebtedness, together with applicable prepayment charges, to avoid foreclosure on all the cross-collateralized properties within the applicable pool. Foreclosure on our properties, or our inability to refinance our loans on favorable terms, could adversely impact our financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, our stock. In addition, our credit facilities and senior debt securities contain certain cross-default provisions, which are triggered in the event that our other material indebtedness is in default. These cross-default provisions may require us to repay or restructure the credit facilities and the senior debt securities in addition to any mortgage or other debt that is in default, which could adversely affect our financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, our stock.

***Failure to hedge effectively against interest rates may adversely affect results of operations.***

We seek to manage our exposure to interest rate volatility by using interest rate hedging arrangements, such as interest rate cap agreements and interest rate swap agreements. These agreements involve risks, such as the risk that the counterparties may fail to honor their obligations under these arrangements, that these arrangements may not be effective in reducing our exposure to interest rate changes and that a court could rule that such agreements are not legally enforceable. Hedging may reduce overall returns on our investments. Failure to hedge effectively against interest rate changes may materially adversely affect our results of operations.

**Conflicts of Interest Risks**

***Some of our directors and executive officers are involved in other real estate activities and investments and, therefore, may have conflicts of interest with us.***

Certain of our executive officers and directors own interests in other real-estate related businesses and investments, including retail development projects, office buildings and de minimis holdings of the equity securities of public and private real estate companies. Our executive officers' continued involvement in other real estate-related activities could divert their attention from our day-to-day operations. Our executive officers have entered into non-competition agreements with us pursuant to which they have agreed not to engage in any activities, directly or indirectly, in respect of commercial real estate, and not to make any investment in respect of any industrial or retail real estate, other than through ownership of not more than 5% of the outstanding shares of a public company engaged in such activities or through certain specified investments. State law may limit our ability to enforce these agreements. We believe that these properties and activities generally do not directly compete with any of our properties. However, it is possible that a property in which an executive officer or director, or an affiliate of an executive officer or director, has an interest may compete with us in the future if we were to invest in a property similar in type and in close proximity to that property.

We will not acquire any properties from our executive officers, directors or their affiliates unless the transaction is approved by a majority of the disinterested and independent (as defined by the rules of the New York Stock Exchange) members of our board of directors with respect to that transaction.

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

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

**Risks Associated with Government Regulations**

***The costs of compliance with environmental laws and regulations and any related potential liability could exceed our budgets for these items.***

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

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

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

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

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

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

**Federal Income Tax Risks**

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

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

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

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

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

**Risks Associated With Our Dependence on Key Personnel**

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

**Risks Associated with Our Disclosure Controls and Procedures and Internal Control over Financial Reporting**

***Our business could be adversely impacted if we have deficiencies in our disclosure controls and procedures or internal control over financial reporting.***

The design and effectiveness of our disclosure controls and procedures and internal control over financial reporting may not prevent all errors, misstatements or misrepresentations. While management will continue to review the effectiveness of our disclosure controls and procedures and internal control over financial reporting, there can be no guarantee that our internal control over financial reporting will be effective in accomplishing all control objectives all of the time. Deficiencies, including any material weakness, in our internal control over financial reporting which may occur in the future could result in misstatements of our results of operations, restatements of our financial statements, a decline in our stock price, or otherwise materially adversely affect our business, reputation, results of operations, financial condition or liquidity.

**Risks Associated with Ownership of Our Stock**

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

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

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

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

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

Those provisions provided for under Maryland law include:

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

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

***The market value of our stock could be substantially affected by various factors.***

As with other publicly traded securities, the trading price of our stock will depend on many factors that are not within our control and may change from time to time, including:

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

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

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

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

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

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

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

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

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

The operating partnership and AMB Property II, L.P. had 4,396,525 common limited partnership units issued and outstanding as of December 31, 2005, which may be exchanged generally one year after their issuance on a one-for-one basis into shares of our common stock. In the future, the operating partnership or AMB Property II, L.P. may issue additional limited partnership units, and we may issue shares of common stock, in connection with the acquisition of properties or in private placements. These shares of common stock and the shares of common stock issuable upon exchange of limited partnership units may be sold in the public securities markets over time, pursuant to registration rights that we have granted, or may grant in connection with future issuances, or pursuant to Rule 144. In addition, common stock issued under our stock option and incentive plans may also be sold in the market pursuant to registration statements that we have filed or pursuant to Rule 144. As of December 31, 2005, under our stock option and incentive plans, we had 3,872,024 shares of common stock reserved and available for future issuance, had outstanding options to purchase 9,148,437 shares of common stock (of which 7,236,870 are vested and exercisable) and had 547,524 unvested restricted shares of common stock outstanding. Future sales of a substantial number of shares of our common stock in the market or the perception that such sales might occur could adversely affect the market price of our common stock. Further, the existence of the operating partnership's limited partnership units and the shares of our common stock reserved for issuance upon exchange of limited partnership units and the exercise of options, and registration rights referred to above, may adversely affect the terms upon which we are able to obtain additional capital through the sale of equity securities.

## Item 1B. *Unresolved Staff Comments*

None.

## Item 2. *Properties*

### INDUSTRIAL PROPERTIES

As of December 31, 2005, on a consolidated basis, we owned 876 industrial buildings aggregating approximately 87.8 million rentable square feet, located in 33 markets throughout the United States and in China, France, Germany, Japan, Mexico and the Netherlands. Our industrial properties accounted for $527.3 million or 99.7% of our total annualized base rent as of December 31, 2005. Our industrial properties were 95.8% leased to 2,202 customers, the largest of which accounted for no more than 3.7% of our annualized base rent from our industrial properties. See Part IV, Item 15: Note 16 of "Notes to Consolidated Financial Statements" for segment information related to our operations.

*Property Characteristics.* Our industrial properties, which consist primarily of warehouse distribution facilities suitable for single or multiple customers, are typically comprised of multiple buildings.

The following table identifies type and characteristics of our industrial buildings and each type's percentage of our total portfolio based on square footage at December 31:

| Building Type | Description | 2005 | 2004 |
|---|---|---|---|
| Warehouse | Customers typically 15,000-75,000 square feet, single or multi-tenant | 44.2% | 41.4% |
| Bulk Warehouse | Customers typically over 75,000 square feet, single or multi-tenant | 40.0% | 38.9% |
| Flex Industrial | Includes assembly or research & development, single or multi-customer | 5.9% | 7.1% |
| Light Industrial | Smaller customers, 15,000 square feet or less, higher office finish | 4.6% | 5.9% |
| Trans-Shipment | Unique configurations for truck terminals and cross-docking | 1.7% | 2.3% |
| Air Cargo | On-tarmac or airport land for transfer of air cargo goods | 3.1% | 3.2% |
| Office | Single or multi-customer, used strictly for office | 0.5% | 1.2% |
| | | 100.0% | 100.0% |

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

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

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

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**Industrial Market Operating Statistics (1)**

As of December 31, 2005, we held investments in operating properties in 33 markets in our consolidated portfolio and an additional nine markets in our unconsolidated portfolio throughout the United States and in China, France, Germany, Japan, Mexico and the Netherlands. The following table represents properties in which we own a 100% interest or a controlling interest (consolidated), and excludes properties in which we only own a non-controlling interest (unconsolidated) and properties under development:

| | Atlanta | Chicago | Dallas/ Ft. Worth | Los Angeles(2) | No. New Jersey/ New York | San Francisco Bay Area | Miami | Seattle | North American On-Tarmac(3) | Total U.S. Hub and Gateway Markets | Total Other Markets | Total/ Weighted Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Number of buildings | 45 | 99 | 35 | 135 | 117 | 118 | 49 | 50 | 34 | 682 | 194 | 876 |
| Rentable square feet | 4,416,190 | 9,770,876 | 3,515,054 | 13,104,346 | 9,370,830 | 11,147,409 | 5,015,247 | 6,952,127 | 2,674,136 | 65,966,215 | 21,805,889 | 87,772,104 |
| % of total rentable square feet | 4.9% | 11.1% | 4.0% | 14.9% | 10.7% | 12.7% | 5.7% | 7.9% | 3.0% | 74.9% | 25.1% | 100.0% |
| Occupancy percentage | 95.2% | 94.5% | 91.5% | 98.6% | 96.8% | 95.9% | 98.3% | 95.6% | 95.0% | 96.2% | 94.6% | 95.8% |
| Annualized base rent (000's) | $ 18,473 | $ 45,249 | $ 12,311 | $ 80,542 | $ 67,212 | $ 69,704 | $ 36,207 | $ 31,124 | $ 45,296 | $ 406,118 | $ 121,194 | $ 527,312 |
| % of total annualized base rent | 3.5% | 8.6% | 2.3% | 15.3% | 12.6% | 13.2% | 6.9% | 5.9% | 8.6% | 76.9% | 23.1% | 100.0% |
| Number of leases | 176 | 196 | 118 | 373 | 325 | 335 | 236 | 199 | 234 | 2,192 | 679 | 2,871 |
| Annualized base rent per square foot | $ 4.39 | $ 4.90 | $ 3.83 | $ 6.23 | $ 7.41 | $ 6.52 | $ 7.34 | $ 4.68 | $ 17.83 | $ 6.40 | $ 5.87 | $ 6.27 |
| Lease expirations as a % of ABR:(4) | | | | | | | | | | | | |
| 2005 | 25.1% | 28.7% | 9.4% | 19.5% | 14.9% | 9.8% | 17.9% | 17.2% | 17.0% | 17.4% | 12.1% | 16.2% |
| 2006 | 12.7% | 26.7% | 14.1% | 13.7% | 13.2% | 15.5% | 20.1% | 18.2% | 7.9% | 15.7% | 13.0% | 15.1% |
| 2007 | 24.2% | 10.9% | 19.3% | 23.7% | 10.6% | 16.6% | 12.1% | 13.7% | 11.7% | 15.7% | 13.3% | 15.2% |
| Weighted average lease terms: | | | | | | | | | | | | |
| Original | 5.1 years | 4.5 years | 5.8 years | 6.0 years | 6.8 years | 5.6 years | 5.4 years | 6.0 years | 8.6 years | 5.8 years | 6.9 years | 6.1 years |
| Remaining | 2.7 years | 2.4 years | 3.7 years | 3.2 years | 3.6 years | 2.9 years | 3.3 years | 3.0 years | 4.9 years | 3.1 years | 3.9 years | 3.3 years |
| Tenant retention: | | | | | | | | | | | | |
| Quarter | 96.6% | 97.5% | 85.0% | 21.8% | 13.9% | 62.2% | 76.1% | 26.0% | 83.6% | 68.1% | 56.0% | 66.1% |
| Year-to-date | 89.3% | 82.1% | 62.2% | 48.6% | 41.3% | 67.6% | 68.4% | 53.2% | 80.7% | 64.5% | 63.1% | 64.2% |
| Rent increases on renewals and rollovers: | | | | | | | | | | | | |
| Quarter | (5.2)% | 0.2% | (6.4)% | (4.0)% | (8.3)% | (14.6)% | (0.9)% | 9.1% | 6.7% | (3.9)% | (5.8)% | (4.3)% |
| Same space SF leased | 426,728 | 733,877 | 271,284 | 316,071 | 270,250 | 449,978 | 329,653 | 147,427 | 126,674 | 3,071,942 | 769,692 | 3,841,634 |
| Year-to-date | (3.0)% | 0.7% | (6.0)% | 1.6% | 1.4% | (41.0)% | 1.3% | (3.2)% | 2.2% | (10.8)% | (4.3)% | (9.7)% |
| Same space SF leased | 888,881 | 1,822,495 | 698,886 | 2,371,014 | 900,336 | 2,089,998 | 1,078,385 | 819,959 | 362,528 | 11,032,482 | 2,574,944 | 13,607,426 |
| Same store cash basis NOI % change: | | | | | | | | | | | | |
| Quarter | 3.9% | (18.4)% | (21.6)% | 8.3% | 41.3% | (2.8)% | 21.0% | 9.3% | 12.1% | 6.3% | 1.2% | 5.2% |
| Year-to-date | (3.5)% | (5.1)% | (2.4)% | 3.5% | 17.6% | (11.2)% | 4.8% | 7.0% | 4.4% | 0.6% | (1.9)% | 0.1% |
| Sq. feet owned in same store pool(5) | 3,843,330 | 7,104,452 | 3,374,894 | 11,510,097 | 6,517,164 | 10,587,804 | 4,236,006 | 6,117,008 | 2,556,891 | 55,847,646 | 16,604,963 | 72,452,609 |
| AMB's pro rata share of square feet(6) | 2,533,993 | 8,671,069 | 2,552,038 | 10,633,857 | 5,315,216 | 8,562,343 | 4,262,752 | 3,763,649 | 2,530,524 | 48,825,441 | 18,341,161 | 67,166,602 |
| Total market square footage(7) | 5,422,133 | 14,431,125 | 3,737,334 | 17,930,364 | 9,853,611 | 11,551,326 | 5,671,847 | 7,718,372 | 3,930,038 | 80,246,150 | 34,708,482 | 114,954,632 |

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

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

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

(4) Annualized base rent is calculated as monthly base rent (cash basis) per the terms of the lease, as of December 31, 2005, multiplied by 12.

(5) Same store pool excludes properties or developments stabilized after December 31, 2003. Stabilized properties are generally defined as properties that are 90% leased or properties for which we have held a certificate of occupancy or where building has been substantially complete for at least 12 months.

(6) Calculated as our pro rata share of square feet on consolidated and unconsolidated operating properties.

(7) Total market square footage includes industrial and retail operating properties, development properties, unconsolidated properties (100% of the square footage) and properties managed for third parties.

**Industrial Operating Portfolio Overview**

As of December 31, 2005, our 876 industrial buildings were diversified across 33 markets throughout the United States and in China, France, Germany, Japan, Mexico and the Netherlands. The average age of our industrial properties is approximately 21 years (since the property was built or substantially renovated). The following table represents properties in which we own a fee simple or leasehold interest or a controlling interest (consolidated), and excludes properties in which we only own a non-controlling interest (unconsolidated):

| | Number of Buildings | Rentable Square Feet | % of Total Rentable Square Feet | Occupancy Percentage | Annualized Base Rent (000's) | % of Total Annualized Base Rent | Number of Leases | Annualized Base Rent per Square Foot |
|---|---|---|---|---|---|---|---|---|
| **Domestic Hub Markets** | 682 | 65,966,215 | 74.9% | 96.2% | $ 406,118 | 76.9% | 2,192 | $ 6.40 |
| **Other Markets** | | | | | | | | |
| **Domestic Target Markets** | | | | | | | | |
| Austin | 8 | 1,558,757 | 1.8 | 93.9 | 8,371 | 1.6 | 29 | 5.72 |
| Baltimore/ Washington DC | 36 | 2,809,554 | 3.2 | 98.2 | 18,689 | 3.5 | 133 | 6.77 |
| Boston | 40 | 5,288,268 | 6.0 | 91.1 | 31,694 | 6.0 | 100 | 6.58 |
| Minneapolis | 29 | 3,707,692 | 4.2 | 98.0 | 15,912 | 3.0 | 136 | 4.38 |
| **Subtotal/ Weighted Average** | 113 | 13,364,271 | 15.2 | 94.8 | 74,666 | 14.1 | 398 | 5.89 |
| **Domestic Non-Target Markets** | | | | | | | | |
| Charlotte | 21 | 1,317,864 | 1.6 | 83.7 | 5,518 | 1.0 | 65 | 5.00 |
| Columbus | 1 | 240,000 | 0.3 | 100.0 | 720 | 0.1 | 3 | 3.00 |
| Houston | 1 | 410,000 | 0.5 | 100.0 | 2,531 | 0.5 | 1 | 6.17 |
| Memphis | 17 | 1,883,845 | 2.1 | 91.4 | 8,744 | 1.7 | 47 | 5.08 |
| New Orleans | 5 | 410,839 | 0.5 | 98.3 | 2,004 | 0.4 | 51 | 4.96 |
| Orlando | 16 | 1,424,748 | 1.7 | 96.4 | 6,250 | 1.2 | 75 | 4.55 |
| San Diego | 5 | 276,167 | 0.3 | 85.4 | 1,911 | 0.4 | 19 | 8.10 |
| **Subtotal/ Weighted Average** | 66 | 5,963,463 | 7.1 | 92.0 | 27,678 | 5.3 | 261 | 5.04 |
| **International Target Markets(1)** | | | | | | | | |
| Amsterdam, Netherlands | 5 | 476,972 | 0.5 | 100.0 | 4,608 | 0.9 | 5 | 9.66 |
| Frankfurt, Germany | 1 | 166,917 | 0.2 | 100.0 | 1,980 | 0.4 | 1 | 11.86 |
| Hamburg, Germany | 3 | 397,963 | 0.4 | 99.1 | 3,153 | 0.6 | 6 | 7.99 |
| Lyon, France | 1 | 262,491 | 0.3 | 100.0 | 1,452 | 0.3 | 2 | 5.53 |
| Paris, France | 4 | 1,022,063 | 1.2 | 100.0 | 7,125 | 1.4 | 4 | 6.97 |
| Shanghai, China | 1 | 151,749 | 0.2 | 100.0 | 532 | 0.1 | 2 | 3.51 |
| **Subtotal/ Weighted Average** | 15 | 2,478,155 | 2.8 | 99.9 | 18,850 | 3.7 | 20 | 7.61 |
| **Total Other Markets** | 194 | 21,805,889 | 25.1 | 94.6 | 121,194 | 23.1 | 679 | 5.87 |
| **Total/ Weighted Average** | 876 | 87,772,104 | 100.0% | 95.8% | $ 527,312 | 100.0% | 2,871 | $ 6.27 |

(1) Annualized base rent for leases denominated in foreign currencies is translated using the currency exchange rate at December 31, 2005.

(2) Annualized base rent is calculated as monthly base rent (cash basis) per the lease, as of December 31, 2005, multiplied by 12. If free rent is granted, then the first positive rent value is used.

**Industrial Lease Expirations**

The following table summarizes the lease expirations for our industrial properties for leases in place as of December 31, 2005, without giving effect to the exercise of renewal options or termination rights, if any, at or prior to the scheduled expirations:

| | Square Feet(1)(2) | Annualized Base Rent (000's)(3) | % of Annualized Base Rent |
|---|---|---|---|
| 2006 | 14,814,362 | $ 89,922 | 16.2% |
| 2007 | 14,245,738 | 83,898 | 15.1% |
| 2008 | 14,095,709 | 84,259 | 15.2% |
| 2009 | 11,726,525 | 70,944 | 12.8% |
| 2010 | 10,368,286 | 77,179 | 13.9% |
| 2011 | 6,097,520 | 43,935 | 7.9% |
| 2012 | 3,983,288 | 35,548 | 6.4% |
| 2013 | 1,397,167 | 14,630 | 2.6% |
| 2014 | 3,508,245 | 24,318 | 4.4% |
| 2015 and beyond | 3,943,343 | 31,404 | 5.5% |
| **Total** | 84,180,183 | $ 556,037 | 100.0% |

(1) Schedule includes leases that expire on or after December 31, 2005.

(2) The schedule also includes leases in month-to-month and hold-over status totaling 3.7 million square feet.

(3) Calculated as monthly base rent at expiration multiplied by 12. Non-U.S. dollar projects are converted to U.S. dollars based on the forward exchange rate at expiration.

**Customer Information**

*Largest Property Customers.* As of December 31, 2005, our 25 largest industrial property customers by annualized base rent are set forth in the table below:

| Customer Name(1) | Number of Leases | Aggregate Rentable Square Feet | Percentage of Aggregate Leased Square Feet(2) | Annualized Base Rent (000's)(3) | Percentage of Aggregate Annualized Base Rent(4) |
|---|---|---|---|---|---|
| United States Government(5)(6) | 49 | 1,118,282 | 1.3% | $ 19,576 | 3.7% |
| FedEx Corporation | 27 | 1,359,559 | 1.5% | 14,130 | 2.7% |
| Deutsche Post World Net | 44 | 1,727,890 | 2.0% | 13,753 | 2.6% |
| Harmonic Inc. | 4 | 285,480 | 0.3% | 6,674 | 1.3% |
| City and County of San Francisco | 1 | 559,605 | 0.6% | 5,714 | 1.1% |
| La Poste | 2 | 854,427 | 1.0% | 5,424 | 1.0% |
| Expeditors International | 7 | 1,041,773 | 1.2% | 5,115 | 1.0% |
| Worldwide Flight Services | 12 | 318,959 | 0.4% | 3,870 | 0.7% |
| UPS | 13 | 549,994 | 0.6% | 3,812 | 0.7% |
| International Paper Company | 6 | 473,399 | 0.5% | 3,800 | 0.7% |
| Panalpina, Inc. | 7 | 572,935 | 0.7% | 3,542 | 0.7% |
| Forward Air Corporation | 8 | 475,954 | 0.5% | 3,416 | 0.6% |
| Nippon Express USA | 5 | 429,040 | 0.5% | 3,361 | 0.6% |
| Ahold NV | 5 | 644,571 | 0.7% | 2,837 | 0.5% |
| Elmhult Limited Partnership | 5 | 760,253 | 0.9% | 2,686 | 0.5% |
| Virco Manufacturing Corporation | 1 | 559,000 | 0.6% | 2,566 | 0.5% |
| BAX Global Inc | 7 | 169,531 | 0.2% | 2,561 | 0.5% |
| Aeroground Inc. | 6 | 201,367 | 0.2% | 2,555 | 0.5% |
| United Air Lines Inc | 5 | 118,825 | 0.1% | 2,456 | 0.5% |
| Applied Materials, Inc. | 1 | 290,557 | 0.3% | 2,277 | 0.4% |
| Iron Mountain Information Management | 9 | 442,041 | 0.5% | 2,126 | 0.4% |
| Kintetsu World Express | 5 | 167,027 | 0.2% | 2,112 | 0.4% |
| Eagle Global Logistics, L.P. | 7 | 350,563 | 0.4% | 2,071 | 0.4% |
| FMI International | 1 | 315,000 | 0.4% | 2,068 | 0.4% |
| United Liquors, Ltd. | 1 | 440,000 | 0.5% | 2,057 | 0.4% |
| Total | | 14,226,032 | 16.2% | $ 120,559 | 22.8% |

(1) Customer(s) may be a subsidiary of or an entity affiliated with the named customer. We also have a lease with Park'N Fly at our Park One property, a parking lot, adjacent to the Los Angeles International Airport with an annualized base rent of $7.2 million, which is not included.

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

(3) Annualized base rent is calculated as monthly base rent (cash basis) per the lease, as of December 31, 2005, multiplied by 12.

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

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

(6) United States Government includes the United States Postal Service, United States Customs, United States Department of Agriculture and various other U.S. governmental agencies.

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## OPERATING AND LEASING STATISTICS

### Industrial Operating and Leasing Statistics

The following table summarizes key operating and leasing statistics for all of our industrial properties as of and for the years ended December 31, 2005, 2004 and 2003:

| Operating Portfolio(1) | 2005 | 2004 | 2003 |
|---|---|---|---|
| Square feet owned(2) | 87,772,104 | 90,278,803 | 87,101,412 |
| Occupancy percentage | 95.8% | 94.8% | 93.1% |
| Weighted average lease terms: | | | |
| Original | 6.1 years | 6.1 years | 6.1 years |
| Remaining | 3.3 years | 3.3 years | 3.2 years |
| Tenant retention | 64.2% | 66.8% | 65.3% |
| Same Space Leasing Activity(3): | | | |
| Rent increases (decreases) on renewals and rollovers | (9.7)% | (13.2)% | (10.1)% |
| Same space square footage commencing (millions) | 13.6 | 17.5 | 17.3 |
| Second Generation Leasing Activity(4): | | | |
| Tenant improvements and leasing commissions per sq. ft.: | | | |
| Retained | $ 1.60 | $ 1.73 | $ 1.39 |
| Re-tenanted | 3.03 | 2.70 | 2.13 |
| Weighted average | $ 2.34 | $ 2.27 | $ 1.77 |
| Square footage commencing (millions) | 18.5 | 22.5 | 22.7 |

(1) Includes all consolidated industrial operating properties and excludes industrial development and renovation projects. Excludes retail and other properties' square footage of 0.3 million with occupancy of 98.7% and annualized base rents of $1.7 million as of December 31, 2005.

(2) In addition to owned square feet as of December 31, 2005, we managed, but did not have an ownership interest in, approximately 0.4 million additional square feet of industrial and other properties. As of December 31, 2005, one of our subsidiaries also managed approximately 1.3 million square feet of industrial properties on behalf of the IAT Air Cargo Facilities Income Fund. As of December 31, 2005, we also had investments in 12.8 million square feet of industrial operating properties through our investments in unconsolidated joint ventures.

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

(4) 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.

**Industrial Same Store Operating Statistics**

The following table summarizes key operating and leasing statistics for our same store properties as of and for the years ended December 31, 2005, 2004 and 2003:

| | 2005 | 2004 | 2003 |
|---|---|---|---|
| Square feet in same store pool(1) | 72,452,609 | 74,516,427 | 71,985,575 |
| % of total industrial square feet | 82.5% | 82.5% | 82.6% |
| Occupancy percentage at period end | 95.6% | 95.3% | 93.0% |
| Tenant retention | 63.7% | 66.4% | 65.1% |
| Rent increases (decreases) on renewals and rollovers | (9.8)% | (14.7)% | (10.6)% |
| Square feet leased (millions) | 13.0 | 16.2 | 16.2 |
| Growth % increase (decrease) (including straight-line rents): | | | |
| Revenues | (0.7)% | (0.7)% | (3.8)% |
| Expenses | (0.2)% | (0.5)% | 2.7% |
| Net operating income | (0.8)% | (0.8)% | (5.7)% |
| Growth % increase (decrease) (excluding straight-line rents): | | | |
| Revenues | 0.0% | (0.8)% | (3.6)% |
| Expenses | (0.2)% | (0.5)% | 2.7% |
| Net operating income | 0.1% | (0.9)% | (5.6)% |

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

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## DEVELOPMENT PROPERTIES

### Development Pipeline

The following table sets forth the properties owned by us as of December 31, 2005 which were undergoing development, renovation or expansion. We can not assure you that any of these projects will be completed on schedule or within budgeted amounts.

### Industrial Development and Renovation Deliveries

| Projects | Location | Developer | Estimated Stabilization | Estimated Square Feet at Stabilization | Estimated Total Investment (000's)(1) | Our Ownership Percentage |
|---|---|---|---|---|---|---|
| **2006 Deliveries** | | | | | | |
| 1. AMB BRU Air Cargo Center | Brussels, Belgium | AMB | Q1 | 100,212 | $ 11,600 | 100% |
| 2. AMB West O'Hare — Bldg 1 | El Grove, Village, IL | AMB | Q1 | 189,240 | 15,700 | 20% |
| 3. AMB West O'Hare — Bldg 2 | El Grove, Village, IL | AMB | Q1 | 119,808 | 9,300 | 20% |
| 4. Narita Air Cargo 1 — Phase 1 Bldg A | Tokyo, Japan | AMB Blackpine | Q1 | 107,966 | 11,000 | 100% |
| 5. Narita Air Cargo 1 — Phase 1 Bldg B | Tokyo, Japan | AMB Blackpine | Q1 | 564,207 | 57,500 | 100% |
| 6. Highway 17 — 50 Broad Street | Carlstadt, NJ | AMB | Q1 | 120,000 | 9,100 | 100% |
| 7. Monarch Commerce Center — Bldg 1 | Miramar, FL | AMB | Q2 | 71,903 | 5,600 | 100% |
| 8. Monarch Commerce Center — Bldg 2 | Miramar, FL | AMB | Q2 | 32,152 | 2,400 | 100% |
| 9. Monarch Commerce Center — Bldg 3 | Miramar, FL | AMB | Q2 | 37,447 | 2,800 | 100% |
| 10. Dulles Commerce Center — Bldg 150 | Dulles, VA | Seefried Properties | Q2 | 72,600 | 6,300 | 20% |
| 11. Dulles Commerce Center — Bldg 200 | Dulles, VA | Seefried Properties | Q2 | 97,232 | 7,500 | 20% |
| 12. AMB Horizon Creek — Bldg 400 | Atlanta, GA | Seefried Properties | Q2 | 204,256 | 9,100 | 100% |
| 13. AMB Ohta Distribution Center | Tokyo, Japan | AMB Blackpine | Q2 | 789,965 | 173,300 | 100% |
| 14. Singapore Airport Logistics Center — Bldg 2(4) | Changi Airport, Singapore | Boustead Projects PTE | Q2 | 254,267 | 12,000 | 50% |
| 15. AMB Amagasaki Distribution Center | Osaka, Japan | AMB Blackpine | Q2 | 973,029 | 94,100 | 100% |
| 16. AMB Layline Distribution Center(3) | Torrance, CA | AMB | Q2 | 298,000 | 29,000 | 100% |
| 17. AMB Redlands — Parcel 1 | Redlands, CA | AMB | Q2 | 699,350 | 24,800 | 100% |
| 18. Nash Logistics Center(4) | El Segundo, CA | IAC | Q2 | 75,000 | 12,500 | 50% |
| 19. Spinnaker Logistics(3) | Redondo Beach, CA | IAC | Q2 | 279,431 | 30,900 | 39% |
| 20. Beacon Lakes — Bldg 6 | Miami, FL | Codina | Q3 | 206,464 | 12,300 | 79% |

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| Projects | Location | Developer | Estimated Stabilization | Estimated Square Feet at Stabilization | Estimated Total Investment (000's)(1) | Our Ownership Percentage |
|---|---|---|---|---|---|---|
| 21. Northfield Bldg 700 | Dallas, TX | Seefried Properties | Q3 | 108,640 | 6,300 | 20% |
| 22. Agave — Bldg 4 | Mexico City, Mexico | G. Accion | Q3 | 217,514 | 13,600 | 98% |
| 23. AMB Fokker Logistics Center 1 | Amsterdam, Netherlands | Delta Group | Q3 | 236,238 | 27,100 | 100% |
| 24. AMB Annagem Distribution Centre | Toronto, Canada | AMB | Q4 | 194,330 | 12,800 | 100% |
| 25. AMB Milton 401 Business Park — Bldg 1 | Toronto, Canada | AMB | Q4 | 373,245 | 19,300 | 100% |
| 26. Beacon Lakes — Bldg 10 | Miami, FL | Codina | Q4 | 192,476 | 11,500 | 79% |
| 27. Beacon Lakes Village — Phase 1 Bldg 2E | Miami, FL | Codina | Q4 | 52,918 | 5,700 | 79% |
| 28. Platinum Triangle Land(6) | Anaheim, CA | AMB | Q4 | — | 33,200 | 100% |
| 29. AMB Kashiwa DC-1 | Kashiwa, Japan | AMB Blackpine | Q4 | 221,477 | 23,900 | 100% |
| 30. Highway 17 — 55 Madison Street | Carlstadt, NJ | AMB | Q4 | 150,446 | 12,000 | 100% |
| Total 2006 Deliveries | | | | 7,039,813 | $ 702,200 | 90% |
| Leased or Under Contract For Sale/ Funded-to-date | | | | 50% | $ 592,100(2) | |
| Weighted Average Estimated Stabilized Yield(5) | | | | | 7.6% | |
| **2007 Deliveries** | | | | | | |
| 31. AMB Pearson Logistics Centre 1-Bldg 200 | Toronto, Canada | AMB | Q1 | 205,518 | $ 14,400 | 100% |
| 32. AMB Isle d'Abeau Logistics — Bldg C | Lyon, France | GEPRIM | Q1 | 277,817 | 18,900 | 100% |
| 33. AMB Turnberry Distribution VI | Roselle, IL | AMB | Q1 | 179,400 | 10,400 | 20% |
| 34. AMB Frankfurt Logistics Center 556 — Phase II | Frankfurt, Germany | AMB | Q1 | 102,031 | 13,400 | 100% |
| 35. AMB Pearson Logistics Centre — Bldg 100 | Toronto, Canada | AMB | Q2 | 446,338 | 28,000 | 100% |
| 36. AMB Horizon Creek — Bldg 300 | Atlanta, GA | Seefried Properties | Q2 | 190,923 | 9,000 | 100% |
| 37. AMB Gonesse Distribution Center | Gonesse, France | GEPRIM | Q2 | 590,088 | 50,000 | 100% |
| 38. Agave — Bldg 2 | Mexico City, Mexico | G. Accion | Q2 | 259,473 | 14,800 | 98% |
| 39. AMB Douglassingel Distribution Center | Amsterdam, Netherlands | Austin | Q3 | 148,994 | 20,200 | 100% |

| Projects | Location | Developer | Estimated Stabilization | Estimated Square Feet at Stabilization | | Estimated Total Investment (000's)(1) | Our Ownership Percentage |
|---|---|---|---|---|---|---|---|
| 40. AMB Fokker Logistics Center 2 — Bldg 1 | Amsterdam, Netherlands | Delta Group | Q3 | 118,375 | | 14,400 | 100% |
| 41. AMB DFW Logistics Center 1 | Dallas, TX | AMB | Q3 | 113,640 | | 5,400 | 100% |
| 42. AMB Des Plaines Logistics Center | Des Plaines, IL | AMB | Q3 | 125,080 | | 12,400 | 100% |
| 43. AMB Port of Hamburg 1 | Hamburg, Germany | BUSS Ports + Logistics | Q3 | 403,862 | | 33,100 | 94% |
| 44. Civic Center Corporate Park | Torrance, CA | AMB | Q4 | 161,785 | | 25,900 | 100% |
| Total 2007 Deliveries | | | | 3,323,324 | $ | 270,300 | 96% |
| Leased or Under Contract For Sale/ Funded-to-date | | | | 0% | $ | 56,700(2) | |
| Weighted Average Estimated Stabilized Yield(5) | | | | | | 7.9% | |
| **2008 Deliveries** | | | | | | | |
| 45. AMB Valley Distribution Center | Auburn , WA | AMB | Q1 | 766,245 | $ | 42,700 | 100% |
| 46. AMB Barajas Logistics Park | Madrid, Spain | Codina Torimbia | Q1 | 452,841 | | 32,500 | 80% |
| 47. AMB Fokker Logistics Center 3 | Amsterdam, Netherlands | Delta Group | Q1 | 313,229 | | 38,900 | 50% |
| Total 2008 Deliveries | | | | 1,532,315 | $ | 114,100 | 77% |
| Leased or Under Contract For Sale/ Funded-to-date | | | | 0% | $ | 32,600(2) | |
| Weighted Average Estimated Stabilized Yield(5) | | | | | | 8.1% | |
| **Total Scheduled Deliveries** | | | | 11,895,452 | $ | 1,086,600 | 90% |
| Leased or Under Contract For Sale/ Funded-to-date | | | | 30% | $ | 681,400(2) | |
| Weighted Average Estimated Stabilized Yield(5) | | | | | | 7.7% | |

(1) Represents total estimated cost of development, renovation or expansion, including initial acquisition costs, third-party developer earnouts and associated carry costs. The estimates are based on our current estimates and forecasts and are subject to change. Excludes 1,307 acres of land held for future development or sale representing a potential 24.3 million square feet and costs totaling $349.5 million. Non-U.S. dollar investments are translated to U.S. dollars using the exchange rate at December 31, 2005.

(2) Our share of amounts funded to date for 2006, 2007 and 2008 deliveries was $527.2 million, $51.4 million and $23.7 million, respectively, for a total of $602.3 million.

(3) Represents a renovation project.

(4) Represents projects in unconsolidated joint ventures.

(5) Yields exclude value-added conversion projects and are calculated on an after-tax basis for international projects.

(6) Represents a value-added conversion project.

The following table sets forth completed development projects that we intend to either sell or contribute to co-investment funds as of December 31, 2005:

**Completed Development Projects Available for Sale or Contribution(2)**

| Projects(1) | Market | Estimated Square Feet at Completion | Estimated Total Investment (000's)(3) | Our Ownership Percentage |
|---|---|---|---|---|
| 1. Encino Distribution Center | Mexico City, Mexico | 580,669 | $ 32,800 | 98% |
| **Total Available for Sale or Contribution** | | 580,669 | $ 32,800 | 98% |
| Funded-to-date | | | $ 32,800(4) | |

(1) Represents build-to-suit and speculative development or redevelopment.

(2) We intend to sell these properties or contribute them into a co-investment joint venture within two years of completion. Non-U.S. dollar investments are translated to U.S. dollars using the exchange rate at December 31, 2005.

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

(4) Our share of amounts funded as of December 31, 2005 was $32.1 million.

**Properties held through Joint Ventures, Limited Liability Companies and Partnerships**

*Consolidated Joint Ventures:*

As of December 31, 2005, we held interests in joint ventures, limited liability companies and partnerships with institutional investors and other third parties, which we consolidate in our financial statements. Such investments are consolidated because we own a majority interest or, as general partner, exercise significant control over major operating decisions such as acquisition or disposition decisions, approval of budgets, selection of property managers and changes in financing. Under the agreements governing the joint ventures, we and the other party to the joint venture may be required to make additional capital contributions and, subject to certain limitations, the joint ventures may incur additional debt. Such agreements also impose certain restrictions on the transfer of joint venture interests by us or the other party to the joint venture and typically provide certain rights to us or the other party to the joint venture to sell our or their interest in the joint venture to the joint venture or to the other joint-venture partner on terms specified in the agreement. In addition, under certain circumstances, many of the joint ventures include buy/sell provisions. See Part IV, Item 15: Note 9 of the "Notes to Consolidated Financial Statements" for additional details.

The tables that follow summarize our consolidated joint ventures as of December 31, 2005:

**Co-investment Consolidated Joint Ventures**

| Joint Ventures | Our Ownership Percentage | Number of Buildings | Square Feet(1) | Gross Book Value(2) | Property Debt | JV Partners' Share of Debt(3) |
|---|---|---|---|---|---|---|
| | | | (Dollars in thousands) | | | |
| **Co-Investment Operating Joint Ventures:** | | | | | | |
| AMB Erie(4) | 50% | 15 | 1,921,432 | $ 99,722 | $ 40,710 | $ 20,354 |
| AMB Partners II(6) | 20% | 105 | 8,618,386 | 557,461 | 285,668 | 229,017 |
| AMB-SGP(7) | 50% | 74 | 8,287,007 | 436,713 | 239,944 | 119,666 |
| AMB Institutional Alliance Fund II(5) | 20% | 70 | 7,964,444 | 498,161 | 245,056 | 193,486 |
| AMB-AMS(8) | 39% | 32 | 1,891,934 | 115,852 | 49,159 | 30,130 |
| AMB Institutional Alliance Fund III(9) | 20% | 57 | 7,219,725 | 743,322 | 421,290 | 333,156 |
| **Total Co-Investment Operating Joint Ventures** | 27% | 353 | 35,902,928 | 2,451,231 | 1,281,827 | 925,809 |
| **Co-Investment Development Joint Ventures:** | | | | | | |
| AMB Partners II(6) | 20% | 4 | 478,880 | 34,654 | 6,016 | 4,765 |
| AMB Institutional Alliance Fund II(5) | 20% | 1 | 108,640 | 9,332 | — | — |
| AMB-AMS(8) | 39% | 1 | 279,431 | 30,155 | 13,984 | 8,597 |
| AMB Institutional Alliance Fund III(9) | 20% | 1 | 179,400 | 6,312 | — | — |
| **Total Co-Investment Development Joint Ventures** | 27% | 7 | 1,046,351 | 80,453 | 20,000 | 13,362 |
| **Total Co-Investment Consolidated Joint Ventures** | 27% | 360 | 36,949,279 | $ 2,531,684 | $ 1,301,827 | $ 939,171 |

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

(2) Represents the book value of the property (before accumulated depreciation) owned by the joint venture entity and excludes net other assets as of December 31, 2005. Development book values include uncommitted land.

(3) JV partners' share of debt is defined as total debt less our share of total debt See footnote 1 to the Capitalization Ratios table contained in Part II, Item 7: "Management's Discussion and Analysis of Financial Condition and Results of Operation — Liquidity and Capital Resources" for a discussion of why we believe our share of total debt is a useful supplemental measure for our management and investors, of ways to use this measure when assessing our financial performance, the limitations of the measure as a measurement tool, and for a reconciliation of our share of total debt to total consolidated debt, a GAAP financial measure.

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

(5) AMB Institutional Alliance Fund II, L.P. is a co-investment partnership formed in 2001 with institutional investors, which invest through a private real estate investment trust.

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

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

(8) AMB-AMS, L.P. is a co-investment partnership formed in 2004 with three Dutch pension funds advised by Mn Services NV.

(9) AMB Institutional Alliance Fund III, L.P. is an open-ended co-investment partnership formed in 2004 with institutional investors, which invest through a private real estate investment trust.

**Other Consolidated Joint Ventures**

| Properties | Market | Our Ownership Percentage | Square Feet | Gross Book Value(1) | Property Debt | JV Partners' Share of Debt(2) |
|---|---|---|---|---|---|---|
| | | | | (Dollars in thousands) | | |
| **Other Industrial Operating Joint Ventures** | Various | 92% | 2,956,762 | $ 244,787 | $ 42,688 | $ 3,329 |
| **Other Industrial Development Joint Ventures** | Various | 73% | 1,834,483 | 133,903 | 42,975 | 18,303 |
| **Total Other Industrial Consolidated Joint Ventures** | | 86% | 4,791,245 | $ 378,690 | $ 85,663 | $ 21,632 |

(1) Represents the book value of the property (before accumulated depreciation) owned by the joint venture entity and excludes net other assets as of December 31, 2005. Development book values include uncommitted land.

(2) JV Partners' Share of Debt is defined as total debt less our share of total debt. See footnote 1 to the Capitalization Ratios table contained in Part II, Item 7: "Management's Discussion and Analysis of Financial Condition and Results of Operation — Liquidity and Capital Resources" for a discussion of why we believe our share of total debt is a useful supplemental measure for our management and investors, of ways to use this measure when assessing our financial performance, the limitations of the measure as a measurement tool, and for a reconciliation of our share of total debt to total consolidated debt, a GAAP financial measure.

*Unconsolidated Joint Ventures, Mortgage and Loan Receivables and Other Investments:*

As of December 31, 2005, we held interests in 12 equity investment joint ventures that are not consolidated in our financial statements. The management and control over significant aspects of these investments are held by the third-party joint-venture partners and we are not the primary beneficiary for the investments that meet the variable-interest entity consolidation criteria under FASB Interpretation No. 46R, *Consolidation of Variable Interest Entities*. In addition, as of December 31, 2005, we held mortgage investments, from which we receive interest income.

**Unconsolidated Joint Ventures,**
**Mortgage Investments and Other Investments**

| Unconsolidated Joint Ventures | Market | Square Feet | Our Net Equity Investment | Our Ownership Percentage | Our Share of Debt(1) |
|---|---|---|---|---|---|
| | | (Dollars in thousands) | | | |
| **Co-Investment Joint Ventures** | | | | | |
| 1. AMB-SGP Mexico(2) | Various, Mexico | 1,892,407 | $ 16,218 | 20% | $ 12,809 |
| 2. AMB Japan Fund I(3) | Various, Japan | 1,201,698 | 10,112 | 20% | 14,667 |
| **Total Co-Investment Joint Ventures** | | 3,094,105 | 26,330 | 20% | 27,476 |
| **Other Industrial Operating Joint Ventures** | | 9,295,507 | 41,520 | 52% | 91,847 |
| **Other Industrial Development Joint Ventures(4)** | | 719,267 | 6,176 | 50% | 12,125 |
| **Total Unconsolidated Joint Ventures** | | 13,108,879 | $ 74,026 | 40% | $ 131,448 |

| Mortgage and Loan Receivables | Market | Maturity | Mortgage Receivable(6) | Rate |
|---|---|---|---|---|
| 1. Pier 1(5) | SF Bay Area | May 2026 | $ 12,821 | 13.0% |
| 2. G.Accion | Various | November 2006 | 8,800 | 12.0% |
| | | | $ 21,621 | |

| Other Investments | Market | Property Type | Net Investment | Our Ownership Percentage | Our Share of Debt(1) |
|---|---|---|---|---|---|
| 1. Park One | Los Angeles | Parking Lot | $ 75,498 | 100% | $ — |
| 2. G.Accion(7) | Various | Various | 44,627 | 39% | 29,672 |
| 3. IAT Air Cargo Facilities Income Fund(8) | Canada | Industrial | 2,644 | 5% | — |
| | | | $ 122,769 | | $ 29,672 |

(1) See footnote 1 to the Capitalization Ratios table contained in Part II, Item 7: "Management's Discussion and Analysis of Financial Condition and Results of Operation — Liquidity and Capital Resources" for a discussion of why we believe our share of total debt is a useful supplemental measure for our management and investors, of ways to use this measure when assessing our financial performance, the limitations of the measure as a measurement tool, and for a reconciliation of our share of total debt to total consolidated debt, a GAAP financial measure.

(2) AMB-SGP Mexico, LLC is an unconsolidated co-investment joint venture formed in 2004 with Industrial (Mexico) JV Pte. Ltd., a real estate investment subsidiary of the Government of Singapore Investment Corporation. Includes $7.3 million of shareholder loans outstanding at December 31, 2005 between us and the co-investment partnership and its subsidiaries.

(3) AMB Japan Fund I is a co-investment partnership formed in 2005 with 13 institutional investors as limited partners.

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

(5) AMB has an 0.1% unconsolidated equity interest (with a 33% economic interest) in this property and also has an option to purchase the remaining equity interest beginning January 1, 2007 and expiring December 31, 2009.

(6) We hold inter-company loans that we eliminate in consolidation.

(7) We also have a 39% unconsolidated equity interest in G. Accion, a Mexican real estate company. G. Accion provides management and development services for industrial, retail, residential and office properties in Mexico.

(8) We also have an approximate 5% equity interest in IAT Air Cargo Facilities Income Fund, a public Canadian real estate income trust.

**Secured Debt**

As of December 31, 2005, we had $1.9 billion of secured indebtedness, net of unamortized premiums, secured by deeds of trust or mortgages. As of December 31, 2005, the total gross consolidated investment value of those properties securing the debt was $3.6 billion. Of the $1.9 billion of secured indebtedness, $1.4 billion was joint venture debt secured by properties with a gross investment value of $2.5 billion. For additional details, see Part II, Item 7: “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources” and Part IV, Item 15: Note 6 of “Notes to Consolidated Financial Statements” included in this report. We believe that as of December 31, 2005, the fair value of the properties securing the respective obligations in each case exceeded the principal amount of the outstanding obligations.

**Item 3.** ***Legal Proceedings***

As of December 31, 2005, there were no pending legal proceedings to which we were a party or of which any of our properties was the subject, the adverse determination of which we anticipate would have a material adverse effect upon our financial condition, results of operations and cash flows.

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

None.

## PART II

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

Our common stock began trading on the New York Stock Exchange on November 21, 1997 under the symbol "AMB." As of March 1, 2006, there were approximately 481 holders of record of our common stock (excluding shares held through The Depository Trust Company, as nominee). Set forth below are the high and low sales prices per share of our common stock, as reported on the NYSE composite tape, and the distribution per share paid or payable by us during the period from January 1, 2004 through December 31, 2005:

| Year | High | Low | Dividend |
|---|---|---|---|
| **2004** | | | |
| 1st Quarter | $ 37.21 | $ 32.77 | $ 0.425 |
| 2nd Quarter | 37.30 | 28.15 | 0.425 |
| 3rd Quarter | 38.15 | 33.85 | 0.425 |
| 4th Quarter | 41.35 | 35.85 | 0.425 |
| **2005** | | | |
| 1st Quarter | $ 41.45 | $ 36.52 | $ 0.440 |
| 2nd Quarter | 44.00 | 36.38 | 0.440 |
| 3rd Quarter | 46.46 | 41.85 | 0.440 |
| 4th Quarter | 50.25 | 40.92 | 0.440 |

The payment of dividends and other distributions by us is at the discretion of our board of directors and depends on numerous factors, including our cash flow, financial condition and capital requirements, REIT provisions of the Internal Revenue Code and other factors.

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

**SELECTED COMPANY FINANCIAL AND OTHER DATA(1)**

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

| | 2005 | 2004 | 2003 | 2002 | 2001 |
|---|---|---|---|---|---|
| | (Dollars in thousands, except per share amounts) | | | | |
| **Operating Data** | | | | | |
| Total revenues | $ 676,149 | $ 592,429 | $ 517,002 | $ 497,453 | $ 450,478 |
| Income before minority interests and discontinued operations | 210,299 | 118,871 | 115,041 | 118,831 | 154,241 |
| Income from continuing operations | 135,255 | 65,593 | 58,599 | 74,802 | 104,564 |
| Income from discontinued operations | 122,552 | 59,878 | 70,529 | 46,317 | 31,636 |
| Net income | 257,807 | 125,471 | 129,128 | 121,119 | 136,200 |
| Net income available to common stockholders | 250,419 | 118,340 | 116,716 | 113,035 | 120,100 |
| Income from continuing operations per common share: | | | | | |
| Basic(2) | 1.52 | 0.71 | 0.57 | 0.80 | 1.05 |
| Diluted(2) | 1.46 | 0.69 | 0.56 | 0.78 | 1.04 |
| Income from discontinued operations per common share: | | | | | |
| Basic(2) | 1.46 | 0.73 | 0.87 | 0.56 | 0.38 |
| Diluted(2) | 1.39 | 0.70 | 0.85 | 0.55 | 0.37 |
| Net income available to common stockholders per common share: | | | | | |
| Basic(2) | 2.98 | 1.44 | 1.44 | 1.36 | 1.43 |
| Diluted(2) | 2.85 | 1.39 | 1.41 | 1.33 | 1.41 |
| Dividends declared per common share | 1.76 | 1.70 | 1.66 | 1.64 | 1.58 |
| **Other Data** | | | | | |
| Funds from operations | $ 254,363 | $ 207,314 | $ 186,666 | $ 215,194 | $ 186,707 |
| Funds from operations per common share and unit: | | | | | |
| Basic | 2.87 | 2.39 | 2.17 | 2.44 | 2.09 |
| Diluted | 2.75 | 2.30 | 2.13 | 2.40 | 2.07 |
| Cash flows provided by (used in): | | | | | |
| Operating activities | 295,815 | 297,349 | 269,808 | 297,723 | 293,903 |
| Investing activities | (60,407) | (731,402) | (346,275) | (253,312) | (368,493) |
| Financing activities | (101,856) | 409,705 | 112,022 | (28,150) | 127,303 |
| **Balance Sheet Data** | | | | | |
| Investments in real estate at cost | $ 6,798,294 | $ 6,526,144 | $ 5,491,707 | $ 4,922,782 | $ 4,527,511 |
| Total assets | 6,802,739 | 6,386,943 | 5,409,559 | 4,983,629 | 4,763,614 |
| Total consolidated debt | 3,401,561 | 3,257,191 | 2,574,257 | 2,235,361 | 2,143,714 |
| Our share of total debt(3) | 2,601,878 | 2,395,046 | 1,954,314 | 1,691,737 | 1,655,386 |
| Stockholders' equity | 1,916,299 | 1,671,140 | 1,657,137 | 1,676,079 | 1,747,389 |

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

(2) Basic and diluted net income per weighted average share equals the net income available to common stockholders divided by 84,048,936 and 87,873,399 shares, respectively, for 2005; 82,133,627 and 85,368,626 shares, respectively, for 2004; 81,096,062 and 82,852,528 shares, respectively, for 2003; 83,310,885 and 84,795,987 shares, respectively, for 2002; 84,174,644 and 85,214,066 shares, respectively, for 2001.

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

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

## GENERAL

*You should read the following discussion and analysis of our consolidated financial condition and results of operations in conjunction with the notes to consolidated financial statements.*

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

### Management's Overview

The primary source of our revenue and earnings is rent received from customers under long-term (generally three to ten years) operating leases at our properties, including reimbursements from customers for certain operating costs, and from partnership distributions and fees from our private capital business. We also produce earnings from the strategic disposition of operating assets, from the disposition of projects in our development-for-sale or contribution program and from contributions of properties to our co-investment joint ventures. Our long-term growth is driven by our ability to maintain and increase occupancy rates or increase rental rates at our properties, and by our ability to continue to acquire and develop new properties.

National industrial markets improved during 2005 when compared with market conditions in 2004. According to Torto Wheaton Research, the positive trend in demand began in the second quarter of 2004 and reversed 14 prior quarters of negatively trending, or rising, space availability. We believe the protracted period of rising availability created a difficult national leasing environment which is now improving, particularly in large industrial property markets tied to global trade. During the three-and-a-half year period of negatively trending industrial space availability, investor demand for industrial property (as supported by our observation of strong national sales volumes and declining acquisition capitalization rates) remained consistently strong. We believe we capitalized on the demand for acquisition property by accelerating the repositioning of our portfolio through the disposition of non-core properties. We plan to continue selling selected assets on an opportunistic basis but believe we have substantially achieved our repositioning goals.

| Property Data | U.S. Hub and Gateway Markets(1) | Total Other Markets(2) | Total/Weighted Average |
|---|---|---|---|
| For the year ended December 31, 2005: | | | |
| % of total rentable square feet | 74.9% | 25.1% | 100.0% |
| Occupancy percentage at year end | 96.2% | 94.6% | 95.8% |
| Same space square footage leased | 11,032,482 | 2,574,944 | 13,607,426 |
| Rent decreases on renewals and rollovers | (10.8)% | (4.3)% | (9.7)% |
| For the year ended December 31, 2004: | | | |
| % of total rentable square feet | 74.1% | 25.9% | 100.0% |
| Occupancy percentage at year end | 95.0% | 94.2% | 94.8% |
| Same space square footage leased | 13,932,213 | 3,553,563 | 17,485,776 |
| Rent decreases on renewals and rollovers | (15.3)% | (3.6)% | (13.2)% |

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

(2) Our total other markets include other domestic target markets, other non-target markets, international target markets and retail.

We observed two positive trends nationally for industrial real estate during the year ended December 31, 2005, supported by data provided by Torto Wheaton Research. First, national industrial space availability declined 130 basis points during the year from 10.9% to 9.6%. The availability rate has fallen for seven consecutive quarters, reversing the trend of the prior 14 quarters in which national industrial space availability increased on average 36 basis points per quarter. Second, national absorption of industrial space, defined as the net change in occupied stock as measured by square feet of completions less the change in available square feet, totaled approximately 281 million square feet in the year ended December 31, 2005, substantially exceeding the 183 million square feet of space absorbed in 2004 and well above the previous ten-year historical average of 139 million square feet of space absorbed annually.

In this improved environment, our industrial portfolio's occupancy levels increased to 95.8% at December 31, 2005 from 94.8% at December 31, 2004, which we believe reflects higher levels of demand for industrial space generally and in our portfolio specifically. During the year ended December 31, 2005, our lease expirations totaled approximately 17.6 million square feet while commencements of new or renewed leases totaled approximately 21.3 million square feet, resulting in an increase in our occupancy level of approximately 100 basis points.

Rental rates on industrial renewals and rollovers in our portfolio decreased 9.7% during the year ended December 31, 2005 as leases were entered into or renewed at rates consistent with what we believe to be current market levels. We believe this decline in rents on lease renewals and rollovers reflects trends in national industrial space availability. We believe that relatively high levels of national industrial space availability have caused market rents for industrial properties to decline between 10% and 20% from their peak levels in 2001 based on our research data; 42.5% of the space that rolled over in our portfolio in 2005 had commenced between 1999 and 2001. Rental rates in our portfolio declined at successively lower rates in each of the last three quarters during 2005, which we believe indicates a stabilization of market rental rate levels. While the level of rental rate reduction varied by market, we achieved occupancy levels in our portfolio 540 basis points in excess of the national industrial market, as determined by Torto Wheaton Research, by pricing lease renewals and new leases with sensitivity to local market conditions. During periods of decreasing or stabilizing rental rates, we strove to sign leases with shorter terms to prevent locking in lower rent levels for long periods and to be prepared to sign new, longer-term leases during periods of growing rental rates. When we sign leases of shorter duration, we attempt to limit overall leasing costs and capital expenditures by offering different grades of tenant improvement packages, appropriate to the lease term.

We expect development to be a significant driver of our earnings growth as we expand our land and development pipeline, and contribute completed development projects into our co-investment program and recognize development profits. We believe that development, renovation and expansion of well-located, high-quality industrial properties should generally continue to provide us with attractive investment opportunities at a higher rate of return than we may obtain from the purchase of existing properties. We believe that our development opportunities in Mexico and Japan are particularly attractive given the current lack of supply of modern industrial distribution facilities in the major metropolitan markets of these countries. Globally, we have increased our development pipeline from $106.8 million at the end of 2002 to approximately $1.1 billion at December 31, 2005. In addition to our committed development pipeline, we hold a total of 1,307 acres for future development or sale. We believe these 1,307 acres of land could support approximately 24.3 million square feet of future development.

Going forward, we believe that our co-investment program with private-capital investors will continue to serve as a significant source of revenues and capital for acquisitions. Through these co-investment joint ventures, we typically earn acquisition and development fees, asset management fees and priority distributions, as well as promoted interests and incentive distributions based on the performance of the co-investment joint ventures; however, we can not assure you that we will continue to do so. Through contribution of development properties to our co-investment joint ventures, we expect to recognize value creation from our development pipeline. As of December 31, 2005, we owned approximately 54.8 million square feet of our properties (47.7% of the total operating and development portfolio) through our consolidated and unconsolidated co-investment joint ventures. We may make additional investments through these co-investment joint ventures or new joint ventures in the future and presently plan to do so.

By the end of 2007, we plan to have approximately 15% of our operating portfolio (based on both consolidated and unconsolidated annualized base rent) invested in international markets. Our North American target markets outside of the United States currently include Guadalajara, Mexico City, Monterrey and Toronto. Our European target markets currently include Amsterdam, Brussels, Frankfurt, Hamburg, London, Lyon, Madrid, Milan and Paris. Our Asian target markets currently include Beijing, Busan, Nagoya, Osaka, the Pearl River Delta, Seoul, Shanghai, Singapore and Tokyo. It is possible that our target markets will change over time to reflect experience, market opportunities, customer needs and changes in global distribution patterns. As of December 31, 2005, our international operating properties comprised 7.1% of our annualized base rents, including properties owned by our unconsolidated joint ventures.

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

**Summary of Key Transactions in 2005**

During the year ended December 31, 2005, we completed the following significant capital deployment transactions:

- Acquired 41 buildings in North America, Europe and Asia, aggregating approximately 6.9 million square feet, for $555.0 million, including two buildings that were acquired by two of our unconsolidated co-investment joint ventures;
- Acquired an approximate 43% unconsolidated equity interest in G.Accion, one of Mexico’s largest real estate companies for $46.1 million;
- Committed to 30 development projects in North America, Europe and Asia totaling 7.0 million square feet with an estimated total investment of approximately $522.4 million;
- Acquired 341 acres of land for industrial warehouse development in North America, Europe and Asia for approximately $193.9 million;
- Sold five land parcels and five development projects available for sale, aggregating approximately 0.9 million square feet, for an aggregate price of approximately $155.2 million; and
- Divested ourselves of 142 industrial buildings and one retail center aggregating approximately 9.3 million square feet, for an aggregate price of approximately $926.6 million. Included in these divestitures is the sale of the assets of AMB Alliance Fund I for $618.5 million. The multi-investor fund owned 100 buildings totaling approximately 5.8 million square feet. We received cash and a distribution of an on-tarmac property, AMB DFW Air Cargo Center I, in exchange for our 21% interest in the fund. We also received a net incentive distribution of approximately $26.4 million in cash.

See Part IV, Item 15: Notes 3 and 4 of the “Notes to Consolidated Financial Statements” for a more detailed discussion of our acquisition, development and disposition activity.

During the year ended December 31, 2005, we completed the following significant capital markets and other financing transactions:

- Formed an unconsolidated co-investment joint venture, AMB Japan Fund I, L.P., with planned investment of capacity of approximately 247.3 billion Yen ($2.1 billion U.S. dollars, using exchange rate at December 31, 2005). We contributed $106.9 million (using exchange rate in effect at contribution) of operating properties to the fund;
- Contributed an industrial property for $23.6 million to AMB-SGP Mexico, LLC, an unconsolidated co-investment joint venture;

- Obtained $69.7 million of debt (using exchange rates in effect at applicable quarter end dates) with a weighted average interest rate of 3.8% for international acquisitions;
- Assumed $62.8 million of debt for our consolidated co-investment joint ventures at a weighted average interest rate of 7.4%;
- Obtained long-term secured debt financings for our co-investment joint ventures of $139.7 million with a weighted average rate of 5.4%;
- Exchanged $100.0 million of 6.9% Reset Put Securities for approximately $112.5 million of 5.094% Notes due 2015;
- Raised $72.3 million in net proceeds from the issuance of $75.0 million of our 7.0% Series O Cumulative Redeemable Preferred Stock; and
- Issued $175.0 million of unsecured senior debt securities due 2010.

See Part IV, Item 15: Notes 6, 9 and 11 of the "Notes to Consolidated Financial Statements" for a more detailed discussion of our capital markets transactions.

**Critical Accounting Policies**

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

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

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

*Property Dispositions.* We report real estate dispositions in three separate categories on our consolidated statements of operations. First, when we divest a portion of our interests in real estate entities or properties, gains from the sale represent the interests acquired by third-party investors for cash. Second, we dispose of value-added conversion projects and build-to-suit and speculative development projects for which we have not generated material operating income prior to sale. The gain or loss recognized from the disposition of these projects is reported net of estimated taxes, when applicable. Lastly, beginning in 2002, SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, required us to separately report as discontinued operations the historical operating results attributable to operating properties sold and the applicable gain or loss on the disposition of the properties. The consolidated statements of operations for prior periods are also adjusted to conform with this classification. There is no impact on our previously reported consolidated financial position, net income or cash flows. In all cases, gains and losses are recognized using the full accrual method of accounting. Gains relating to transactions which do not meet the requirements of the full accrual method of accounting are deferred and recognized when the full accrual method of accounting criteria are met.

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

In June 2005, the Emerging Issues Task Force ("EITF") issued EITF04-5, *Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights*. Under this consensus, a sole general partner is presumed to control a limited partnership (or similar entity) and should consolidate that entity unless the limited partners possess kick-out rights or other substantive participating rights as described in EITF 96-16, *Investor's Accounting for an Investee When the Investor has a Majority of the Voting Interest but the Minority Shareholder or Shareholders Have Certain Approval or Veto rights*. As of June 29, 2005, this consensus was effective immediately for all new or modified agreements, and effective beginning in the first reporting period that ends after December 15, 2005 for all existing agreements. We adopted the consolidation requirements of this consensus in the third quarter 2005 for all new or modified agreements and will adopt the consensus for existing agreements in the first quarter of 2006. There was not a material impact on our financial position, results of operations or cash flows upon the adoption of the consolidation requirements of this consensus for all new or modified agreements. We do not believe that there will be a material impact on our financial position, results of operations or cash flows, upon adopting the consensus for existing agreements.

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

## RESULTS OF OPERATIONS

The analysis below includes changes attributable to same store growth, acquisitions, development activity and divestitures. Same store properties are those that we owned during both the current and prior year reporting periods, excluding development properties stabilized after December 31, 2003 (generally defined as properties that are 90% leased or properties for which we have held a certificate of occupancy or where building has been substantially complete for at least 12 months).

As of December 31, 2005, same store industrial properties consisted of properties aggregating approximately 72.5 million square feet. The properties acquired during 2005 consisted of 41 buildings, aggregating approximately 6.9 million square feet. The properties acquired during 2004 consisted of 64 buildings, aggregating approximately 7.6 million square feet. During 2005, property divestitures and contributions consisted of 150 buildings, aggregating approximately 10.6 million square feet. In 2004, property divestitures and contributions consisted of 29 industrial buildings, two retail centers and one office, aggregating approximately 4.4 million square feet. Our future financial condition and results of operations, including rental revenues, may be impacted by the acquisition of additional properties and dispositions. Our future revenues and expenses may vary materially from historical results.

**For the Years ended December 31, 2005 and 2004 (dollars in millions)**

| Revenues | 2005 | 2004 | $ Change | % Change |
|---|---|---|---|---|
| Rental revenues | | | | |
| U.S. industrial: | | | | |
| Same store | $ 510.4 | $ 514.1 | $ (3.7) | (0.7)% |
| 2004 acquisitions | 57.8 | 25.2 | 32.6 | 129.4% |
| 2005 acquisitions | 15.3 | — | 15.3 | —% |
| Development | 6.5 | 6.2 | 0.3 | 4.8% |
| Other industrial | 10.3 | 7.7 | 2.6 | 33.8% |
| International industrial | 30.8 | 25.2 | 5.6 | 22.2% |
| Retail | 1.1 | 1.1 | — | —% |
| Total rental revenues | 632.2 | 579.5 | 52.7 | 9.1% |
| Private capital income | 43.9 | 12.9 | 31.0 | 240.3% |
| Total revenues | $ 676.1 | $ 592.4 | $ 83.7 | 14.1% |

The decrease in U.S. industrial same store rental revenues was primarily driven by decreased lease termination fees and decreased rental rates in various markets. These decreases were partially offset by increased occupancy. Industrial same store occupancy was 95.6% at December 31, 2005 and 95.2% at December 31, 2004. For the year ended December 31, 2005, rents in the same store portfolio decreased 9.8% on industrial renewals and rollovers (cash basis) on 13.0 million square feet leased due to decreases in market rates. The properties acquired during 2004 consisted of 64 buildings, aggregating approximately 7.6 million square feet. The properties acquired during 2005 consisted of 41 buildings, aggregating approximately 6.9 million square feet. Other industrial revenues include rental revenues from properties that have been contributed to an unconsolidated joint venture, and accordingly are not classified as discontinued operations in our consolidated financial statements, and development projects that have reached certain levels of operation and are not yet part of the same store operating pool of properties. In 2004 and 2005, we continued to acquire properties in China, France, Germany, Japan, Mexico and the Netherlands, resulting in increased international industrial revenues. The increase in private capital income of $31.0 million was primarily due to incentive distributions for 2005 of $26.4 million for the sale of AMB Institutional Alliance Fund I, asset management priority distributions from AMB Japan Fund I, L.P., and acquisition fees from AMB Institutional Alliance Fund III, L.P.

| Costs and Expenses | 2005 | 2004 | $ Change | % Change |
|---|---|---|---|---|
| Property operating costs: | | | | |
| Rental expenses | $ 88.2 | $ 83.0 | $ 5.2 | 6.3% |
| Real estate taxes | 75.0 | 65.3 | 9.7 | 14.9% |
| Total property operating costs | $ 163.2 | $ 148.3 | $ 14.9 | 10.0% |
| Property operating costs | | | | |
| U.S. industrial: | | | | |
| Same store | $ 133.3 | $ 133.5 | $ (0.2) | (0.1)% |
| 2004 acquisitions | 15.9 | 6.8 | 9.1 | 133.8% |
| 2005 acquisitions | 3.4 | — | 3.4 | —% |
| Development | 2.2 | 1.8 | 0.4 | 22.2% |
| Other industrial | 1.4 | 0.9 | 0.5 | 55.6% |
| International industrial | 6.5 | 4.8 | 1.7 | 35.4% |
| Retail | 0.5 | 0.5 | — | —% |
| Total property operating costs | 163.2 | 148.3 | 14.9 | 10.0% |
| Depreciation and amortization | 165.4 | 141.1 | 24.3 | 17.2% |
| General and administrative | 77.4 | 58.8 | 18.6 | 31.6% |
| Fund costs | 1.5 | 1.7 | (0.2) | (11.8)% |
| Total costs and expenses | $ 407.5 | $ 349.9 | $ 57.6 | 16.5% |

Same store properties' operating expenses showed a decrease of $0.2 million from the prior year. The 2004 acquisitions consisted of 64 buildings, aggregating approximately 7.6 million square feet. The 2005 acquisitions consisted of 41 buildings, aggregating approximately 6.9 million square feet. Other industrial expenses include expenses from properties that have been contributed to an unconsolidated joint venture, and accordingly are not classified as discontinued operations in our consolidated financial statements, and development properties that have reached certain levels of operation and are not yet part of the same store operating pool of properties. In 2004 and 2005, we continued to acquire properties in China, France, Germany, Japan, Mexico and the Netherlands, resulting in increased international industrial operating costs. The increase in depreciation and amortization expense was due to the increase in our net investment in real estate. The increase in general and administrative expenses was primarily due to an increase of $17.0 million in personnel costs related to additional staffing and expenses for new initiatives, including our international and development expansions, and an increase of $1.5 million due to the expansion of satellite offices. Fund costs represent general and administrative costs paid to third parties associated with our consolidated co-investment joint ventures.

| Other Income and (Expenses) | 2005 | 2004 | $ Change | % Change |
|---|---|---|---|---|
| Equity in earnings of unconsolidated joint ventures, net | $ 10.8 | $ 3.8 | $ 7.0 | 184.2% |
| Interest and other income | 6.5 | 3.8 | 2.7 | 71.1% |
| Gains from dispositions of real estate interests | 19.1 | 5.2 | 13.9 | 267.3% |
| Development profits, net of taxes | 54.8 | 8.5 | 46.3 | 544.7% |
| Interest expense, including amortization | (149.5) | (144.9) | 4.6 | 3.2% |
| Total other income and (expenses), net | $ (58.3) | $ (123.6) | $ (65.3) | (52.8)% |

The $7.0 million increase in equity in earnings of unconsolidated joint ventures was primarily due to a gain of $5.4 million from the disposition of real estate by one of our unconsolidated co-investment joint ventures during the second quarter of 2005. The increase in interest and other income was primarily due to increased bank interest income and a $1.0 million other fee. The 2005 gains from disposition of real estate interests resulted primarily from our contribution of $106.9 million (using exchange rate in effect at contribution) in operating properties to our newly-formed unconsolidated co-investment joint venture, AMB Japan Fund I, L.P. The 2004 gains from disposition of real estate interests resulted from our contribution of $71.5 million in operating properties to our unconsolidated co-investment joint venture, AMB-SGP Mexico, LLC. Development profits represent gains from the sale of development projects and land as part of our development-for-sale program. The increase in development profits was due to increased volume in 2005. During 2005, we sold five land parcels and five development projects, aggregating approximately 0.9 million square feet for an aggregate price of $155.2 million, resulting in an after-tax gain of $45.1 million. In addition, during 2005, we received final proceeds of $7.8 million from a land sale that occurred in 2004. During 2005, we also contributed one completed development project into an unconsolidated joint venture, AMB-SGP Mexico, LLC, and recognized an after-tax gain of $1.9 million representing the partial sale of our interest in the contributed property acquired by the third-party co-investor for cash. During 2004, we sold seven land parcels and six development projects as part of our development-for-sale program, aggregating approximately 0.3 million square feet for an aggregate price of $40.4 million, resulting in an after-tax gain of $6.5 million. During 2004, we also contributed one completed development project into a newly formed unconsolidated joint venture, AMB-SGP Mexico, LLC, and recognized an after-tax gain of $2.0 million representing the partial sale of our interest in the contributed property acquired by the third-party co-investor for cash.

| Discontinued Operations | 2005 | 2004 | $ Change | % Change |
|---|---|---|---|---|
| Income attributable to discontinued operations, net of minority interests | $ 9.0 | $ 17.9 | $ (8.9) | (49.7)% |
| Gains from dispositions of real estate, net of minority interests | 113.6 | 42.0 | 71.6 | 170.5% |
| Total discontinued operations | $ 122.6 | $ 59.9 | $ 62.7 | 104.7% |

During 2005, we divested ourselves of 142 industrial buildings and one retail center, aggregating approximately 9.3 million square feet, for an aggregate price of approximately $926.6 million, with a resulting net gain of approximately $113.6 million. Included in these divestitures is the sale of the assets of AMB Alliance Fund I for $618.5 million. The multi-investor fund owned 100 buildings totaling approximately 5.8 million square feet. We received cash and a distribution of an on-tarmac property, AMB DFW Air Cargo Center I, in exchange for our 21% interest in the fund. During 2004, we divested ourselves of 21 industrial buildings, two retail centers and one office building, aggregating approximately 3.1 million square feet, for an aggregate price of $200.3 million, with a resulting net gain of $42.0 million.

| Preferred Stock | 2005 | 2004 | $ Change | % Change |
|---|---|---|---|---|
| Preferred stock dividends | $ (7.4) | $ (7.1) | $ 0.3 | 4.2% |
| Total preferred stock dividends | $ (7.4) | $ (7.1) | $ 0.3 | 4.2% |

In December 2005, we issued 3,000,000 shares of 7.0% Series O Cumulative Redeemable Preferred Stock. The increase in preferred stock dividends is due to the newly issued shares.

**For the Years ended December 31, 2004 and 2003 (dollars in millions)**

| Revenues | 2004 | 2003 | $ Change | % Change |
|---|---|---|---|---|
| Rental revenues | | | | |
| U.S. industrial: | | | | |
| Same store | $ 514.1 | $ 485.4 | $ 28.7 | 5.9% |
| 2004 acquisitions | 25.2 | — | 25.2 | —% |
| Development | 6.2 | 6.9 | (0.7) | (10.1)% |
| Other industrial | 7.7 | 4.4 | 3.3 | 75.0% |
| International industrial | 25.2 | 6.1 | 19.1 | 313.1% |
| Retail | 1.1 | 0.9 | 0.2 | 22.2% |
| Total rental revenues | 579.5 | 503.7 | 75.8 | 15.0% |
| Private capital income | 12.9 | 13.3 | (0.4) | (3.0)% |
| Total revenues | $ 592.4 | $ 517.0 | $ 75.4 | 14.6% |

The increase in U.S. industrial same store rental revenues was primarily driven by increased lease termination fees. Industrial same store occupancy was 95.2% at December 31, 2004 and 93.0% at December 31, 2003. For the year ended December 31, 2004, rents in the same store portfolio decreased 14.7% on industrial renewals and rollovers (cash basis) on 16.2 million square feet leased due to decreases in market rates. The properties acquired during 2003 consisted of 82 buildings, aggregating approximately 6.5 million square feet. The properties acquired during 2004 consisted of 64 buildings, aggregating approximately 7.6 million square feet. Other industrial revenues include rental revenues from divested properties that have been contributed to an unconsolidated joint venture, and accordingly are not classified as discontinued operations in our consolidated financial statements, and development projects that have reached certain levels of operation and are not yet part of the same store operating pool of properties. In 2003 and 2004, we continued to acquire properties in France, Germany, Japan, Mexico and the Netherlands, resulting in increased international industrial revenues. The decrease in private capital income was due to greater incentive fees earned in the prior year.

| Costs and Expenses | 2004 | 2003 | $ Change | % Change |
|---|---|---|---|---|
| Property operating costs: | | | | |
| Rental expenses | $ 83.0 | $ 73.2 | $ 9.8 | 13.4% |
| Real estate taxes | 65.3 | 59.6 | 5.7 | 9.6% |
| Total property operating costs | $ 148.3 | $ 132.8 | $ 15.5 | 11.7% |
| Property operating costs | | | | |
| U.S. industrial: | | | | |
| Same store | $ 133.5 | $ 126.8 | $ 6.7 | 5.3% |
| 2004 acquisitions | 6.8 | — | 6.8 | —% |
| Development | 1.8 | 3.8 | (2.0) | (52.6)% |
| Other industrial | 0.9 | 1.4 | (0.5) | (35.7)% |
| International industrial | 4.8 | 0.4 | 4.4 | 1,100.0% |
| Retail | 0.5 | 0.4 | 0.1 | 25.0% |
| Total property operating costs | 148.3 | 132.8 | 15.5 | 11.7% |
| Depreciation and amortization | 141.1 | 116.1 | 25.0 | 21.5% |
| Impairment losses | — | 5.3 | (5.3) | (100.0)% |
| General and administrative | 58.8 | 46.4 | 12.4 | 26.7% |
| Fund costs | 1.7 | 0.8 | 0.9 | 112.5% |
| Total costs and expenses | $ 349.9 | $ 301.4 | $ 48.5 | 16.1% |

Same store properties' operating expenses showed an increase of $6.7 million from the prior year due primarily to increased real estate tax expenses. The 2004 acquisitions consisted of 64 buildings, aggregating approximately 7.6 million square feet. Other industrial expenses include expenses from divested properties that have been contributed to an unconsolidated joint venture, and accordingly are not classified as discontinued operations in our consolidated financial statements, and development properties that have reached certain levels of operation and are not yet part of the same store operating pool of properties. In 2003 and 2004, we continued to acquire properties in France, Germany, Japan, Mexico and the Netherlands, resulting in increased international industrial property operating costs. The increase in depreciation and amortization expense was due to the increase in our net investment in real estate. The 2003 impairment loss was on investments in real estate and leasehold interests. The increase in general and administrative expenses was primarily due to increased stock-based compensation expense of $2.3 million and additional staffing and expenses for new initiatives, including our international and development expansions. Fund costs represent general and administrative costs paid to third parties associated with our co-investment joint ventures. The increase in fund costs was due to additional formation of co-investment joint ventures in 2004.

| Other Income and (Expenses) | 2004 | 2003 | $ Change | % Change |
|---|---|---|---|---|
| Equity in earnings of unconsolidated joint ventures, net | $ 3.8 | $ 5.5 | $ (1.7) | (30.9)% |
| Interest and other income | 3.8 | 4.0 | (0.2) | (5.0)% |
| Gains from dispositions of real estate interests | 5.2 | 7.4 | (2.2) | (29.7)% |
| Development profits, net of taxes | 8.5 | 14.4 | (5.9) | (41.0)% |
| Interest expense, including amortization | (144.9) | (131.9) | 13.0 | 9.9% |
| Total other income and (expenses), net | $ (123.6) | $ (100.6) | $ 23.0 | 22.9% |

The $1.7 million decrease in equity in earnings of unconsolidated joint ventures was primarily due to decreased occupancy at a property held by one of our joint ventures and increased non-reimbursable expenses. This decrease was offset by the receipt of a lease termination fee at a property in Chicago in the first quarter of 2004. The gains from dispositions of real estate (not classified as discontinued operations) in 2004, resulted from our contribution of $71.5 million in operating properties to our newly formed unconsolidated co-investment joint venture, AMB-SGP Mexico, LLC. The gains from disposition of real estate (not classified as discontinued operations) in 2003, resulted from our contribution of $94.0 million in operating properties to our unconsolidated co-investment joint venture, Industrial Fund I, LLC. Development profits represent gains from sales from our development-for-sale and contribution program. During 2004, we sold seven land parcels and six development projects as part of our development-for-sale program, aggregating approximately 0.3 million square feet for an aggregate price of $40.4 million, resulting in an after-tax gain of $6.5 million. During 2004, we also contributed one completed development project into a newly-formed unconsolidated joint venture, AMB-SGP Mexico, LLC, and recognized an after-tax gain of $2.0 million representing the partial sale of our interest in the contributed property acquired by the third-party co-investor for cash. During 2003, we sold seven development-for-sale and other projects, for an aggregate price of $74.8 million, with a resulting gain of $14.4 million, net of taxes. The increase in interest expense, including amortization, was due to the issuance of additional unsecured debt under our 2002 medium-term note program, increased borrowings on the unsecured credit facilities and additional secured debt borrowings in our co-investment joint ventures.

| Discontinued Operations | 2004 | 2003 | $ Change | % Change |
|---|---|---|---|---|
| Income attributable to discontinued operations, net of minority interests | $ 17.9 | $ 27.6 | $ (9.7) | (35.1)% |
| Gains from dispositions of real estate, net of minority interests | 42.0 | 42.9 | (0.9) | (2.1)% |
| Total discontinued operations | $ 59.9 | $ 70.5 | $ (10.6) | (15.0)% |

During 2004, we divested ourselves of 21 industrial buildings, two retail centers and one office building, aggregating approximately 3.1 million square feet, for an aggregate price of $200.3 million, with a resulting net gain of $42.0 million. During 2003, we divested ourselves of 24 industrial buildings and two retail centers, aggregating approximately 2.8 million square feet, for an aggregate price of $272.3 million, with a resulting net gain of $42.9 million.

| Preferred Stock | 2004 | 2003 | $ Change | % Change |
|---|---|---|---|---|
| Preferred stock dividends | $ (7.1) | $ (7.0) | $ 0.1 | 1.4% |
| Preferred stock and unit redemption discount/(issuance costs or premium) | — | (5.4) | (5.4) | 100.0% |
| Total preferred stock | $ (7.1) | $ (12.4) | $ (5.3) | (42.7)% |

In July 2003, we redeemed all 3,995,800 outstanding shares of our 8.5% Series A Cumulative Redeemable Preferred Stock and recognized a reduction of income available to common stockholders of $3.7 million for the original issuance costs. In addition, on November 26, 2003, the operating partnership redeemed all 1,300,000 of its outstanding 8⅝% Series B Cumulative Redeemable Preferred Partnership Units and we recognized a reduction of income available to common stockholders of $1.7 million for the original issuance costs. In June and November 2003, we issued 2,000,000 shares of 6.5% Series L Cumulative Redeemable Preferred Stock and 2,300,000 shares of 6.75% Series M Cumulative Redeemable Preferred Stock, respectively. The timing of the newly issued shares contributed to the increase in preferred stock dividends.

## LIQUIDITY AND CAPITAL RESOURCES

*Balance Sheet Strategy.* In general, we use unsecured lines of credit, unsecured notes, preferred stock and common equity (issued by us and/or the operating partnership and its subsidiaries) to capitalize our 100%-owned assets. Over time, we plan to retire non-recourse, secured debt encumbering our 100%-owned assets and replace that debt with unsecured notes. In managing our co-investment joint ventures, in general, we use non-recourse, secured debt to capitalize our co-investment joint ventures.

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

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

We currently expect that our principal funding requirements will include:

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

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

**Capital Resources**

*Dispositions of Real Estate Interests.* During 2005, we recognized a gain of $1.3 million from disposition of real estate interests, representing the additional value received from the contribution of properties in 2004 to AMB-SGP Mexico, LLC.

During 2005, we contributed $106.9 million (using exchange rate in effect at contribution) in operating properties, consisting of six industrial buildings, aggregating approximately 0.9 million square feet, to our newly formed unconsolidated co-investment joint venture, AMB Japan Fund I, L.P. We recognized a total gain of $17.8 million on the contribution, representing the partial sale of our interests in the contributed properties acquired by the third-party investors for cash.

*Property Divestitures.* During 2005, we divested ourselves of 142 industrial buildings and one retail center, aggregating approximately 9.3 million square feet, for an aggregate price of $926.6 million, with a resulting net gain of $113.6 million. Included in these divestitures is the sale of the assets of AMB Alliance Fund I for $618.5 million. The multi-investor fund owned 100 buildings totaling approximately 5.8 million square feet. We received cash and a distribution of an on-tarmac property, AMB DFW Air Cargo Center I, in exchange for our 21% interest in the fund. We also received a net incentive distribution of approximately $26.4 million in cash which is classified under private capital income on the consolidated statement of operations.

*Development Sales and Contributions.* During 2005, we sold five land parcels and five development projects, aggregating approximately 0.9 million square feet for an aggregate price of $155.2 million, resulting in an after-tax gain of $45.1 million. In addition, during 2005, we received final proceeds of $7.8 million from a land sale that occurred in 2004. During 2005, we also contributed one completed development project into an unconsolidated joint venture, AMB-SGP Mexico, LLC, and recognized an after-tax gain of $1.9 million representing the partial sale of our interest in the contributed property acquired by the third-party co-investor for cash.

*Properties Held for Contribution.* As of December 31, 2005, we held for contribution to a co-investment joint venture one industrial building with an aggregate net book value of $32.8 million, which, when contributed to the joint venture, will reduce our current ownership interest from approximately 98% to an expected range of 20-50%. This asset is not being held for divestiture under SFAS No. 144.

*Properties Held for Divestiture.* As of December 31, 2005, we held for divestiture five industrial buildings and one undeveloped land parcel, which are not in our core markets, do not meet our current strategic objectives or which we have included as part of our development-for-sale program. The divestitures of the properties are subject to negotiation of acceptable terms and other customary conditions. As of December 31, 2005, the net carrying value of the properties held for divestiture was $17.9 million. Expected net sales proceeds exceed the net carrying value of the properties.

*Co-investment Joint Ventures.* Through the operating partnership, we enter into co-investment joint ventures with institutional investors. These co-investment joint ventures are managed by our private capital group and provide us with an additional source of capital to fund certain acquisitions, development projects and renovation projects, as well as private capital income. We generally consolidate these joint ventures for financial reporting purposes because they are not variable interest entities and because we are the sole managing general partner and control all major operating decisions. However, in certain cases, our co-investment joint ventures are unconsolidated because we do not control all major operating decisions.

Third-party equity interests in the joint ventures are reflected as minority interests in the consolidated financial statements. As of December 31, 2005, we owned approximately 54.8 million square feet of our properties (47.7% of the total operating and development portfolio) through our consolidated and unconsolidated joint ventures. We may make additional investments through these joint ventures or new joint ventures in the future and presently plan to do so. Our consolidated co-investment joint ventures at December 31, 2005 (dollars in thousands):

| Consolidated co-investment Joint Venture | Joint Venture Partner | Our Approximate Ownership Percentage | | Original Planned Capitalization(1) |
|---|---|---|---|---|
| AMB/ Erie, L.P. | Erie Insurance Company and affiliates | 50% | $ | 200,000 |
| AMB Partners II, L.P. | City and County of San Francisco Employees' Retirement System | 20% | $ | 580,000 |
| AMB-SGP, L.P. | Industrial JV Pte Ltd(2) | 50% | $ | 425,000 |
| AMB Institutional Alliance Fund II, L.P. | AMB Institutional Alliance REIT II, Inc.(3) | 20% | $ | 489,000 |
| AMB-AMS, L.P.(4) | PMT, SPW and TNO(5) | 39% | $ | 200,000 |
| AMB Institutional Alliance Fund III, L.P.(6) | AMB Institutional Alliance REIT III, Inc. | 20% | | N/A |

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

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

(3) Comprised of 14 institutional investors as stockholders as of December 31, 2005.

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

(5) PMT is Stichting Pensioenfonds Metaal en Techniek, SPW is Stichting Pensioenfonds voor de Woningcorporaties and TNO is Stichting Pensioenfonds TNO.

(6) AMB Institutional Alliance Fund III, L.P. is an open-ended co-investment partnership formed in 2004 with institutional investors, which invest through a private real estate investment trust.

| Unconsolidated co-investment Joint Venture | Joint Venture Partner | Our Approximate Ownership Percentage | | Original Planned Capitalization(1) |
|---|---|---|---|---|
| AMB-SGP Mexico, LLC | Industrial (Mexico) JV Pte Ltd(2) | 20% | $ | 715,000 |
| AMB Japan Fund I, L.P. | Institutional investors(3) | 20% | $ | 2,100,000(4) |

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

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

(3) Comprised of 13 institutional investors as of December 31, 2005.

(4) Using the exchange rate at December 31, 2005.

*Common and Preferred Equity.* We have authorized for issuance 100,000,000 shares of preferred stock, of which the following series were designated as of December 31, 2005: 1,595,337 shares of series D preferred; 220,440 shares of series E cumulative redeemable preferred; 267,439 shares of series F cumulative redeemable preferred of which 201,139 are outstanding; 840,000 shares of series H cumulative redeemable preferred; 510,000 shares of series I cumulative redeemable preferred; 800,000 shares of series J cumulative redeemable preferred; 800,000 shares of series K cumulative redeemable preferred; 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 and 3,000,000 shares of series O cumulative redeemable preferred, all of which are outstanding.

On December 13, 2005, we issued and sold 3,000,000 shares of 7.00% Series O Cumulative Redeemable Preferred Stock at $25.00 per share. Dividends are cumulative from the date of issuance and payable quarterly in arrears at a rate per share equal to $1.75 per annum. The series O preferred stock is redeemable by us on or after December 13, 2010, subject to certain conditions, for cash at a redemption price equal to $25.00 per share, plus accumulated and unpaid dividends thereon, if any, to the redemption date. We contributed the net proceeds of $72.3 million to the operating partnership, and in exchange, the operating partnership issued to us 3,000,000 7.00% Series O Cumulative Redeemable Preferred Units.

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

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

On September 24, 2004, AMB Property II, L.P., a partnership in which Texas AMB I, LLC, a Delaware limited liability company and our indirect subsidiary, owns an approximate 1.0% general partnership interest and the operating partnership owns an approximate 99% common limited partnership interest, issued 729,582 5.0% Series N Cumulative Redeemable Preferred Limited Partnership Units at a price of $50.00 per unit. The series N preferred units were issued to Robert Pattillo Properties, Inc. in exchange for the contribution of certain parcels of land that are located in multiple markets to AMB Property II, L.P. Effective January 27, 2006, Robert Pattillo Properties, Inc. exercised its rights under its Put Agreement, dated September 24, 2004, with the operating partnership, and sold all of its series N preferred units to the operating partnership at a price equal to $50.00 per unit, plus all accrued and unpaid distributions to the date of such sale. Also on January 27, 2006, AMB Property II, L.P. repurchased all of the series N preferred units from the operating partnership at a price equal to $50.00 per unit, plus all accrued and unpaid distributions to the date of such sale and cancelled all of the outstanding series N preferred units as of such date.

As of December 31, 2005, $142.8 million in preferred units with a weighted average rate of 7.87%, issued by the operating partnership, were callable under the terms of the partnership agreement and $102.0 million in preferred units with a weighted average rate of 6.9% become callable in 2006.

In December 2005, our board of directors approved a new two-year common stock repurchase program for the repurchase of up to $200.0 million of our common stock. We did not repurchase or retire any shares of our common stock during the year ended December 31, 2005.

*Debt.* In order to maintain financial flexibility and facilitate the deployment of capital through market cycles, we presently intend to operate with an our share of total debt-to-our share of total market capitalization ratio of approximately 45% or less. As of December 31, 2005, our share of total debt-to-our share of total market capitalization ratio was 34.7%. (See footnote 1 to the Capitalization Ratios table below for our definitions of “our share of total market capitalization,” “market equity” and “our share of total debt.”) However, we typically finance our consolidated co-investment joint ventures with secured debt at a loan-to-value ratio of 50-65% per our joint venture partnership agreements. Additionally, we currently intend to manage our capitalization in order to maintain an investment grade rating on our senior unsecured debt. Regardless of these policies, however, our organizational documents do not limit the amount of indebtedness that we may incur. Accordingly, our management could alter or eliminate these policies without stockholder approval or circumstances could arise that could render us unable to comply with these policies.

As of December 31, 2005, the aggregate principal amount of our secured debt was $1.9 billion, excluding unamortized debt premiums of $12.0 million. Of the $1.9 billion of secured debt, $1.4 billion is secured by properties in our joint ventures. The secured debt is generally non-recourse and bears interest at rates varying from 0.6% to 10.4% per annum (with a weighted average rate of 5.7%) and final maturity dates ranging from January 2006 to January 2025. As of December 31, 2005, $1.6 billion of the secured debt obligations bears interest at fixed rates with a weighted average interest rate of 6.3% while the remaining $291.7 million bears interest at variable rates (with a weighted average interest rate of 2.1%).

As of December 31, 2005, the operating partnership had outstanding an aggregate of $975.0 million in unsecured senior debt securities, which bore a weighted average interest rate of 6.2% and had an average term of 5.2 years. These unsecured senior debt securities include $300.0 million in notes issued in June 1998, $250.0 million of medium-term notes, which were issued under the operating partnership’s 2000 medium-term note program, $325.0 million of medium-term notes, which were issued under the operating partnership’s 2002 medium-term note program, and approximately $112.5 million of 5.094% Notes Due 2015, which were issued to Teachers Insurance and Annuity Association of America on July 11, 2005 in a private placement, in exchange for the cancellation of $100 million of notes that were issued in June 1998 resulting in a discount of approximately $12.5 million. The unsecured senior debt securities are subject to various covenants.

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

*Credit Facilities.* On June 1, 2004, the operating partnership completed the early renewal of its senior unsecured revolving line of credit in the amount of $500.0 million. We remain a guarantor of the operating partnership’s obligations under the credit facility. The three-year credit facility includes a multi-currency component under which up to $250.0 million can be drawn in Yen, Euros or British Pounds Sterling. The line, which matures in June 2007 and carries a one-year extension option, can be increased up to $700.0 million upon certain conditions, and replaces the operating partnership’s previous $500.0 million credit facility that was to mature in December 2005. The rate on the borrowings is generally LIBOR plus a margin, based on the operating partnership’s long-term debt rating, which is currently 60 basis points with an annual facility fee of 20 basis points, based on the current credit rating of the operating partnership’s long-term debt. The operating partnership uses its unsecured credit facility principally for acquisitions, funding development activity and general working capital requirements. The total amount available under the credit facility fluctuates based upon the borrowing base, as defined in the agreement governing the credit facility, which is generally based upon the value of our unencumbered properties. As of December 31, 2005, the outstanding balance on the credit facility was $216.8 million and the remaining amount available was $244.8 million, net of outstanding letters of credit of $38.4 million (excluding the additional $200.0 million of potential additional capacity). The outstanding balance included borrowings denominated in Euros and Yen, which, using the exchange rate in effect on December 31, 2005, would equal approximately $173.1 million and $43.7 million in U.S. dollars, respectively.

On June 29, 2004, AMB Japan Finance Y.K., a subsidiary of the operating partnership, entered into an unsecured revolving credit agreement providing for loans or letters of credit. On December 8, 2005, the unsecured revolving credit agreement was amended to increase the maximum principal amount outstanding at any time to up to 35.0 billion Yen, which, using the exchange rate in effect on December 31, 2005, equaled approximately $297.2 million U.S. dollars, and can be increased to up to 40.0 billion Yen upon certain conditions. We, along with the operating partnership, guarantee the obligations of AMB Japan Finance Y.K. under the revolving credit facility, as well as the obligations of any other entity in which the operating partnership directly or indirectly owns an ownership interest, and which is selected from time to time to be a borrower under and pursuant to the revolving 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. Generally, borrowers under the revolving credit facility have the option to secure all or a portion of the borrowings under the revolving credit facility with certain real estate assets or equity in entities holding such real estate assets. The revolving credit facility matures in June 2007 and has a one-year extension option, which is subject to the satisfaction of certain conditions and the payment of an extension fee equal to 0.25% of the outstanding commitments under the facility at that time. The rate on the borrowings is generally TIBOR plus a margin, which is based on the current credit rating of the operating partnership's long-term debt and is currently 60 basis points. 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 is currently 20 basis points of the outstanding commitments under the facility. As of December 31, 2005, the outstanding balance on this credit facility, using the exchange rate in effect on December 31, 2005, was $205.8 million in U.S. dollars.

On November 24, 2004, AMB Tokai TMK, a Japanese subsidiary of the operating partnership, entered into a secured multi-advance project financing, providing for loans in a maximum principal amount outstanding at any time of up to 20.0 billion Yen, which, using the exchange rate in effect on December 31, 2005, would equal approximately $169.9 million U.S. dollars. The financing agreement is among AMB Tokai TMK, us, the operating partnership, Sumitomo Mitsui Banking Corporation and a syndicate of banks. We, along with the operating partnership, jointly and severally guarantee AMB Tokai TMK's obligations under the financing agreement, pursuant to a guaranty of payment executed in connection with the project financing. The financing is secured by a mortgage on certain real property located in Tokai, Tokyo, Japan, and matures on October 31, 2006 with a one-year extension option. The rate on the borrowings will generally be TIBOR plus a margin, which is based on the credit rating of the operating partnership's long-term debt and is currently 60 basis points per annum, except that AMB Tokai TMK has purchased from Sumitomo an interest rate swap, which has fixed the interest rate payable on a principal amount equal to 13.0 billion Yen at 1.32% per annum plus the applicable margin. In addition, there is an annual commitment fee based on unused commitments, payable quarterly, which is based on the credit rating of the operating partnership's long-term debt, and is currently 20 basis points of the amount of unused commitments. The financing agreement contains affirmative covenants, including 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. In addition, Sumitomo, AMB Tokai TMK and the operating partnership signed a commitment letter on November 24, 2004, pursuant to which Sumitomo committed to purchase bonds that may be issued by AMB Tokai TMK in an amount between 10.0 billion Yen and 15.0 billion Yen (such amount to be determined by AMB Tokai TMK). The bonds would be secured by the AMB Ohta Distribution Center and would generally accrue interest at a rate of TIBOR plus 1.10% per annum; because the swap purchased by AMB Tokai TMK from Sumitomo is coterminous with the maturity date of the proposed bonds, AMB Tokai TMK will have fixed the interest rate payable on, in general, a principal amount equal to 13.0 billion Yen at 2.42% per annum. The bonds, if issued, would mature on October 31, 2012. As of December 31, 2005, the outstanding balance on this financing agreement was 19.5 billion Yen, which, using the exchange rate in effect on December 31, 2005, equaled approximately $165.6 million U.S. dollars and is accounted for as wholly-owned secured debt.

On February 16, 2006, the operating partnership and certain of its consolidated subsidiaries entered into a third amended and restated credit agreement for a $250 million unsecured multi-currency revolving credit facility with a maturity date of February 2010, that replaced the then-existing $100 million unsecured multi-currency revolving credit facility that was to mature in June 2008. As of December 31, 2005, we had an additional outstanding balance of $67.5 million under the then-existing facility.

*Mortgages Receivable.* Through a wholly-owned subsidiary, we hold a mortgage loan receivable on AMB Pier One, LLC, an unconsolidated joint venture. The note bears interest at 13.0% and matures in May 2026. As of December 31, 2005, the outstanding balance on the note was $12.8 million. We also hold a loan receivable on G. Accion, an unconsolidated joint venture totaling $8.8 million with an interest rate of 10.0%. The loan matures in November 2006.

The tables below summarize our debt maturities, capitalization and reconcile our share of total debt to total consolidated debt as of December 31, 2005 (dollars in thousands):

| | Debt | | | | | |
|---|---|---|---|---|---|---|
| | Our Secured Debt(4) | Joint Venture Debt | Unsecured Senior Debt Securities | Unsecured Debt | Credit Facilities(1) | Total Debt |
| 2006 | $ 65,369 | $ 79,262 | $ 75,000 | $ 16,280 | $ — | $ 235,911 |
| 2007 | 12,680 | 58,124 | 75,000 | 752 | 422,602 | 569,158 |
| 2008 | 40,705 | 178,795 | 175,000 | 810 | 67,470 | 462,780 |
| 2009 | 5,264 | 120,551 | 100,000 | 873 | — | 226,688 |
| 2010 | 71,078 | 116,927 | 250,000 | 941 | — | 438,946 |
| 2011 | 21,573 | 357,207 | 75,000 | 1,014 | — | 454,794 |
| 2012 | 254,996 | 171,442 | — | 1,093 | — | 427,531 |
| 2013 | 14,773 | 196,894 | — | 920 | — | 212,587 |
| 2014 | 15,066 | 4,684 | — | 616 | — | 20,366 |
| 2015 | 1,951 | 61,653 | 100,000 | 664 | — | 164,268 |
| Thereafter | 19,004 | 32,544 | 125,000 | — | — | 176,548 |
| Subtotal | 522,459 | 1,378,083 | 975,000 | 23,963 | 490,072 | 3,389,577 |
| Unamortized premiums | 2,577 | 9,407 | — | — | — | 11,984 |
| Total consolidated debt | 525,036 | 1,387,490 | 975,000 | 23,963 | 490,072 | 3,401,561 |
| Our share of unconsolidated joint venture debt(2) | — | 161,120 | — | — | — | 161,120 |
| Total debt | 525,036 | 1,548,610 | 975,000 | 23,963 | 490,072 | 3,562,681 |
| Joint venture partners' share of consolidated joint venture debt | — | (960,803) | — | — | — | (960,803) |
| Our share of total debt(3) | $ 525,036 | $ 587,807 | $ 975,000 | $ 23,963 | $ 490,072 | $ 2,601,878 |
| Weighted average interest rate | 4.1% | 6.3% | 6.2% | 8.2% | 2.2% | 5.3% |
| Weighted average maturity (in years) | 5.8 | 5.7 | 5.2 | 3.1 | 1.6 | 4.9 |

(1) Includes $173.1 million, $249.5 million and $67.5 million in Euro, Yen and Canadian dollar based borrowings, respectively, translated to U.S. dollars using the functional exchange rates in effect on December 31, 2005.

(2) The weighted average interest and maturity for the unconsolidated joint venture debt were 5.3% and 3.7 years, respectively.

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

(4) Our secured debt and joint venture debt include debt related to international assets in the amount of $383.0 million. Of this, $250.5 million is associated with assets located in Asia and the remaining $132.5 million is related to assets located in Europe.

**Market Equity as of December 31, 2005**

| Security | Shares/Units Outstanding | Market Price | Market Value |
|---|---|---|---|
| Common stock | 85,814,905 | $ 49.17 | $ 4,219,519 |
| Common limited partnership units(1) | 4,396,525 | $ 49.17 | 216,177 |
| Total | 90,211,430 | | $ 4,435,696 |

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

**Preferred Stock and Units**

| Security | Dividend Rate | Liquidation Preference | Redemption Date |
|---|---|---|---|
| Series D preferred units | 7.75% | $ 79,767 | May 2004 |
| Series E preferred units | 7.75% | 11,022 | August 2004 |
| Series F preferred units | 7.95% | 10,057 | March 2005 |
| Series H preferred units | 8.13% | 42,000 | September 2005 |
| Series I preferred units | 8.00% | 25,500 | March 2006 |
| Series J preferred units | 7.95% | 40,000 | September 2006 |
| Series K preferred units | 7.95% | 40,000 | April 2007 |
| Series N preferred units(1) | 5.00% | 36,479 | September 2006-September 2009 |
| 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 |
| Weighted average/total | 7.24% | $ 467,325 | |

(1) The holder of the series N preferred units exercised its put option in January 2006 and sold all of its series N preferred units to the operating partnership at a price equal to $50 per unit, plus all accrued and unpaid distributions.

**Capitalization Ratios as of December 31, 2005**

| | |
|---|---|
| Total debt-to-total market capitalization(1) | 42.1% |
| Our share of total debt-to-our share of total market capitalization(1) | 34.7% |
| Total debt plus preferred-to-total market capitalization(1) | 47.6% |
| Our share of total debt plus preferred-to-our share of total market capitalization(1) | 40.9% |
| Our share of total debt-to-our share of total book capitalization(1) | 53.3% |

(1) Our definition of “total market capitalization” is total debt plus preferred equity liquidation preferences plus market equity. Our definition of “our share of total market capitalization” is our share of total debt plus preferred equity liquidation preferences plus market equity. Our definition of “market equity” is the total number of outstanding shares of our common stock and common limited partnership units multiplied by the closing price per share of our common stock as of December 31, 2005. Our definition of “preferred” is preferred equity liquidation preferences. Our share of total book capitalization is defined as our share of total debt plus minority interests to preferred unitholders and limited partnership unitholders plus stockholders’ equity. Our share of total debt is the pro rata portion of the total debt based on our percentage of equity interest in each of the consolidated or unconsolidated ventures holding the debt. We

believe that our share of total debt is a meaningful supplemental measure, which enables both management and investors to analyze our leverage and to compare our leverage to that of other companies. In addition, it allows for a more meaningful comparison of our debt to that of other companies that do not consolidate their joint ventures. Our share of total debt is not intended to reflect our actual liability should there be a default under any or all of such loans or a liquidation of the joint ventures. For a reconciliation of our share of total debt to total consolidated debt, a GAAP financial measure, please see the table of debt maturities and capitalization above.

**Liquidity**

As of December 31, 2005, we had $232.9 million in cash and cash equivalents and $368.8 million of additional available borrowings under our credit facilities. As of December 31, 2005, we had $34.4 million in restricted cash.

Our board of directors declared a regular cash dividend for the quarter ended December 31, 2005 of $0.44 per share of common stock, and the operating partnership announced its intention to pay a regular cash distribution for the quarter ended December 31, 2005 of $0.44 per common unit. The dividends and distributions were payable on January 6, 2006 to stockholders and unitholders of record on December 22, 2005. The series L and M preferred stock dividends were payable on January 16, 2006 to stockholders of record on January 6, 2006. The series E, F, J and K preferred unit quarterly distributions were payable on January 15, 2006. The series O preferred stock dividends are payable on April 15, 2006. The series D, H, I and N preferred unit quarterly distributions were paid on December 25, 2005. The following table sets forth the dividends and distributions paid or payable per share or unit for the years ended December 31, 2005, 2004 and 2003:

| Paying Entity | Security | 2005 | 2004 | 2003 |
|---|---|---|---|---|
| AMB Property Corporation | Common stock | $ 1.76 | $ 1.70 | $ 1.66 |
| AMB Property Corporation | Series A preferred stock | n/a | n/a | $ 1.15 |
| AMB Property Corporation | Series L preferred stock | $ 1.63 | $ 1.63 | $ 0.85 |
| AMB Property Corporation | Series M preferred stock | $ 1.69 | $ 1.69 | $ 0.17 |
| AMB Property Corporation | Series O preferred stock | $ 0.09 | n/a | n/a |
| Operating Partnership | Common limited partnership units | $ 1.76 | $ 1.70 | $ 1.66 |
| Operating Partnership | Series B preferred units | n/a | n/a | $ 3.71 |
| Operating Partnership | Series J preferred units | $ 3.98 | $ 3.98 | $ 3.98 |
| Operating Partnership | Series K preferred units | $ 3.98 | $ 3.98 | $ 3.98 |
| AMB Property II, L.P. | Class B common limited partnership units | $ 1.76 | $ 1.70 | $ 0.22 |
| AMB Property II, L.P. | Series D preferred units | $ 3.88 | $ 3.88 | $ 3.88 |
| AMB Property II, L.P. | Series E preferred units | $ 3.88 | $ 3.88 | $ 3.88 |
| AMB Property II, L.P. | Series F preferred units | $ 3.98 | $ 3.98 | $ 3.98 |
| AMB Property II, L.P. | Series H preferred units | $ 4.06 | $ 4.06 | $ 4.06 |
| AMB Property II, L.P. | Series I preferred units | $ 4.00 | $ 4.00 | $ 4.00 |
| AMB Property II, L.P. | Series N preferred units(1) | $ 2.50 | $ 0.70 | n/a |

(1) The holder of the series N preferred units exercised its put option in January 2006 and sold all of its series N preferred units to the Operating Partnership at a price equal to $50 per unit, plus all accrued and unpaid distributions.

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

**Capital Commitments**

*Developments.* In addition to recurring capital expenditures, which consist of building improvements and leasing costs incurred to renew or re-tenant space, during 2005, we initiated 30 new industrial development projects in North America, Europe and Asia with a total estimated investment of $522.4 million, aggregating an estimated 7.0 million square feet. As of December 31, 2005, we had 47 projects in our development pipeline representing a total estimated investment of $1.1 billion upon completion, of which two industrial projects with a total of 0.3 million square feet and an aggregate estimated investment of $24.5 million upon completion are held in unconsolidated joint ventures. In addition, we held one development project available for sale or contribution, representing a total estimated investment of $32.8 million upon completion. Of the total development pipeline, $681.4 million had been funded as of December 31, 2005 and an estimated $405.2 million was required to complete current and planned projects. We expect to fund these expenditures with cash from operations, borrowings under our credit facilities, debt or equity issuances, net proceeds from property divestitures and private capital from co-investment partners, which could have an adverse effect on our cash flow.

*Acquisitions.* During 2005, we acquired 41 industrial buildings, aggregating approximately 6.9 million square feet for a total expected investment of $555.0 million, including two buildings that were acquired by two of our unconsolidated co-investment joint ventures. Additional acquisition activity in 2005 included the purchase of an approximate 43% unconsolidated equity interest in G.Accion, one of Mexico's largest real estate companies, for $46.1 million. We generally fund our acquisitions through private capital contributions, borrowings under our credit facility, cash, debt issuances and net proceeds from property divestitures.

*Lease Commitments.* We have entered into operating ground leases on certain land parcels, primarily on-tarmac facilities and office space with remaining lease terms from one to 57 years. These operating lease payments are amortized ratably over the terms of the related leases. Future minimum rental payments required under non-cancelable operating leases in effect as of December 31, 2005 were as follows (dollars in thousands):

| | | |
|---|---|---|
| 2006 | $ | 20,894 |
| 2007 | | 21,036 |
| 2008 | | 20,617 |
| 2009 | | 20,327 |
| 2010 | | 19,997 |
| Thereafter | | 278,759 |
| Total | $ | 381,630 |

*Co-investment Joint Ventures.* Through the operating partnership, we enter into co-investment joint ventures with institutional investors. These co-investment joint ventures are managed by our private capital group and provide us with an additional source of capital to fund acquisitions, development projects and renovation projects, as well as private capital income. As of December 31, 2005, we had investments in co-investment joint ventures with a gross book value of $2.5 billion, which are consolidated for financial reporting purposes, and net equity investments in two unconsolidated co-investment joint ventures of $26.3 million. As of December 31, 2005, we may make additional capital contributions to current and planned co-investment joint ventures of up to $133.7 million (using the exchange rates at December 31, 2005). From time to time, we may raise additional equity commitments for AMB Institutional Alliance Fund III, L.P., an open-ended consolidated co-investment joint venture formed in 2004 with institutional investors, which invest through a private real estate investment trust. This would increase our obligation to make additional capital commitments. Pursuant to the terms of the partnership agreement of this fund, we are obligated to contribute 20% of the total equity commitments to the fund until such time our total equity commitment is greater than

$150.0 million, at which time, our obligation is reduced to 10% of the total equity commitments. We expect to fund these contributions with cash from operations, borrowings under our credit facilities, debt or equity issuances or net proceeds from property divestitures, which could adversely effect our cash flow.

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

*Potential Unknown Liabilities.* Unknown liabilities may include the following:

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

***Overview of Contractual Obligations***

The following table summarizes our debt, interest and lease payments due by period as of December 31, 2005 (dollars in thousands):

| Contractual Obligations | Less than 1 Year | 1-3 Years | 3-5 Years | More than 5 Years | Total |
|---|---|---|---|---|---|
| Debt | $ 235,911 | $ 1,031,938 | $ 665,634 | $ 1,456,094 | $ 3,389,577 |
| Debt interest payments | 14,459 | 46,749 | 37,056 | 83,106 | 181,370 |
| Operating lease commitments | 20,894 | 41,653 | 49,324 | 278,759 | 381,630 |
| Construction commitments | — | 136,600 | — | — | 136,600 |
| Total | $ 271,264 | $ 1,256,940 | $ 743,014 | $ 1,817,959 | $ 4,089,177 |

## OFF-BALANCE SHEET ARRANGEMENTS

*Standby Letters of Credit.* As of December 31, 2005, we had provided approximately $48.7 million in letters of credit, of which $38.4 million was provided under the operating partnership's $500.0 million unsecured credit facility. The letters of credit were required to be issued under certain ground lease provisions, bank guarantees and other commitments.

*Guarantees.* As of December 31, 2005, we had outstanding guarantees in the aggregate amount of $128.2 million in connection with certain acquisitions. As of December 31, 2005, we guaranteed $23.4 million and $2.3 million on outstanding loans on two of our consolidated joint ventures and one of our unconsolidated joint ventures, respectively.

*Performance and Surety Bonds.* As of December 31, 2005, we had outstanding performance and surety bonds in an aggregate amount of $0.9 million. These bonds were issued in connection with certain of its development projects and were posted to guarantee certain tax obligations and the construction of certain real property improvements and infrastructure, such as grading, sewers and streets. Performance and surety bonds are commonly required by public agencies from real estate developers. Performance and surety bonds are renewable and expire upon the payment of the taxes due or the completion of the improvements and infrastructure.

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

## SUPPLEMENTAL EARNINGS MEASURES

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

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

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

| | 2005 | 2004 | 2003 | 2002 | 2001 |
|---|---|---|---|---|---|
| Net income(1) | $ 257,807 | $ 125,471 | $ 129,128 | $ 121,119 | $ 136,200 |
| Gains from dispositions of real estate, net of minority interests(2) | (132,652) | (47,224) | (50,325) | (19,383) | (41,859) |
| Real estate, related depreciation and amortization: | | | | | |
| Total depreciation and amortization | 165,438 | 141,120 | 116,067 | 107,097 | 90,527 |
| Discontinued operations' depreciation | 14,866 | 26,230 | 26,270 | 29,406 | 23,016 |
| Non-real estate depreciation | (3,388) | (871) | (720) | (712) | (731) |
| Ground lease amortization | — | — | — | (2,301) | (1,232) |
| Adjustments to derive FFO from consolidated joint ventures: | | | | | |
| Joint venture partners' minority interests (Net income) | 36,398 | 29,544 | 21,015 | 15,112 | 11,288 |
| Limited partnership unitholders' minority interests (Net income) | 3,681 | 2,615 | 2,378 | 3,572 | 4,836 |
| Limited partnership unitholders' minority interests (Development profits) | 2,262 | 435 | 344 | 57 | 764 |
| Discontinued operations' minority interests (Net income) | 8,502 | 13,549 | 16,214 | 17,745 | 17,595 |
| FFO attributable to minority interests | (100,275) | (80,192) | (65,603) | (52,051) | (40,144) |
| Adjustments to derive FFO from unconsolidated joint ventures: | | | | | |
| Our share of net income | (10,770) | (3,781) | (5,445) | (5,674) | (5,467) |
| Our share of FFO | 14,441 | 7,549 | 9,755 | 9,291 | 8,014 |
| Our share of development profits, net of taxes | 5,441 | — | — | — | — |
| Preferred stock dividends | (7,388) | (7,131) | (6,999) | (8,496) | (8,500) |
| Preferred stock and unit redemption discount (issuance costs) | — | — | (5,413) | 412 | (7,600) |
| Funds from operations | $ 254,363 | $ 207,314 | $ 186,666 | $ 215,194 | $ 186,707 |
| **Basic FFO per common share and unit** | $ 2.87 | $ 2.39 | $ 2.17 | $ 2.44 | $ 2.09 |
| **Diluted FFO per common share and unit** | $ 2.75 | $ 2.30 | $ 2.13 | $ 2.40 | $ 2.07 |
| **Weighted average common shares and units:** | | | | | |
| Basic | 88,684,262 | 86,885,250 | 85,859,899 | 88,204,208 | 89,286,379 |
| Diluted | 92,508,725 | 90,120,250 | 87,616,365 | 89,689,310 | 90,325,801 |

(1) Includes gains from undepreciated land sales of $25.0 million, $3.7 million and $1.2 million for 2005, 2004 and 2003, respectively.

(2) 2005 includes accumulated depreciation re-capture of approximately $1.1 million associated with the sale of the Interstate Crossdock redevelopment project.

**SS NOI.** We believe that net income, as defined by GAAP, is the most appropriate earnings measure. However, we consider same store net operating income (SS NOI) to be a useful supplemental measure of our operating performance. For properties that are considered part of the same store pool, see Part I, Item 2: "Properties — Industrial Properties — Industrial Market Operating Statistics", Note 5, and "Operating and Leasing Statistics — Industrial Same Store Operating Statistics", Note 1. In deriving SS NOI, we define NOI as rental revenues (as calculated in accordance with GAAP), including reimbursements, less straight-line rents, property operating expenses and real estate taxes. We exclude straight-line rents in calculating SS NOI because we believe it provides a better measure of actual cash basis rental growth for a year-over-year comparison. In addition, we believe that SS NOI helps the investing public compare the operating performance of a company's real estate as compared to other companies.

While SS 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 our liquidity or operating performance. SS NOI also does not reflect general and administrative expenses, interest expenses, depreciation and amortization costs, capital expenditures and leasing costs, or trends in development and construction activities that could materially impact our results from operations. Further, our computation of SS NOI may not be comparable to that of other real estate companies, as they may use different methodologies for calculating SS NOI.

## Item 7a. *Quantitative and Qualitative Disclosures about Market Risk*

Market risk is the risk of loss from adverse changes in market prices, interest rates and international exchange rates. Our future earnings and cash flows are dependent upon prevailing market rates. Accordingly, we manage our market risk by matching projected cash inflows from operating, investing and financing activities with projected cash outflows for debt service, acquisitions, capital expenditures, distributions to stockholders and unitholders, and other cash requirements. The majority of our outstanding debt has fixed interest rates, which minimizes the risk of fluctuating interest rates. Our exposure to market risk includes interest rate fluctuations in connection with our credit facilities and other variable rate borrowings and our ability to incur more debt without stockholder approval, thereby increasing our debt service obligations, which could adversely affect our cash flows. As of December 31, 2005, we had two outstanding interest rate swaps with aggregate notional amount of $119.5 million (in U.S. dollars). See "Financial Instruments" below.

The table below summarizes the market risks associated with our fixed and variable rate debt outstanding before unamortized debt premiums of $12.0 million as of December 31, 2005 (dollars in thousands):

| | 2006 | 2007 | 2008 | 2009 | 2010 | Thereafter | Total |
|---|---|---|---|---|---|---|---|
| Fixed rate debt(1) | $ 165,953 | $ 129,214 | $ 374,174 | $ 190,548 | $ 437,934 | $ 1,260,015 | $ 2,557,838 |
| Average interest rate | 6.9% | 7.2% | 6.9% | 5.0% | 6.1% | 6.3% | 6.3% |
| Variable rate debt(2) | $ 69,958 | $ 439,944 | $ 88,606 | $ 36,140 | $ 1,012 | $ 196,079 | $ 831,739 |
| Average interest rate | 4.3% | 2.2% | 2.2% | 2.2% | 2.0% | 1.9% | 2.3% |
| Interest Payments | $ 14,459 | $ 18,982 | $ 27,767 | $ 10,322 | $ 26,734 | $ 83,106 | $ 181,370 |

(1) Represents 75.5% of all outstanding debt.

(2) Represents 24.5% of all outstanding debt.

If market rates of interest on our variable rate debt increased or decreased by 10%, then the increase or decrease in interest expense on the variable rate debt would be $1.9 million annually. As of December 31, 2005, the book value and the estimated fair value of our total consolidated debt (both secured and unsecured) was $3.4 billion based on our estimate of current market interest rates.

As of December 31, 2005 and 2004, variable rate debt comprised 24.5% and 15.3%, respectively, of all our outstanding debt. Variable rate debt was $831.7 million and $498.3 million, respectively, as of December 31, 2005 and 2004. The increase is primarily due to higher outstanding balances on our credit facilities. This increase in our outstanding variable rate debt increases our risk associated with unfavorable interest rate fluctuations.

*Financial Instruments.* We record all derivatives on the balance sheet at fair value as an asset or liability, with an offset to accumulated other comprehensive income or income. For revenues or expenses denominated in non-functional currencies, we may use derivative financial instruments to manage foreign currency exchange rate risk. Our derivative financial instruments in effect at December 31, 2005 were two interest rate swaps hedging cash flows of our variable rate borrowings based on Euribor (Europe) and Japanese TIBOR (Japan) and two put options hedging against adverse foreign fluctuations of the Mexican Peso and the Euro against the U.S. dollar. The following table summarizes our financial instruments as of December 31, 2005:

| | Maturity Dates | | | | | |
|---|---|---|---|---|---|---|
| Related Derivatives (In thousands) | January 8, 2006 | March 31, 2006 | December 8, 2008 | October 29, 2012 | Notional Amount | Fair Value |
| **Interest Rate Swaps:** | | | | | | |
| *Plain Interest Rate Swap, Japan* | | | | | | |
| Notional Amount (U.S. Dollars) | | | | $ 110,403 | $ 110,403 | |
| Receive Floating(%) | | | | 3M TIBOR | | |
| Pay Fixed Rate(%) | | | | 1.32% | | |
| Fair Market Value | | | | | | $ 760 |
| *Plain Interest Rate Swap, Europe* | | | | | | |
| Notional Amount (U.S. Dollars) | | | $ 9,118 | | 9,118 | |
| Receive Floating(%) | | | 3M EURIBOR | | | |
| Pay Fixed Rate(%) | | | 3.72% | | | |
| Fair Market Value | | | | | | |
| **Foreign Exchange Agreements:** | | | | | | |
| *Mexico* | | | | | | |
| *Options to Sell MXN/ Buy USD* | | | | | | |
| Contract Amount (U.S. Dollars) | | $ 4,492 | | | 4,492 | |
| Contract FX Rate | | 10.96 | | | | |
| Contract Premium | | $ 64 | | | | 41 |
| *Europe* | | | | | | |
| *Options to Sell EUR/ Buy (U.S. Dollars)* | | | | | | |
| Contract Amount (U.S. Dollars) | $ 1,180 | | | | 1,184 | |
| Contract FX Rate | 1.18 | | | | | |
| Contract Premium | $ 5 | | | | | 3 |
| Total | | | | | $ 125,197 | $ 631 |

*International Operations.* Our exposure to market risk also includes foreign currency exchange rate risk. The U.S. dollar is the functional currency for our subsidiaries operating in the United States and Mexico. The functional currency for our subsidiaries operating outside North America is generally the local currency of the country in which the entity is located, mitigating the effect of foreign exchange gains and losses. Our subsidiaries whose functional currency is not the U.S. dollar translate their financial statements into U.S. dollars. Assets and liabilities are translated at the exchange rate in effect as of the financial statement date. We translate income statement accounts using the average exchange rate for the period and significant nonrecurring transactions using the rate on the transaction date. The losses resulting from the translation are included in accumulated other comprehensive income as a separate component of stockholders' equity and totaled $1.8 million for year ended December 31, 2005.

Our 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. For the year ended December 31, 2005, gains from remeasurement and the sale of one foreign exchange agreement included in our results of operations totaled $0.6 million.

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

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

See Item 15: "Exhibits and Financial Statement Schedule."

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

None.

## Item 9A. *Controls and Procedures*

### Disclosure Controls and Procedures and Changes to Internal Control over Financial Reporting

As required by Rule 13a-15(b) of the Securities Exchange Act of 1934, as amended, we carried out an evaluation, under the supervision and with the participation of our management, including our chief executive officer, president and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures that were in effect as of the end of the year covered by this report. Our chief executive officer, president and chief financial officer each concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of December 31, 2005.

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

### Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, the Chief Executive Officer, President and Chief Financial Officer, and effected by our board of directors, management and other personnel, 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, and includes those policies and procedures that:

(1) Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions involving our assets;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our consolidated financial statements.

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance, and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

Our management has used the framework set forth in the report entitled “Internal Control — Integrated Framework” published by the Committee of Sponsoring Organizations of the Treadway Commission to evaluate the effectiveness of our internal control over financial reporting. Based on our evaluation under the framework in “Internal Control — Integrated Framework,” our management has concluded that our internal control over financial reporting was effective as of December 31, 2005.

Our management’s assessment of the effectiveness of our internal control over financial reporting as of December 31, 2005 has been audited by our independent registered public accounting firm, PricewaterhouseCoopers LLP, as stated in their report which appears herein.

Respectfully,

Hamid R. Moghadam, Chairman and CEO
W. Blake Baird, President and Director
Michael A. Coke, Executive Vice President and CFO

**Item 9B.** ***Other Information***

None.

## PART III

**Items 10, 11, 12, 13 and 14.**

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

## PART IV

**Item 15.** ***Exhibits and Financial Statement Schedule***

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

The following consolidated financial information is included as a separate section of this report on Form10-K.



| | Page |
|---|---|
| Report of Independent Registered Public Accounting Firm | F-1 |
| Consolidated Balance Sheets as of December 31, 2005 and 2004 | F-3 |
| Consolidated Statements of Operations for the years ended December 31, 2005, 2004 and 2003 | F-4 |
| Consolidated Statements of Stockholders' Equity for the years ended December 31, 2005, 2004 and 2003 | F-5 |
| Consolidated Statements of Cash Flows for the years ended December 31, 2005, 2004 and 2003 | F-6 |
| Notes to Consolidated Financial Statements | F-7 |
| Schedule III — Consolidated Real Estate and Accumulated Depreciation | S-1 |



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

Table of Contents

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

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

| Exhibit Number | Description |
|---|---|
| 3.1 | Articles of Incorporation of AMB Property Corporation (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-35915)). |
| 3.2 | Articles Supplementary establishing and fixing the rights and preferences of the 7.75% Series D Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 1999). |
| 3.3 | Articles Supplementary establishing and fixing the rights and preferences of the 7.75% Series E Cumulative Preferred Stock (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Current Report on Form 8-K filed on September 14, 1999). |
| 3.4 | Articles Supplementary establishing and fixing the rights and preferences of the 7.95% Series F Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Current Report on Form 8-K filed on April 14, 2000). |
| 3.5 | Articles Supplementary establishing and fixing the rights and preferences of the 8.125% Series H Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.3 of AMB Property Corporation's Current Report on Form 8-K filed on September 29, 2000). |
| 3.6 | Articles Supplementary establishing and fixing the rights and preferences of the 8.00% Series I Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Current Report on Form 8-K filed on March 23, 2001). |
| 3.7 | Articles Supplementary establishing and fixing the rights and preferences of the 7.95% Series J Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Current Report on Form 8-K filed on October 3, 2001). |
| 3.8 | Articles Supplementary redesignating and reclassifying all 2,200,000 Shares of the 8.75% Series C Cumulative Redeemable Preferred Stock as Preferred Stock (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Current Report on Form 8-K filed on December 7, 2001). |
| 3.9 | Articles Supplementary establishing and fixing the rights and preferences of the 7.95% Series K Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Current Report on Form 8-K filed on April 23, 2002). |
| 3.10 | Articles Supplementary redesignating and reclassifying 130,000 Shares of 7.95% Series F Cumulative Redeemable Preferred Stock as Preferred Stock (incorporated by reference to Exhibit 3.2 of AMB Property Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002). |
| 3.11 | Articles Supplementary redesignating and reclassifying all 20,000 Shares of 7.95% Series G Cumulative Redeemable Preferred Stock as Preferred Stock (incorporated by reference to Exhibit 3.3 of AMB Property Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002). |
| 3.12 | Articles Supplementary establishing and fixing the rights and preferences of the $6^1/_2$% Series L Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.16 of AMB Property Corporation's Current Report on Form 8-A filed on June 20, 2003). |
| 3.13 | Articles Supplementary establishing and fixing the rights and preferences of the $6^3/_4$% Series M Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.17 of AMB Property Corporation's Form 8-K filed on November 26, 2003). |
| 3.14 | Articles Supplementary establishing and fixing the rights and preferences of the 7.00% Series O Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 4.1 to AMB Property Corporation's Form 8-K filed January 5, 2006). |
| 3.15 | Articles Supplementary redesignating and reclassifying all 1,300,000 shares of $8^5/_8$% Series B Cumulative Redeemable Preferred Stock as Preferred Stock (incorporated by reference to Exhibit 3.18 to AMB Property Corporation's Annual Report on Form 10-K for the year ended December 31, 2004). |
| 3.16 | Fourth Amended and Restated Bylaws of AMB Property Corporation (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Current Report on Form 8-K filed on August 17, 2004). |

| Exhibit Number | Description |
|---|---|
| 4.1 | Form of Certificate for Common Stock of AMB Property Corporation (incorporated by reference to Exhibit 3.3 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-35915)). |
| 4.2 | Form of Certificate for $6^{1}/_{2}$% Series L Cumulative Redeemable Preferred Stock of AMB Property Corporation (incorporated by reference to Exhibit 4.3 of AMB Property Corporation's Form 8-A filed on June 20, 2003). |
| 4.3 | Form of Certificate for $6^{3}/_{4}$% Series M Cumulative Redeemable Preferred Stock of AMB Property Corporation (incorporated by reference to Exhibit 4.3 of AMB Property Corporation's Form 8-A filed on November 12, 2003). |
| 4.4 | Form of Certificate for 7.00% Series O Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 4.2 to AMB Property Corporation's Form 8-K filed January 5, 2006). |
| 4.5 | $30,000,000 7.925% Fixed Rate Note No. 1 dated August 18, 2000, attaching the Parent Guarantee dated August 18, 2000 (incorporated by reference to Exhibit 4.5 of AMB Property Corporation's Annual Report on Form 10-K for the year ended December 31, 2000). |
| 4.6 | $25,000,000,000 7.925% Fixed Rate Note No. 2 dated September 12, 2000, attaching the Parent Guarantee dated September 12, 2000 (incorporated by reference to Exhibit 4.6 of AMB Property Corporation's Annual Report on Form 10-K for the year ended December 31, 2000). |
| 4.7 | $50,000,000 8.00% Fixed Rate Note No. 3 dated October 26, 2000, attaching the Parent Guarantee dated October 26, 2000 (incorporated by reference to Exhibit 4.7 of AMB Property Corporation's Annual Report on Form 10-K for the year ended December 31, 2000). |
| 4.8 | $25,000,000 8.000% Fixed Rate Note No. 4 dated October 26, 2000, attaching the Parent Guarantee dated October 26, 2000 (incorporated by reference to Exhibit 4.8 of AMB Property Corporation's Annual Report on Form 10-K for the year ended December 31, 2000). |
| 4.9 | $50,000,000 7.20% Fixed Rate Note No. 5 dated December 19, 2000, attaching the Parent Guarantee dated December 19, 2000 (incorporated herein by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K filed on January 8, 2001). |
| 4.10 | $50,000,000 7.20% Fixed Rate Note No. 6 dated December 19, 2000, attaching the Parent Guarantee dated December 19, 2000 (incorporated herein by reference to Exhibit 4.2 of AMB Property Corporation's Current Report on Form 8-K filed on January 8, 2001). |
| 4.11 | $50,000,000 7.20% Fixed Rate Note No. 7 dated December 19, 2000, attaching the Parent Guarantee dated December 19, 2000 (incorporated herein by reference to Exhibit 4.3 of AMB Property Corporation's Current Report on Form 8-K filed on January 8, 2001). |
| 4.12 | Specimen of 7.10% Notes due 2008 (included in the First Supplemental Indenture incorporated by reference to Exhibit 4.2 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-49163)). |
| 4.13 | Specimen of 7.50% Notes due 2018 (included in the Second Supplemental Indenture incorporated by reference to Exhibit 4.3 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-49163)). |
| 4.14 | Specimen of 6.90% Reset Put Securities due 2015 (included in the Third Supplemental Indenture incorporated by reference to Exhibit 4.4 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-49163)). |
| 4.15 | $25,000,000 6.90% Fixed Rate Note No. 8 dated January 9, 2001, attaching the Parent Guarantee dated January 9, 2001 (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K filed on January 31, 2001). |
| 4.16 | $50,000,000 7.00% Fixed Rate Note No. 9 dated March 7, 2001, attaching the Parent Guarantee dated March 7, 2001 (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K filed on March 16, 2001). |
| 4.17 | $25,000,000 6.75% Fixed Rate Note No. 10 dated September 6, 2001, attaching the Parent Guarantee dated September 6, 2001 (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K filed on September 18, 2001). |

| Exhibit Number | Description |
|---|---|
| 4.18 | $20,000,000 5.90% Fixed Rate Note No. 11 dated January 17, 2002, attaching the Parent Guarantee dated January 17, 2002 (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K filed on January 23, 2002). |
| 4.19 | $75,000,000 5.53% Fixed Rate Note No. B-1 dated November 10, 2003, attaching the Parent Guarantee dated November 10, 2003 (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003). |
| 4.20 | $50,000,000 Floating Rate Note No. B-1 dated November 21, 2003, attaching the Parent Guarantee dated November 21, 2003 (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K filed on November 21, 2003). |
| 4.21 | $100,000,000 Fixed Rate Note No. B-2 dated March 16, 2004, attaching the Parent Guarantee dated March 16, 2004 (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K filed on March 17, 2004). |
| 4.22 | $175,000,000 Fixed Rate Note No. B-3, attaching the Parent Guarantee (incorporated by reference to Exhibit 10.1 of AMB Property Corporation's Current Report on Form 8-K filed on November 18, 2005). |
| 4.23 | Indenture dated as of June 30, 1998, by and among AMB Property, L.P., AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-49163)). |
| 4.24 | First Supplemental Indenture dated as of June 30, 1998 by and among AMB Property, L.P., AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.2 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-49163)). |
| 4.25 | Second Supplemental Indenture dated as of June 30, 1998, by and among AMB Property, L.P., AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.3 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-49163)). |
| 4.26 | Third Supplemental Indenture dated as of June 30, 1998, by and among AMB Property, L.P., AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.4 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-49163)). |
| 4.27 | Fourth Supplemental Indenture, by and among AMB Property, L.P., AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K/ A filed on November 9, 2000). |
| 4.28 | Fifth Supplemental Indenture dated as of May 7, 2002, by and among AMB Property, L.P., AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.15 of AMB Property Corporation's Annual Report on Form 10-K for the year ended December 31, 2002). |
| 4.29 | Sixth Supplemental Indenture dated as of July 11, 2005, by and among AMB Property, L.P., AMB Property Corporation and U.S. Bank National Association, as successor-in-interest to State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K filed on July 13, 2005). |
| 10.1 | Dividend Reinvestment and Direct Purchase Plan, dated July 9, 1999 (incorporated by reference to Exhibit 10.4 of AMB Property Corporation's Quarterly Report on Report Form 10-Q for the quarter ended June 30, 1999). |
| *10.2 | Third Amended and Restated 1997 Stock Option and Incentive Plan of AMB Property Corporation and AMB Property, L.P. (incorporated by reference to Exhibit 10.22 of AMB Property Corporation's Annual Report on Form 10-K for the year ended December 31, 2001). |
| *10.3 | Amendment No. 1 to the Third Amended and Restated 1997 Stock Option and Incentive Plan of AMB Property Corporation and AMB Property, L.P. (incorporated by reference to Exhibit 10.23 of AMB Property Corporation's Annual Report on Form 10-K for the year ended December 31, 2001). |

| Exhibit Number | Description |
|---|---|
| *10.4 | Amendment No. 2 to the Third Amended and Restated 1997 Stock Option and Incentive Plan of AMB Property Corporation and AMB Property, L.P., dated September 23, 2004 (incorporated by reference to Exhibit 10.5 of AMB Property Corporation's Quarterly Report on Form 10-Q filed on November 9, 2004). |
| *10.5 | 2002 Stock Option and Incentive Plan of AMB Property Corporation and AMB Property, L.P. (incorporated by reference to Exhibit 4.15 of AMB Property Corporation's Registration Statement on Form S-8 (No. 333-90042)). |
| *10.6 | Amendment No. 1 to the 2002 Stock Option and Incentive Plan of AMB Property Corporation and AMB Property, L.P., dated September 23, 2004 (incorporated by reference to Exhibit 10.4 of AMB Property Corporation's Quarterly Report on Form 10-Q filed on November 9, 2004). |
| *10.7 | Amended and Restated AMB Nonqualified Deferred Compensation Plan (incorporated by reference to Exhibit 4.17 of AMB Property Corporation's Registration Statement on Form S-8 (No. 333-100214)). |
| *10.8 | Form of Amended and Restated Change of Control and Noncompetition Agreement by and between AMB Property, L.P. and executive officers (incorporated by reference to Exhibit 10.1 of AMB Property Corporation's Current Report on Form 8-K filed on December 15, 2004). |
| 10.9 | Tenth Amended and Restated Agreement of Limited Partnership of AMB Property, L.P. dated as of November 26, 2003 (incorporated by reference to Exhibit 10.2 of AMB Property Corporation's Current Report on Form 8-K filed on November 26, 2003). |
| 10.10 | Thirteenth Amended and Restated Agreement of Limited Partnership of AMB Property II, L.P., dated September 24, 2004 (incorporated by reference to Exhibit 10.1 of AMB Property Corporation's Current Report on Form 8-K filed on September 30, 2004). |
| 10.11 | Form of Registration Rights Agreement among AMB Property Corporation and the persons named therein (incorporated by reference to Exhibit 10.2 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-35915)). |
| 10.12 | Registration Rights Agreement dated November 14, 2003 by and among AMB Property II, L.P. and the unitholders whose names are set forth on the signature pages thereto (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K filed on November 17, 2003). |
| 10.13 | Note Purchase Agreement dated as of November 5, 2003, by and between AMB Property, L.P. and Teachers Insurance and Annuity Association of America (incorporated by reference to Exhibit 99.1 of AMB Property Corporation's Current Report on Form 8-K filed on November 6, 2003). |
| 10.14 | Second Amended and Restated Revolving Credit Agreement, dated as of June 1, 2004 by and among AMB Property L.P., the banks listed therein, JPMorgan Chase Bank, as administrative agent, J.P. Morgan Europe Limited, as administrative agent for alternate currencies, Bank of America, N.A., as syndication agent, J.P. Morgan Securities Inc. and Banc of America Securities LLC, as joint lead arrangers and joint bookrunners, Commerzbank Aktiengesellschaft New York and Grand Cayman Branches, PNC Bank National Association and Wachovia Bank, N.A., as documentation agents, KeyBank National Association, The Bank of Nova Scotia, acting through its San Francisco Agency, and Wells Fargo Bank, N.A., as managing agents, and ING Real Estate Finance (USA) LLC, Southtrust Bank and Union Bank of California, N.A., as co-agents (incorporated by reference to Exhibit 10.1 of AMB Property Corporation's Current Report on Form 8-K filed on June 10, 2004). |
| 10.15 | Guaranty of Payment, dated as of June 1, 2004 by AMB Property Corporation for the benefit of JPMorgan Chase Bank, as administrative agent, and J.P. Morgan Europe Limited, as administrative agent for alternate currencies, for the banks listed on the signature page to the Second Amended and Restated Revolving Credit Agreement (incorporated by reference to Exhibit 10.2 of AMB Property Corporation's Current Report on Form 8-K filed on June 10, 2004). |
| 10.16 | Qualified Borrower Guaranty, dated as of June 1, 2004 by AMB Property, L.P. for the benefit of JPMorgan Chase Bank and J.P. Morgan Europe Limited, as administrative agents for the banks listed on the signature page to the Second Amended and Restated Revolving Credit Agreement (incorporated by reference to Exhibit 10.3 of AMB Property Corporation's Current Report on Form 8-K filed on June 10, 2004). |

| Exhibit Number | Description |
|---|---|
| 10.17 | Revolving Credit Agreement, dated as of June 29, 2004, by and among AMB Japan Finance Y.K., as initial borrower, AMB Property, L.P., as guarantor, AMB Property Corporation, as guarantor, the banks listed on the signature pages thereof, and Sumitomo Mitsui Banking Corporation, as administrative agent and sole lead arranger and bookmanager (incorporated by reference to Exhibit 10.1 of AMB Property Corporation's Current Report on Form 8-K filed on July 2, 2004). |
| 10.18 | Guaranty of Payment, dated as of June 29, 2004 by AMB Property, L.P. and AMB Property Corporation for the benefit of Sumitomo Mitsui Banking Corporation, as administrative agent and sole lead arranger and bookmanager, for the banks that are from time to time parties to the Revolving Credit Agreement (incorporated by reference to Exhibit 10.2 of AMB Property Corporation's Current Report on Form 8-K filed on July 2, 2004). |
| 10.19 | Amendment No. 1 to Revolving Credit Agreement, dated as of June 9, 2005, by and among, AMB Japan Finance Y.K., AMB Amagasaki TMK, AMB Narita 1-1 TMK and AMB Narita 2 TMK, as borrowers, AMB Property, L.P., as guarantor, AMB Property Corporation, as guarantor, the banks listed on the signature pages thereof, and Sumitomo Mitsui Banking Corporation, as administrative agent and sole lead arranger and bookmanager. |
| 10.20 | Amendment No. 2 to Revolving Credit Agreement, dated as of December 8, 2005, by and among, AMB Japan Finance Y.K., as initial borrower, AMB Property, L.P., as guarantor, AMB Property Corporation, as guarantor, the banks listed on the signature pages thereof, and Sumitomo Mitsui Banking Corporation, as administrative agent and sole lead arranger and bookmanager. |
| 10.21 | Credit Facility Agreement, dated as of November 24, 2004, by and among AMB Tokai TMK, as borrower, AMB Property, L.P., as guarantor, AMB Property Corporation, as guarantor, the banks listed on the signature pages thereof, and Sumitomo Mitsui Banking Corporation, as administrative agents and sole lead arranger and bookmanager (incorporated by reference to Exhibit 10.1 of AMB Property Corporation's Current Report on Form 8-K filed on December 1, 2004). |
| 10.22 | Guaranty of Payment, dated as of November 24, 2004 by AMB Property, L.P. and AMB Property Corporation for the benefit of Sumitomo Mitsui Banking Corporation, as administrative agent and sole lead arranger and bookmanager, for the banks that are from time to time parties to the Credit Facility Agreement (incorporated by reference to Exhibit 10.2 of AMB Property Corporation's Current Report on Form 8-K filed on December 1, 2004). |
| 10.23 | Agreement of Sale, made as of October 6, 2003, by and between AMB Property, L.P., International Airport Centers L.L.C. and certain affiliated entities (incorporated by reference to Exhibit 99.3 of AMB Property Corporation's Current Report on Form 8-K filed on November 6, 2003). |
| 10.24 | Third Amended and Restated Revolving Credit Agreement, dated as of February 16, 2006, by and among AMB Property, L.P., as guarantor, AMB Property Corporation, as guarantor, the banks listed on the signature pages thereto, Bank of America, N.A., as administrative agent, The Bank of Nova Scotia, as syndication agent, Societe Generale, as documentation agent, Banc of America Securities Asia Limited, as Hong Kong dollars agent, Bank of America, N.A., acting by its Canada branch, as reference bank, Bank of America, Singapore branch, as Singapore dollars agent, and each of the other lending institutions that becomes a lender thereunder (incorporated by reference to Exhibit 10.1 of AMB Property Corporation's Current Report on Form 8-K filed on February 22, 2006). |
| 10.25 | Separation Agreement and Release of All Claims, dated August 17, 2005, by and between AMB Property Corporation and David S. Fries (incorporated by reference to Exhibit 10.1 of AMB Property Corporation's Current Report on Form 8-K filed on August 17, 2005). |

| Exhibit Number | Description |
|---|---|
| 21.1 | Subsidiaries of AMB Property Corporation. |
| 23.1 | Consent of PricewaterhouseCoopers LLP. |
| 24.1 | Powers of Attorney (included in Part IV of this 10-K). |
| 31.1 | Rule 13a-14(a)/15d-14(a) Certifications dated March 10, 2006. |
| 32.1 | 18 U.S.C. § 1350 Certifications dated March 10, 2006. The certifications in this exhibit are being furnished solely to accompany this report pursuant to 18 U.S.C. § 1350, and are not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and are not to be incorporated by reference into any of our filings, whether made before or after the date hereof, regardless of any general incorporation language in such filing. |

* Management contract or compensatory plan or arrangement

(b) **Financial Statement Schedule:**
See Item 15(a)(1) and (2) above.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, AMB Property Corporation has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on March 10, 2006.

AMB PROPERTY CORPORATION

By: /s/ Hamid R. Moghadam

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

## POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that we, the undersigned officers and directors of AMB Property Corporation, hereby severally constitute Hamid R. Moghadam, W. Blake Baird, Michael A. Coke and Tamra D. Browne, and each of them singly, our true and lawful attorneys with full power to them, and each of them singly, to sign for us and in our names in the capacities indicated below, the Form 10-K filed herewith and any and all amendments to said Form10-K, and generally to do all such things in our names and in our capacities as officers and directors to enable AMB Property Corporation to comply with the provisions of the Securities Exchange Act of 1934, and all requirements of the U.S. Securities and Exchange Commission, hereby ratifying and confirming our signatures as they may be signed by our said attorneys, or any of them, to said Form 10-K and any and all amendments thereto.

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

| Name | Title | Date |
|---|---|---|
| /s/ Hamid R. Moghadam<br>Hamid R. Moghadam | Chairman of the Board and Chief Executive Officer (Principal Executive Officer) | March 10, 2006 |
| /s/ W. Blake Baird<br>W. Blake Baird | President and Director | March 10, 2006 |
| /s/ Afsaneh M. Beschloss<br>Afsaneh M. Beschloss | Director | March 10, 2006 |
| /s/ T. Robert Burke<br>T. Robert Burke | Director | March 10, 2006 |
| /s/ David A. Cole<br>David A. Cole | Director | March 10, 2006 |
| /s/ Lydia H. Kennard<br>Lydia H. Kennard | Director | March 10, 2006 |

| Name | Title | Date |
|---|---|---|
| /s/ J. Michael Losh<br>J. Michael Losh | Director | March 10, 2006 |
| /s/ Frederick W. Reid<br>Frederick W. Reid | Director | March 10, 2006 |
| /s/ Jeffrey L. Skelton<br>Jeffrey L. Skelton | Director | March 10, 2006 |
| /s/ Thomas W. Tusher<br>Thomas W. Tusher | Director | March 10, 2006 |
| /s/ Michael A. Coke<br>Michael A. Coke | Chief Financial Officer and Executive Vice President (Duly Authorized Officer and Principal Financial and Accounting Officer) | March 10, 2006 |

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have completed integrated audits of AMB Property Corporation's 2005 and 2004 consolidated financial statements and of its internal control over financial reporting as of December 31, 2005 and an audit of its 2003 consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Our opinions, based on our audits, are presented below.

Consolidated financial statements and financial statement schedule

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of AMB Property Corporation and its subsidiaries at December 31, 2005 and 2004, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2005 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statements schedule based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that out audits provide a reasonable basis for our opinion.

As discussed in Note 2 to the consolidated financial statements, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 150,*Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity*, in 2003.

Internal control over financial reporting

Also, in our opinion, management's assessment, included in Management's Report on Internal Control Over Financial Reporting appearing under Item 9A, that the Company maintained effective internal control over financial reporting as of December 31, 2005 based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), is fairly stated, in all material respects, based on those criteria. Furthermore, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2005, based on criteria established in *Internal Control — Integrated Framework* issued by the COSO. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express opinions on management's assessment and on the effectiveness of the Company's internal control over financial reporting based on our audit. We conducted our audit of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PricewaterhouseCoopers LLP

San Francisco, California
March 9, 2006

## AMB PROPERTY CORPORATION

## CONSOLIDATED BALANCE SHEETS
### As of December 31, 2005 and 2004

| | December 31, 2005 | December 31, 2004 |
|---|---|---|
| | (Dollars in thousands, except share and per share amounts) | |
| **ASSETS** | | |
| Investments in real estate: | | |
| Land | $ 1,527,072 | $ 1,509,145 |
| Buildings and improvements | 4,273,716 | 4,305,622 |
| Construction in progress | 997,506 | 711,377 |
| Total investments in properties | 6,798,294 | 6,526,144 |
| Accumulated depreciation and amortization | (697,388) | (615,646) |
| Net investments in properties | 6,100,906 | 5,910,498 |
| Investments in unconsolidated joint ventures | 118,653 | 55,166 |
| Properties held for contribution, net | 32,755 | — |
| Properties held for divestiture, net | 17,936 | 87,340 |
| Net investments in real estate | 6,270,250 | 6,053,004 |
| Cash and cash equivalents | 232,881 | 109,392 |
| Restricted cash | 34,352 | 37,201 |
| Mortgage and loan receivables | 21,621 | 13,738 |
| Accounts receivable, net of allowance for doubtful accounts of $6,302 and $5,755, respectively | 178,682 | 109,028 |
| Deferred financing costs, net | 25,026 | 28,340 |
| Other assets | 39,927 | 36,240 |
| Total assets | $ 6,802,739 | $ 6,386,943 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Debt: | | |
| Secured debt | $ 1,912,526 | $ 1,892,524 |
| Unsecured senior debt securities | 975,000 | 1,003,940 |
| Unsecured debt | 23,963 | 9,028 |
| Unsecured credit facilities | 490,072 | 351,699 |
| Total debt | 3,401,561 | 3,257,191 |
| Security deposits | 47,055 | 40,260 |
| Dividends payable | 46,382 | 41,103 |
| Accounts payable and other liabilities | 170,307 | 180,923 |
| Total liabilities | 3,665,305 | 3,519,477 |
| Commitments and contingencies (Note 14) | | |
| Minority interests: | | |
| Joint venture partners | 853,643 | 828,622 |
| Preferred unitholders | 278,378 | 278,378 |
| Limited partnership unitholders | 89,114 | 89,326 |
| Total minority interests | 1,221,135 | 1,196,326 |
| 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 | 72,344 | — |
| Common stock $.01 par value, 500,000,000 shares authorized, 85,814,905 and 83,248,640 issued and outstanding, respectively | 857 | 832 |
| Additional paid-in capital | 1,641,186 | 1,568,095 |
| Retained earnings | 101,124 | — |
| Accumulated other comprehensive loss | (2,416) | (991) |
| Total stockholders' equity | 1,916,299 | 1,671,140 |
| Total liabilities and stockholders' equity | $ 6,802,739 | $ 6,386,943 |

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

**AMB PROPERTY CORPORATION**

**CONSOLIDATED STATEMENTS OF OPERATIONS**
**For the Years Ended December 31, 2005, 2004 and 2003**

| | 2005 | 2004 | 2003 |
|---|---|---|---|
| | (Dollars in thousands, except per share amounts) | | |
| **REVENUES** | | | |
| Rental revenues | $ 632,207 | $ 579,534 | $ 503,665 |
| Private capital income | 43,942 | 12,895 | 13,337 |
| Total revenues | 676,149 | 592,429 | 517,002 |
| **COSTS AND EXPENSES** | | | |
| Property operating expenses | (88,169) | (82,958) | (73,197) |
| Real estate taxes | (75,039) | (65,300) | (59,616) |
| Depreciation and amortization | (165,438) | (141,120) | (116,067) |
| Impairment losses | — | — | (5,251) |
| General and administrative | (77,409) | (58,843) | (46,418) |
| Fund costs | (1,482) | (1,741) | (825) |
| Total costs and expenses | (407,537) | (349,962) | (301,374) |
| **OTHER INCOME AND EXPENSES** | | | |
| Equity in earnings of unconsolidated joint ventures, net | 10,770 | 3,781 | 5,445 |
| Interest and other income | 6,499 | 3,758 | 3,976 |
| Gains from dispositions of real estate interests | 19,099 | 5,219 | 7,429 |
| Development profits, net of taxes | 54,811 | 8,528 | 14,441 |
| Interest expense, including amortization | (149,492) | (144,882) | (131,878) |
| Total other income and expenses, net | (58,313) | (123,596) | (100,587) |
| Income before minority interests and discontinued operations | 210,299 | 118,871 | 115,041 |
| Minority interests' share of income: | | | |
| Joint venture partners' share of operating income | (36,398) | (29,544) | (21,015) |
| Joint venture partners' share of development profits | (13,492) | (958) | (8,442) |
| Preferred unitholders | (21,473) | (20,161) | (24,607) |
| Limited partnership unitholders | (3,681) | (2,615) | (2,378) |
| Total minority interests' share of income | (75,044) | (53,278) | (56,442) |
| Income from continuing operations | 135,255 | 65,593 | 58,599 |
| Discontinued operations: | | | |
| Income attributable to discontinued operations, net of minority interests | 8,999 | 17,873 | 27,633 |
| Gains from dispositions of real estate, net of minority interests | 113,553 | 42,005 | 42,896 |
| Total discontinued operations | 122,552 | 59,878 | 70,529 |
| Net income | 257,807 | 125,471 | 129,128 |
| Preferred stock dividends | (7,388) | (7,131) | (6,999) |
| Preferred stock and unit redemption discount/(issuance costs or premium) | — | — | (5,413) |
| Net income available to common stockholders | $ 250,419 | $ 118,340 | $ 116,716 |
| **Basic income per common share** | | | |
| Income from continuing operations (includes preferred stock dividends and preferred stock and unit redemption discount/(issuance costs or premium)) | $ 1.52 | $ 0.71 | $ 0.57 |
| Discontinued operations | 1.46 | 0.73 | 0.87 |
| Net income available to common stockholders | $ 2.98 | $ 1.44 | $ 1.44 |
| **Diluted income per common share** | | | |
| Income from continuing operations (includes preferred stock dividends and preferred stock and unit redemption discount/(issuance costs or premium)) | $ 1.46 | $ 0.69 | $ 0.56 |
| Discontinued operations | 1.39 | 0.70 | 0.85 |
| Net income available to common stockholders | $ 2.85 | $ 1.39 | $ 1.41 |
| **WEIGHTED AVERAGE COMMON SHARES OUTSTANDING** | | | |
| Basic | 84,048,936 | 82,133,627 | 81,096,062 |
| Diluted | 87,873,399 | 85,368,626 | 82,852,528 |

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

**AMB PROPERTY CORPORATION**

**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**
**For the Years Ended December 31, 2005, 2004 and 2003**

| | Preferred Stock | Common Stock: Number of Shares | Common Stock: Amount | Additional Paid-In Capital | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Total |
|---|---|---|---|---|---|---|---|
| | | | | (Dollars in thousands) | | | |
| Balance as of December 31, 2002 | $ 95,994 | 82,029,449 | $ 820 | $ 1,579,234 | $ — | $ 31 | $ 1,676,079 |
| Net income | 6,999 | — | — | — | 116,716 | — | |
| Unrealized gain on securities | — | — | — | — | — | 812 | |
| Currency translation adjustment | — | — | — | — | — | 662 | |
| Total comprehensive income | | | | | — | 125,189 | |
| Issuance of preferred stock, net | 103,373 | — | — | — | — | — | 103,373 |
| Issuance of restricted stock, net | — | 256,611 | 3 | 6,960 | — | — | 6,963 |
| Issuance of stock options, net | — | — | — | 4,510 | — | — | 4,510 |
| Exercise of stock options | — | 317,753 | 3 | 6,944 | — | — | 6,947 |
| Conversion of partnership units | — | 2,000 | — | 58 | — | — | 58 |
| Retirement of common and preferred stock | (95,994) | (812,900) | (8) | (21,231) | — | — | (117,233) |
| Stock-based deferred compensation | — | — | — | (11,470) | — | — | (11,470) |
| Stock-based compensation amortization | — | — | — | 8,076 | — | — | 8,076 |
| Reallocation of partnership interest | — | — | — | (1,102) | — | — | (1,102) |
| Dividends | (6,999) | — | — | (20,538) | (116,716) | — | (144,253) |
| Balance as of December 31, 2003 | 103,373 | 81,792,913 | 818 | 1,551,441 | — | 1,505 | 1,657,137 |
| Net income | 7,131 | — | — | — | 118,340 | — | |
| Unrealized loss on securities and derivatives | — | — | — | — | — | (2,058) | |
| Currency translation adjustment | — | — | — | — | — | (438) | |
| Total comprehensive income | | | | | | | 122,975 |
| Issuance of restricted stock, net | — | 204,556 | 2 | 7,938 | — | — | 7,940 |
| Issuance of stock options, net | — | — | — | 4,996 | — | — | 4,996 |
| Exercise of stock options | — | 1,233,485 | 12 | 27,709 | — | — | 27,721 |
| Conversion of partnership units | — | 17,686 | — | 618 | — | — | 618 |
| Forfeiture of restricted stock | — | — | — | (646) | — | — | (646) |
| Stock-based deferred compensation | — | — | — | (12,936) | — | — | (12,936) |
| Stock-based compensation amortization | — | — | — | 10,444 | — | — | 10,444 |
| Reallocation of partnership interest | — | — | — | 1,038 | — | — | 1,038 |
| Offering costs | (169) | — | — | — | — | — | (169) |
| Dividends | (7,131) | — | — | (22,507) | (118,340) | — | (147,978) |
| Balance as of December 31, 2004 | 103,204 | 83,248,640 | 832 | 1,568,095 | — | (991) | 1,671,140 |
| Net income | 7,388 | — | — | — | 250,419 | — | |
| Unrealized gain on securities and derivatives | — | — | — | — | — | 421 | |
| Currency translation adjustment | — | — | — | — | — | (1,846) | |
| Total comprehensive income | | | | | — | 256,382 | |
| Issuance of preferred stock, net | 72,344 | — | — | — | — | — | 72,344 |
| Issuance of restricted stock, net | — | 183,216 | 2 | 8,993 | — | — | 8,995 |
| Issuance of stock options, net | — | — | — | 3,967 | — | — | 3,967 |
| Exercise of stock options | — | 2,033,470 | 20 | 48,452 | — | — | 48,472 |
| Conversion of partnership units | — | 349,579 | 3 | 15,105 | — | — | 15,108 |
| Forfeiture of restricted stock | — | — | — | (1,869) | — | — | (1,869) |
| Stock-based deferred compensation | — | — | — | (12,962) | — | — | (12,962) |
| Stock-based compensation amortization | — | — | — | 12,296 | — | — | 12,296 |
| Reallocation of partnership interest | — | — | — | (891) | — | — | (891) |
| Dividends | (7,388) | — | — | — | (149,295) | — | (156,683) |
| Balance as of December 31, 2005 | $ 175,548 | 85,814,905 | $ 857 | $ 1,641,186 | $ 101,124 | $ (2,416) | $ 1,916,299 |

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

**AMB PROPERTY CORPORATION**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**For the Years Ended December 31, 2005, 2004 and 2003**

| | 2005 | 2004 | 2003 |
|---|---|---|---|
| | | (Dollars in thousands) | |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Net income | $ 257,807 | $ 125,471 | $ 129,128 |
| Adjustments to net income: | | | |
| Straight-line rents and amortization of lease intangibles | (19,523) | (16,281) | (10,662) |
| Depreciation and amortization | 165,438 | 141,120 | 116,067 |
| Impairment losses | — | — | 5,251 |
| Stock-based compensation amortization | 12,296 | 10,444 | 8,075 |
| Equity in earnings of unconsolidated joint ventures | (10,770) | (3,781) | (5,445) |
| Operating distributions received from unconsolidated joint ventures | 2,752 | 2,971 | 5,345 |
| Gains from dispositions of real estate interest | (19,099) | (5,219) | (7,429) |
| Development profits, net of taxes | (54,811) | (8,528) | (14,441) |
| Debt premiums, discounts and finance cost amortization, net | 4,172 | 310 | 2,049 |
| Total minority interests' share of net income | 75,044 | 53,278 | 56,442 |
| Discontinued operations: | | | |
| Depreciation and amortization | 14,866 | 26,230 | 26,270 |
| Joint venture partners' share of net income | 8,009 | 12,523 | 14,602 |
| Limited partnership unitholders' share of net income | 493 | 1,026 | 1,612 |
| Gains from dispositions of real estate, net of minority interests | (113,553) | (42,005) | (42,896) |
| Changes in assets and liabilities: | | | |
| Accounts receivable and other assets | (42,379) | (1,154) | (7,771) |
| Accounts payable and other liabilities | 15,073 | 944 | (6,389) |
| Net cash provided by operating activities | 295,815 | 297,349 | 269,808 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Change in restricted cash | 1,973 | (9,749) | 1,103 |
| Cash paid for property acquisitions | (424,087) | (415,034) | (470,188) |
| Additions to land, buildings, development costs, building improvements and lease costs | (662,561) | (581,168) | (283,878) |
| Net proceeds from divestiture of real estate | 1,088,737 | 213,296 | 423,996 |
| Additions to interests in unconsolidated joint ventures | (74,069) | (16,003) | (20,147) |
| Capital distributions received from unconsolidated joint ventures | 17,483 | 47,849 | 32,851 |
| Repayment/(issuance) of mortgage receivable | (7,883) | 29,407 | (30,012) |
| Net cash used in investing activities | (60,407) | (731,402) | (346,275) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Issuance of common stock, proceeds from stock option exercises | 48,472 | 27,721 | 6,947 |
| Repurchase and retirement of common and preferred stock | — | — | (121,239) |
| Borrowings on secured debt | 386,592 | 420,565 | 192,750 |
| Payments on secured debt | (327,038) | (98,178) | (157,310) |
| Payments on unsecured debt | (649) | (600) | — |
| Borrowings on unsecured credit facilities | 873,627 | 795,128 | 603,550 |
| Payments on unsecured credit facilities | (697,464) | (747,432) | (431,000) |
| Borrowings on Alliance Fund II credit facility | — | — | 8,000 |
| Payments on Alliance Fund II credit facility | — | — | (53,500) |
| Payment of financing fees | (10,185) | (13,230) | (3,187) |
| Net proceeds from issuances of senior debt securities | — | 99,067 | 124,566 |
| Payments on senior debt securities | (28,940) | (21,060) | — |
| Net proceeds from issuances of preferred stock or units | 72,344 | — | 103,373 |
| Issuance costs on preferred stock or units | — | (169) | — |
| Repurchase of preferred units | — | — | (71,883) |
| Cash transferred to unconsolidated joint venture | | (2,897) | — |
| Contributions from co-investment partners | 160,544 | 192,956 | 171,042 |
| Dividends paid to common and preferred stockholders | (154,070) | (145,951) | (152,239) |
| Distributions to minority interests, including preferred units | (425,089) | (96,215) | (107,848) |
| Net cash (used in)/provided by financing activities | (101,856) | 409,705 | 112,022 |
| Net effect of exchange rate changes on cash | (10,063) | 6,062 | 2,791 |
| Net increase (decrease) in cash and cash equivalents | 123,489 | (18,286) | 38,346 |
| Cash and cash equivalents at beginning of period | 109,392 | 127,678 | 89,332 |
| Cash and cash equivalents at end of period | $ 232,881 | $ 109,392 | $ 127,678 |
| **Supplemental Disclosures of Cash Flow Information** | | | |
| Cash paid for interest, net of capitalized interest | $ 174,246 | $ 171,298 | $ 153,300 |
| Non-cash transactions: | | | |
| Acquisition of properties | $ 519,106 | $ 695,169 | $ 533,864 |
| Assumption of secured debt | (74,173) | (210,233) | (42,246) |
| Assumption of other assets and liabilities | (5,994) | (59,970) | (7,073) |
| Acquisition capital | (13,979) | (8,097) | (9,870) |
| Minority interests' contributions, including units issued | (873) | (1,835) | (4,487) |
| Net cash paid for acquisitions | $ 424,087 | $ 415,034 | $ 470,188 |
| Contribution of properties to unconsolidated joint ventures, net | $ 27,282 | $ — | $ — |

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

**AMB PROPERTY CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**December 31, 2005 and 2004**

## 1. Organization and Formation of the Company

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

Unless the context otherwise requires, the “Company” means AMB Property Corporation, the Operating Partnership and their other controlled subsidiaries.

As of December 31, 2005, the Company owned an approximate 95.1% general partnership interest in the Operating Partnership, excluding preferred units. The remaining approximate 4.9% common limited partnership interests are owned by non-affiliated investors and certain current and former directors and officers of the Company. Certain properties are owned through limited partnerships, limited liability companies and other entities. The ownership of such properties through such entities does not materially affect the Company’s overall ownership interests in the properties. As the sole general partner of the Operating Partnership, the Company has full, exclusive and complete responsibility and discretion in the day-to-day management and control of the Operating Partnership. Net operating results of the Operating Partnership are allocated after preferred unit distributions based on the respective partners’ ownership interests.

Through the Operating Partnership, the Company enters into co-investment joint ventures with institutional investors. These co-investment joint ventures provide the Company with an additional source of capital and income. As of December 31, 2005, the Company had investments in seven consolidated and two unconsolidated co-investment joint ventures.

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 include development projects available for sale or contribution to third parties and incremental income programs. IMD Holding Corporation, a Delaware corporation, also conducts a variety of businesses that include development projects available for sale or contribution to third parties. AMB Capital Partners, Headlands Realty Corporation and IMD Holding Corporation are wholly-owned direct or indirect subsidiaries of the Company and the Operating Partnership.

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

As of December 31, 2005, we owned or had investments in, on a consolidated basis or through unconsolidated joint ventures, or managed buildings, properties and development projects expected to total approximately 115.0 million rentable square feet (10.7 million square meters) and 1,057 buildings in 42 markets within eleven countries. The Company’s strategy is to become a leading provider of distribution properties in supply-constrained submarkets located near key international passenger and cargo airports, highway systems and seaports in major metropolitan areas of North America, Europe and Asia. These submarkets are generally tied to global trade.

AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Of the approximately 115.0 million rentable square feet as of December 31, 2005:

- on a consolidated basis, the Company owned or partially owned 876 industrial buildings, principally warehouse distribution buildings, encompassing approximately 87.8 million rentable square feet that were 95.8% leased, and other buildings encompassing approximately 0.3 million rentable square feet that were 98.7% leased;
- the Company managed, but did not have an ownership interest in, industrial and other properties, totaling approximately 1.7 million rentable square feet;
- through unconsolidated joint ventures, the Company had investments in 86 industrial operating properties, totaling approximately 12.8 million rentable square feet, and in two industrial development projects, expected to total approximately 0.3 million rentable square feet;
- on a consolidated basis, the Company had investments in 45 industrial development projects which are expected to total approximately 11.5 million rentable square feet; and
- on a consolidated basis, the Company owned one development project, totaling $32.8 million and approximately 0.6 million rentable square feet, that was available for sale or contribution.

## 2. Summary of Significant Accounting Policies

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

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

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

*Investments in Real Estate.* Investments in real estate and leasehold interests are stated at cost unless circumstances indicate that cost cannot be recovered, in which case, the carrying value of the property is reduced to estimated fair value. The Company also regularly reviews the impact of above or below-market leases, in-place leases and lease origination costs for all new acquisitions, and records an intangible asset or liability accordingly. Carrying values for financial reporting purposes are reviewed for impairment on a property-by-property basis quarterly and whenever events or changes in circumstances indicate that the carrying value of a property may not be fully recoverable. Impairment is recognized when estimated expected future cash flows (undiscounted and without interest charges) are less than the carrying value of the property. The estimation of expected future net cash flows is inherently uncertain and relies on assumptions regarding current and future economics and market conditions and the availability of capital. If impairment analysis assumptions change, then an adjustment to the carrying value of the Company's long-lived assets could occur in the future period in which the assumptions change. To the extent that a property is impaired, the excess of the carrying amount of the property over its estimated fair value is charged to earnings. As a result of leasing activity and the economic environment, the Company re-evaluated the carrying value of its investments and recorded an impairment charge of $5.3 million in 2003 on certain of its investments. Also during the year

**AMB PROPERTY CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

ended December 31, 2003, the Company recorded a reduction of depreciation expense of $2.1 million to reflect the recovery, through the settlement of a lawsuit, of capital expenditures paid in prior years. The Company believes that there are no impairments of the carrying values of its investments in real estate as of December 31, 2005.

Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the real estate investments. Investments which are located on-tarmac, which is land owned by federal, state or local airport authorities, and subject to ground leases are depreciated over the lesser of 40 years or the contractual term of the underlying ground lease. The estimated lives and components of depreciation and amortization expense for the years ended December 31 are as follows (dollars in thousands):

| Depreciation and Amortization Expense | Estimated Lives | 2005 | 2004 | 2003 |
|---|---|---|---|---|
| Building costs | 5-40 years | $ 85,192 | $ 68,329 | $ 74,820 |
| Building costs on ground leases | 5-40 years | 16,631 | 31,268 | 11,581 |
| Buildings and improvements: | | | | |
| Roof/ HVAC/parking lots | 5-40 years | 6,928 | 6,072 | 5,280 |
| Plumbing/signage | 7-25 years | 2,111 | 1,704 | 1,319 |
| Painting and other | 5-40 years | 15,035 | 13,516 | 10,696 |
| Tenant improvements | Over initial lease term | 21,635 | 20,246 | 16,026 |
| Lease commissions | Over initial lease term | 21,095 | 19,655 | 20,306 |
| Total real estate depreciation and amortization | | 168,627 | 160,790 | 140,028 |
| Other depreciation and amortization | Various | 11,677 | 6,560 | 2,309 |
| Discontinued operations' depreciation | Various | (14,866) | (26,230) | (26,270) |
| Total depreciation and amortization from continuing operations | | $ 165,438 | $ 141,120 | $ 116,067 |

The cost of buildings and improvements includes the purchase price of the property or interest in property, including legal fees and acquisition costs. Project costs directly associated with the development and construction of a real estate project, which include interest and property taxes, are capitalized as construction in progress. Capitalized interest related to construction projects for the years ended December 31, 2005, 2004 and 2003 was $29.5 million, $18.7 million and $8.5 million, respectively.

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

*Investments in Consolidated and Unconsolidated Joint Ventures.* Minority interests represent the limited partnership interests in the Operating Partnership and interests held by certain third parties in several real estate joint ventures, which own properties aggregating approximately 41.7 million square feet, which are consolidated for financial reporting purposes. Such investments are consolidated because the Company exercises significant control over major operating decisions such as approval of budgets, selection of property managers, asset management, investment activity and changes in financing.

In May 2003, the FASB issued SFAS No. 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity* ("SFAS 150"). This Statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). SFAS 150 was effective beginning in the third quarter of 2003, however, the FASB deferred the implementation of SFAS 150 as it applied to certain minority interests in finite-lived entities indefinitely. The disclosure requirements for certain minority interests in finite-lived entities still apply. The Company adopted the requirements of SFAS 150 in the third quarter of 2003, and, considering the aforementioned deferral, there was no impact on the Company's financial position, results of operations or cash flows. However, the minority interests associated with certain of the Company's consolidated joint ventures, that have finite lives under the terms of the partnership agreements represent mandatorily redeemable interests as defined in SFAS 150. As of December 31, 2005 and 2004, the aggregate book value of these minority interests in the accompanying consolidated balance sheet was $853.6 million and $828.6 million, respectively, and the Company believes that the aggregate settlement value of these interests was approximately $1.2 billion and $1.0 billion, respectively. This amount is based on the estimated liquidation values of the assets and liabilities and the resulting proceeds that the Company would distribute to its joint venture partners upon dissolution, as required under the terms of the respective partnership agreements. Subsequent changes to the estimated fair values of the assets and liabilities of the consolidated joint ventures will affect the Company's estimate of the aggregate settlement value. The partnership agreements do not limit the amount that the minority partners would be entitled to in the event of liquidation of the assets and liabilities and dissolution of the respective partnerships.

The Company holds interests in both consolidated and unconsolidated joint ventures. The Company has three joint venture investments that meet the variable interest entity criteria under FASB Interpretation No. 46R, *Consolidation of Variable Interest Entities "FIN 46"*. Therefore, the Company determines consolidation based on standards set forth in EITF 96-16, *Investor's Accounting for an Investee When the Investor Has a Majority of the Voting Interest but the Minority Shareholder or Shareholders Have Certain Approval or Veto Rights*, and Statement of Position 78-9, *Accounting for Investments in Real Estate Ventures and FIN 46*. Based on the guidance set forth in these pronouncements, the Company consolidates certain joint venture investments because it exercises significant control over major operating decisions, such as approval of budgets, selection of property managers, asset management, investment activity and changes in financing. For joint ventures where the Company does not exercise significant control over major operating and management decisions, but where it has significant influence, or the Company is not the primary beneficiary of a variable interest entity it uses the equity method of accounting and does not consolidate the joint venture for financial reporting purposes.

In June 2005, the Emerging Issues Task Force ("EITF") issued EITF04-5, *Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights*. Under this consensus, a sole general partner is presumed to control a limited partnership (or similar entity) and should consolidate that entity unless the limited partners possess kick-out rights or other substantive participating rights as described in EITF 96-16, *Investor's Accounting for an Investee When the Investor has a Majority of the Voting Interest but the Minority Shareholder or Shareholders Have Certain Approval or Veto rights*. As of June 29, 2005, this consensus was effective immediately for all new or modified agreements, and effective beginning in the first reporting period that ends after December 15, 2005 for all existing agreements. The Company adopted the consolidation requirements of this consensus in the third quarter 2005 for all new or modified agreements and will adopt the consensus for existing agreements in the first quarter of 2006. There was not a material impact on the Company's financial position, results of operations or cash flows upon the adoption of the consolidation requirements of this consensus for all new or modified agreements. The Company does not believe that there will be a material impact on the Company's financial position, results of operations or cash flows, upon adopting the consensus for existing agreements.

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

**AMB PROPERTY CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

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

*Mortgages and Loans Receivable.* Through a wholly-owned subsidiary, the Company holds a mortgage loan receivable of $12.8 million on AMB Pier One, LLC, an unconsolidated joint venture. The Company also holds a loan receivable of $8.8 million on G. Accion, an unconsolidated investment. At December 31, 2004, the Company also held a short–term mortgage on a prior year property sale totaling $0.8 million, which was repaid during 2005. The book value of the mortgages approximates fair value.

*Accounts Receivable.* Accounts receivable includes all current accounts receivable, net of allowances, other accruals and deferred rent receivable of $66.7 million and $63.2 million as of December 31, 2005 and 2004, respectively. The Company regularly reviews the credit worthiness of its customers and adjusts its allowance for doubtful accounts, straight-line rent receivable balance and tenant improvement and leasing costs amortization accordingly.

*Concentration of Credit Risk.* Other real estate companies compete with the Company in its real estate markets. This results in competition for customers to occupy space. The existence of competing properties could have a material impact on the Company's ability to lease space and on the amount of rent received. As of December 31, 2005, the Company does not have any material concentration of credit risk due to the diversification of its tenants.

*Deferred Financing Costs.* Costs incurred in connection with financings are capitalized and amortized to interest expense using the effective-interest method over the term of the related loan. As of December 31, 2005 and 2004, deferred financing costs were $25.0 million and $28.3 million, respectively, net of accumulated amortization.

*Financial Instruments.* SFAS No. 133, *Accounting for Derivative Instruments and for Hedging Activities*, provides comprehensive guidelines for the recognition and measurement of derivatives and hedging activities and, specifically, requires all derivatives to be recorded on the balance sheet at fair value as an asset or liability, with an offset to accumulated other comprehensive income or loss. For revenues or expenses denominated in nonfunctional currencies, the Company may use derivative financial instruments to manage foreign currency exchange rate risk. The Company's derivative financial instruments in effect at December 31, 2005 were two interest rate swaps hedging cash flows of our variable rate borrowings based on Euribor (Europe) and Japanese TIBOR (Japan) and three put options hedging against adverse foreign fluctuations of the Mexican Peso and the Euro against the U.S. dollar. Adjustments to the fair value of these instruments for the year ended December 31, 2005 were immaterial. The Company also held two interest rate swaps hedging cash flows of our variable rate borrowings based on Euribor (Europe) and Japanese TIBOR (Japan). Adjustments to the fair value of these instruments for the year ended December 31, 2005 resulted in a gain of $0.3 million. This gain is included in accounts payable and other liabilities in the consolidated balance sheet and accumulated other comprehensive loss in the consolidated statements of stockholders' equity.

*Debt.* The Company's debt includes both fixed and variable rate secured debt, unsecured fixed rate debt, unsecured variable rate debt and credit facilities. Based on borrowing rates available to the Company at December 31, 2005, the book value and the estimated fair value of the total debt (both secured and unsecured) was $3.4 billion. The carrying value of the variable rate debt approximates fair value.

*Debt Premiums.* Debt premiums represent the excess of the fair value of debt over the principal value of debt assumed in connection with the Company's initial public offering and subsequent property acquisitions. The debt premiums are being amortized as an offset to interest expense over the term of the related debt instrument using the effective-interest method. As of December 31, 2005 and 2004, the net unamortized debt premium was $12.0 million and $10.8 million, respectively, and are included as a component of secured debt on the accompanying consolidated balance sheets.

*Rental Revenues and Allowance for Doubtful Accounts.* The Company, as a lessor, retains substantially all of the benefits and risks of ownership of the properties and accounts for its leases as operating leases. Rental income is recognized on a straight-line basis over the term of the leases. Reimbursements from customers for real estate taxes and other recoverable operating expenses are recognized as revenue in the period the applicable expenses are incurred. The Company also records lease termination fees when a customer terminates its lease by executing a definitive termination agreement with the Company, vacates the premises and the payment of the termination fee is not subject to any conditions that must be met before the fee is due to the Company. In addition, the Company nets its allowance for doubtful accounts against rental income for financial reporting purposes. Such amounts totaled $3.2 million, $1.8 million and $5.6 million for the years ended December 31, 2005, 2004 and 2003, respectively.

*Private Capital Income.* Private capital income consists primarily of acquisition and development fees, asset management fees and priority distributions earned by AMB Capital Partners from joint ventures and clients. Private capital income also includes promoted interests and incentive distributions from the Operating Partnership's co-investment joint ventures.

*Stock-Based Compensation Expense.* In 2002, the Company adopted the expense recognition provisions of SFAS No. 123, *Accounting for Stock-Based Compensation*. The Company values stock options using the Black-Scholes option-pricing model and recognizes this value as an expense over the vesting periods. Under this standard, recognition of expense for stock options is applied to all options granted after the beginning of the year of adoption. Under SFAS No. 123, related stock option expense was $4.8 million, $4.0 million and $2.4 million in 2005, 2004 and 2003, respectively. Additionally, the Company awards restricted stock and recognizes this value as an expense over the vesting periods. Related restricted stock compensation expense was $7.5 million, $6.4 million and $5.7 million for 2005, 2004 and 2003, respectively. The expense is included in general and administrative expenses in the accompanying consolidated statements of operations. The Company adopted SFAS No. 123 prospectively and the 2003 expense relates only to stock options granted in 2002 and subsequent periods.

Had compensation cost for the Company's stock-based compensation plans been determined based on the fair value at the grant dates for awards prior to 2002 consistent with the method of SFAS No. 123, the Company's pro forma net income available to common stockholders would have been (dollars in thousands):

| | 2005 | 2004 | 2003 |
|---|---|---|---|
| Reduction to net income | $ 243 | $ 1,100 | $ 1,613 |
| Adjusted earnings per common share: | | | |
| Basic | $ 2.98 | $ 1.43 | $ 1.42 |
| Diluted | $ 2.85 | $ 1.37 | $ 1.39 |

*Share-Based Payment.* In December 2004, the FASB issued SFAS No. 123R, Share-Based Payment ("SFAS 123R"). This Statement is a revision of FASB Statement No. 123, Accounting for Stock-Based Compensation. This Statement establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments. This Statement focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions. SFAS 123R is effective for public companies for interim and annual periods beginning after June 15, 2005. In April 2005, the Securities and Exchange Commission ("SEC") issued a release that amends the compliance dates for SFAS 123R. Under the SEC's new rule, the Company is required to apply SFAS 123R as of January 1, 2006. The Company adopted SFAS 123R on January 1, 2006, using the modified-prospective method. The adoption of SFAS 123R required the unamortized portion of any options issued prior to 2002 to be amortized over the remaining life of those options. The adoption of SFAS 123R did not have a material impact on the Company's financial position, results of operations or cash flows because all options issued prior to 2002 had been fully amortized as of December 31, 2005.

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

*Gains from Dispositions of Real Estate Interests.* When the Company disposes of its real estate entities' interests, gains reported from the sale of these interests represent either: (i) the sale of partial interests in consolidated co-investment joint ventures to third-party investors for cash or (ii) the sale of partial interests in properties to unconsolidated co-investment joint ventures with third-party investors for cash.

*Gains from Dispositions of Real Estate.* Gains and losses are recognized using the full accrual method. Gains related to transactions which do not meet the requirements of the full accrual method of accounting are deferred and recognized when the full accrual method of accounting criteria are met.

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

*International Operations.* The U.S. dollar is the functional currency for the Company's subsidiaries operating in the United States and Mexico. The functional currency for the Company's subsidiaries operating outside North America is generally the local currency of the country in which the entity is located, mitigating the effect of currency 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. For the years ended December 31, 2005, 2004 and 2003, gains (losses) resulting from the translation were ($1.8) million, ($0.4) million and $0.7 million, respectively. These gains (losses) are included in accumulated other comprehensive income (loss) as a separate component of stockholders' equity.

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. Gains (losses) from remeasurement were $0.6 million, $0.5 million and ($0.1) million for the years ended 2005, 2004 and 2003, respectively. These gains (losses) are included in the consolidated statements of operations.

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

*New Accounting Pronouncements.* In December 2004, the FASB issued SFAS No. 153, *Exchanges of Nonmonetary Assets — an amendment of APB Opinion No. 29* ("SFAS 153"). SFAS 153 amends APB No. 29 to eliminate the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. SFAS 153 is effective for nonmonetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. The Company does not believe that the adoption of SFAS 153 will have a material impact on the Company's financial position, results of operations or cash flows.

In March 2005, the FASB issued Interpretation No. 47, Accounting for Conditional Asset Retirement Obligations — an interpretation of FASB Statement No. 143 ("FIN 47"). FIN 47 clarifies that the term conditional asset retirement obligation as used in FASB Statement No. 143, Accounting for Asset Retirement Obligations, refers to a legal obligation to perform an asset retirement activity in which the timing and (or) method of settlement are conditional on a future event that may or may not be within the control of the entity. The obligation to perform the asset retirement activity is unconditional even though uncertainty exists about the timing and (or) method of settlement. Thus, the timing and (or) method of settlement may be conditional on a future event. Accordingly, an entity is required to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated. FIN 47 is effective for the fiscal year ending December 31, 2005. The adoption of FIN 47 did not have a material impact on the Company's financial position, results of operations or cash flows.

### 3. Real Estate Acquisition and Development Activity

During the year ended December 31, 2005, the Company acquired 39 industrial buildings, aggregating approximately 6.4 million square feet for a total expected investment of $522.3 million. The Company also acquired two industrial buildings, aggregating approximately 0.5 million square feet for a total expected investment of $32.7 million, through two of its unconsolidated co-investment joint ventures. During 2004, the Company acquired 64 industrial buildings, aggregating approximately 7.6 million square feet for a total expected investment of $695.2 million.

During the year ended December 31, 2005, the Company initiated 30 new industrial development projects in North America, Europe and Asia with a total expected investment of $522.4 million, aggregating approximately 7.0 million square feet. During 2004, the Company initiated 18 new industrial development projects in North America and Asia with a total expected investment of $604.2 million, aggregating approximately 5.8 million square feet.

During the year ended December 31, 2005, the Company completed and placed in operations eleven industrial buildings with a total investment of $137.9 million, aggregating approximately 2.5 million square feet. During 2004, the Company completed and placed in operations seven industrial buildings with a total investment of $88.9 million, aggregating approximately 2.1 million square feet.

As of December 31, 2005, the Company had in its development pipeline 47 industrial projects, which will total approximately 11.9 million square feet and will have an aggregate estimated investment of $1.1 billion upon completion, of which two industrial projects with a total of 0.3 million square feet and an aggregate estimated investment of $24.5 million upon completion are held in unconsolidated joint ventures. In addition, one development project is available for sale or contribution, which totals approximately 0.6 million square feet and has an aggregate estimated investment of $32.8 million upon completion. As of December 31, 2005, the Company and its Development Alliance Partners had funded an aggregate of $681.4 million and needed to fund an estimated additional $405.2 million in order to complete current and planned projects. The Company's development pipeline currently includes projects expected to be completed through the first quarter of 2008. Significant land acquisitions for the year ended December 31, 2005 included the purchase of 341 acres of land for industrial warehouse developments in various North American, Europe and Asia markets for $193.9 million.

### 4. Gains from Dispositions of Real Estate Interests, Development Sales and Discontinued Operations

*Gains from Dispositions of Real Estate Interests.* On June 30, 2005, the Company formed AMB Japan Fund I, L.P. a joint venture with 13 institutional investors, in which the Company retained an approximate

20% interest. The 13 institutional investors have committed 49.5 billion Yen ($420.4 million U.S. dollars, using the exchange rate at December 31, 2005) for an approximate 80% equity interest. The Company contributed $106.9 million (using exchange rate in effect at contribution) in operating properties, consisting of six industrial buildings, aggregating approximately 0.9 million square feet, to this fund. The Company recognized a gain of $17.8 million on the contribution, representing the portion of its interest in the contributed properties acquired by the third-party investors for cash.

On December 31, 2004, the Company formed AMB-SGP Mexico, LLC, a joint venture with Industrial (Mexico) JV Pte Ltd, a real estate investment subsidiary of the Government of Singapore Investment Corporation, in which the Company retained a 20% interest. During 2005, the Company recognized a gain of $1.3 million from disposition of real estate interests, representing the additional value received from the contribution of properties to AMB-SGP Mexico, LLC.

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

*Development Sales and Contributions.* During 2005, the Company sold five land parcels and five development projects, aggregating approximately 0.9 million square feet for an aggregate price of $155.2 million, resulting in an after-tax gain of $45.1 million. In addition, during 2005, the Company received final proceeds of $7.8 million from a land sale that occurred in 2004. During 2005, The Company also contributed one completed development project into an unconsolidated joint venture, AMB-SGP Mexico, LLC, and recognized an after-tax gain of $1.9 million representing the partial sale of the Company's interests in the contributed properties acquired by the third-party co-investors for cash.

During 2004, the Company sold seven land parcels and six development projects as part of our development-for-sale program, aggregating approximately 0.3 million square feet, for an aggregate price of $40.4 million, resulting in an after-tax gain of $6.5 million. During 2004, the Company also contributed one completed development project into a newly-formed unconsolidated joint venture, AMB-SGP Mexico, LLC, and recognized an after-tax gain of $2.0 million representing the partial sale of its interest in the contributed property acquired by the third-party co-investor for cash.

During 2003, the Company sold seven development-for-sale projects, aggregating approximately 0.5 million square feet, for an aggregate price of $74.8 million, resulting in an after-tax gain of $14.4 million.

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

During 2005, the Company divested itself of 142 industrial buildings and one retail center, aggregating approximately 9.3 million square feet, for an aggregate price of $926.6 million, with a resulting net gain of $113.6 million. Included in these divestitures is the sale of the assets of AMB Alliance Fund I for $618.5 million. The multi-investor fund owned 100 buildings totaling approximately 5.8 million square feet. The Company received cash and a distribution of an on-tarmac property, AMB DFW Air Cargo Center I, in exchange for its 21% interest in the fund. The Company also received a net incentive distribution of approximately $26.4 million in cash which is classified under private capital income on the consolidated statement of operations.

During 2004, the Company divested itself of 21 industrial buildings, two retail centers and one office building, aggregating approximately 3.1 million square feet, for an aggregate price of $200.3 million, with a resulting net gain of $42.0 million.

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

*Properties Held for Contribution.* As of December 31, 2005, the Company held for contribution to a co-investment joint venture one industrial building with an aggregate net book value of $32.8 million, which, when contributed to the joint venture, will reduce the Company's current ownership interest from approximately 98% to an expected range of 20-50%. This asset is not being held for divestiture under SFAS No. 144.

*Properties Held for Divestiture.* As of December 31, 2005, the Company had decided to divest itself of five industrial buildings and one undeveloped land parcel with a net book value of $17.9 million. The properties either are not in the Company's core markets or do not meet its current strategic objectives. The divestitures of the properties are subject to negotiation of acceptable terms and other customary conditions. Properties held for divestiture are stated at the lower of cost or estimated fair value less costs to sell. Depreciation on properties held for divestiture is discontinued at the time the asset is held for divestiture.

The following summarizes the condensed results of operations of the properties held for divestiture and sold under SFAS No. 144 for the years ended December 31 (dollars in thousands):

| | 2005 | 2004 | 2003 |
|---|---|---|---|
| Rental revenues | $ 63,771 | $ 99,411 | $ 115,711 |
| Straight-line rents and amortization of lease intangibles | 2,365 | 1,803 | 1,932 |
| Property operating expenses | (10,940) | (16,113) | (17,470) |
| Real estate taxes | (7,602) | (12,401) | (13,322) |
| Depreciation and amortization | (14,866) | (26,230) | (26,270) |
| General and administrative | (67) | (113) | (11) |
| Other income and expenses, net | 48 | 250 | 197 |
| Interest, including amortization | (15,208) | (15,185) | (16,920) |
| Joint venture partners' share of income | (8,009) | (12,523) | (14,602) |
| Limited partnership unitholders' share of income | (493) | (1,026) | (1,612) |
| Income attributable to discontinued operations | $ 8,999 | $ 17,873 | $ 27,633 |

As of December 31, 2005 and 2004, assets and liabilities attributable to properties held for divestiture under the provisions of SFAS No. 144 consisted of the following (dollars in thousands):

| | 2005 | 2004 |
|---|---|---|
| Accounts receivable, net | $ 1,127 | $ 207 |
| Other assets | $ 56 | $ 39 |
| Accounts payable and other liabilities | $ 879 | $ 156 |

## 5. Mortgage and Loan Receivables

Through a wholly-owned subsidiary, the Company holds a mortgage loan receivable on AMB Pier One, LLC, an unconsolidated joint venture. The Company also holds a loan receivable from G. Accion, an unconsolidated investment. The Company also had a short-term mortgage on a prior year property sale which was repaid during 2005. The Company's mortgage and loan receivables at December 31, 2005 and 2004 consisted of the following:

| Mortgage and Loan Receivables | Market | Maturity | 2005 | 2004 | Rate |
|---|---|---|---|---|---|
| 1. Pier 1 | SF Bay Area | May 2026 | $ 12,821 | $ 12,938 | 13.0% |
| 2. G.Accion | Mexico, Various | November 2006 | 8,800 | — | 10.0% |
| 3. Platinum Distribution Center | No. New Jersey | N/A | — | 800 | 12.0% |
| Total Mortgage and Loan Receivables | | | $ 21,621 | $ 13,738 | |

## 6. Debt

As of December 31, 2005 and 2004, debt consisted of the following (dollars in thousands):

| | 2005 | 2004 |
|---|---|---|
| Wholly-owned secured debt, varying interest rates from 0.6% to 10.4%, due January 2006 to December 2022 (weighted average interest rate of 4.1% and 5.3% at December 31, 2005 and 2004, respectively) | $ 522,459 | $ 484,929 |
| Consolidated joint venture secured debt, varying interest rates from 3.5% to 9.4%, due March 2006 to January 2025 (weighted average interest rates of 6.3% and 6.4% at December 31, 2005 and 2004, respectively) | 1,378,083 | 1,396,829 |
| Unsecured senior debt securities, varying interest rates from 3.5% to 8.0%, due January 2006 to June 2018 (weighted average interest rates of 6.2% and 6.6% at December 31, 2005 and 2004, respectively, net of $12.5 million unamortized discount) | 975,000 | 1,003,940 |
| Unsecured debt, due August 2006 to November 2015, interest rate of 8.2% | 23,963 | 9,028 |
| Unsecured credit facilities, variable interest rate, due June 2007 to May 2008 (weighted average interest rates of 2.2% and 1.9% at December 31, 2005 and 2004, respectively) | 490,072 | 351,699 |
| Total debt before unamortized premiums | 3,389,577 | 3,246,425 |
| Unamortized premiums | 11,984 | 10,766 |
| Total consolidated debt | $ 3,401,561 | $ 3,257,191 |

Secured debt generally requires monthly principal and interest payments. The secured debt is secured by deeds of trust or mortgages on certain properties, some of which are cross-collateralized by multiple properties, and is generally non-recourse. As of December 31, 2005 and 2004, the total gross investment book value of those properties securing the debt was $3.6 billion and $3.3 billion, respectively, including $2.5 billion and $2.4 billion, respectively, in consolidated joint ventures. As of December 31, 2005, $1.6 billion of the secured debt obligations bear interest at fixed rates with a weighted average interest rate of 6.3% while the remaining $291.7 million bear interest at variable rates (with a weighted average interest rate of 2.1%).

As of December 31, 2005, the Operating Partnership had outstanding an aggregate of $975.0 million in unsecured senior debt securities, which bore a weighted average interest rate of 6.2% and had an average term of 5.2 years. These unsecured senior debt securities include $300.0 million in notes issued in June 1998, $250.0 million of medium-term notes, which were issued under the Operating Partnership's 2000 medium-term note program, $325.0 million of medium-term notes, which were issued under the Operating Partnership's 2002 medium-term note program, and approximately $112.5 million of 5.094% Notes Due 2015, which were issued to Teachers Insurance and Annuity Association of America on July 11, 2005 in a private placement, in exchange for the cancellation of $100 million of notes that were issued in June 1998, resulting in a discount of approximately $12.5 million. The unsecured senior debt securities are subject to various covenants. Management believes that the Company and the Operating Partnership were in compliance with their financial covenants as of December 31, 2005.

On June 1, 2004, the Operating Partnership completed the early renewal of its senior unsecured revolving line of credit in the amount of $500.0 million. The Company remains a guarantor of the Operating Partnership's obligations under the credit facility. The three-year credit facility includes a multi-currency component under which up to $250.0 million can be drawn in Yen, Euros or British Pounds Sterling. The line, which matures in June 2007 and carries a one-year extension option, can be increased up to $700.0 million upon certain conditions, and replaces the Operating Partnership's previous $500.0 million credit facility that was to mature in December 2005. The rate on the borrowings is generally LIBOR plus a margin, based on the Operating Partnership's long-term debt rating, which is 60 basis points with an annual facility fee of 20 basis points, based on the current credit rating of the Operating Partnership's long-term debt. The Operating Partnership uses its unsecured credit facility principally for acquisitions, funding development activity and general working capital requirements. The total amount available under the credit facility fluctuates based upon the borrowing base, as defined in the agreement governing the credit facility, which is generally based upon the value of the Company's unencumbered properties. As of December 31, 2005, the outstanding balance on the credit facility was $216.8 million and the remaining amount available was $244.8 million, net of outstanding letters of credit of $38.4 million (excluding the additional $200.0 million of potential additional capacity). The outstanding balance included borrowings denominated in Euros and Yen, which, using the exchange rate in effect on December 31, 2005, equaled approximately $173.1 million and $43.7 million in U.S. dollars, respectively. The revolving credit facility contains 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. Management believes that the Company and the Operating Partnership were in compliance with their financial covenants under this revolving line of credit agreement at December 31, 2005.

On June 29, 2004, AMB Japan Finance Y.K., a subsidiary of the Operating Partnership, entered into an unsecured revolving credit agreement providing for loans or letters of credit. On December 8, 2005, the unsecured revolving credit agreement was amended to increase the maximum principal amount outstanding at any time up to 35.0 billion Yen, which using the exchange rate in effect on December 31, 2005, equaled approximately $297.2 million U.S. dollars and can be increased up to 40.0 billion Yen upon certain conditions. The Company, along with the Operating Partnership, guarantees the obligations of AMB Japan Finance Y.K. under the revolving credit facility, as well as the obligations of any other entity in which the Operating Partnership directly or indirectly owns an ownership interest, and which is selected from time to time to be a borrower under and pursuant to the revolving 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. Generally, borrowers under the revolving credit facility have the option to secure all or a portion of the borrowings under the revolving credit facility with certain real estate assets or equity in entities holding such real estate assets. The revolving credit facility matures in June 2007 and has a one-year extension option, which is subject to the satisfaction of certain conditions and the payment of an extension fee equal to 0.25% of the outstanding commitments under the facility at that time. The rate on the borrowings is generally TIBOR plus a margin, which is based on the current credit rating of the Operating Partnership's long-term debt and is currently 60 basis points. 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 is currently 20 basis points of the outstanding commitments under the facility. As of December 31, 2005, the outstanding balance on this credit facility, using the exchange rate in effect on December 31, 2005, was $205.8 million in U.S. dollars. The revolving credit facility contains affirmative covenants, including 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. Management believes that the Company and the Operating Partnership were in compliance with their financial covenants under this revolving credit agreement at December 31, 2005.

On November 24, 2004, AMB Tokai TMK, a Japanese subsidiary of the Operating Partnership, entered into a secured multi-advance project financing, providing for loans in a maximum principal amount outstanding at any time of up to 20.0 billion Yen, which, using the exchange rate in effect on December 31, 2005, equaled approximately $169.9 million U.S. dollars. The financing agreement is among AMB Tokai TMK, the Company, the Operating Partnership, Sumitomo Mitsui Banking Corporation ("Sumitomo") and a syndicate of banks. The Company and the Operating Partnership jointly and severally guarantee AMB Tokai TMK's obligations under the financing agreement, pursuant to a guaranty of payment executed in connection with the project financing. The financing is secured by a mortgage on certain real property located in Tokai, Tokyo, Japan, and matures on October 31, 2006 with a one-year extension option. The rate on the borrowings is generally TIBOR plus a margin, which is based on the credit rating of the Operating Partnership's long-term debt and is currently 60 basis points per annum, except that AMB Tokai TMK has purchased from Sumitomo an interest rate swap, which has fixed the interest rate payable on a principal amount equal to 13.0 billion Yen at 1.32% per annum plus the applicable margin. In addition, there is an annual commitment fee based on unused commitments, payable quarterly, which is based on the credit rating of the Operating Partnership's long-term debt, and is currently 20 basis points of the amount of unused commitments. The financing agreement contains affirmative covenants, including 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. Management believes the Company and the Operating Partnership were in compliance with their financial covenants under this financing agreement as of December 31, 2005. In addition, Sumitomo, AMB Tokai TMK and the Operating Partnership signed a commitment letter on November 24, 2004, pursuant to which Sumitomo committed to purchase bonds that may be issued by AMB Tokai TMK in an amount between 10.0 billion Yen and 15.0 billion Yen (such amount to be determined by AMB Tokai TMK). The bonds would be secured by the AMB Ohta Distribution Center and would generally accrue interest at a rate of TIBOR plus 1.10% per annum; because the swap purchased by AMB Tokai TMK from Sumitomo is coterminous with the maturity date of the proposed bonds, AMB Tokai TMK will have fixed the interest rate payable on, in general, a principal amount equal to 13.0 billion Yen at 2.42% per annum. The bonds, if issued, would mature on October 31, 2012. As of December 31, 2005, the outstanding balance on this financing agreement was 19.5 billion Yen, which, using the exchange rate in effect on December 31, 2005, equaled approximately $165.6 million U.S. dollars and is accounted for as wholly-owned secured debt.

On February 16, 2006, the Operating Partnership and certain of its consolidated subsidiaries entered into a third amended and restated credit agreement for a $250 million unsecured multi-currency revolving credit facility with a maturity date of February 2010, that replaced the then-existing $100 million unsecured multi-currency revolving credit facility that was to mature in June 2008. As of December 31, 2005, we had an additional outstanding balance of $67.5 million under the then-existing facility.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

As of December 31, 2005, the scheduled maturities of the Company's total debt, excluding unamortized debt premiums, were as follows (dollars in thousands):

| | Wholly-owned Secured Debt | Consolidated Joint Venture Secured Debt | Unsecured Senior Debt Securities | Unsecured Debt | Credit Facilities | Total |
|---|---|---|---|---|---|---|
| 2006 | $ 65,369 | $ 79,262 | $ 75,000 | $ 16,280 | $ — | $ 235,911 |
| 2007 | 12,680 | 58,124 | 75,000 | 752 | 422,602 | 569,158 |
| 2008 | 40,705 | 178,795 | 175,000 | 810 | 67,470 | 462,780 |
| 2009 | 5,264 | 120,551 | 100,000 | 873 | — | 226,688 |
| 2010 | 71,078 | 116,927 | 250,000 | 941 | — | 438,946 |
| 2011 | 21,573 | 357,207 | 75,000 | 1,014 | — | 454,794 |
| 2012 | 254,996 | 171,442 | — | 1,093 | — | 427,531 |
| 2013 | 14,773 | 196,894 | — | 920 | — | 212,587 |
| 2014 | 15,066 | 4,684 | — | 616 | — | 20,366 |
| 2015 | 1,951 | 61,653 | 100,000 | 664 | — | 164,268 |
| Thereafter | 19,004 | 32,544 | 125,000 | — | — | 176,548 |
| Total | $ 522,459 | $ 1,378,083 | $ 975,000 | $ 23,963 | $ 490,072 | $ 3,389,577 |

## 7. Leasing Activity

Future minimum base rental income due under non-cancelable leases with customers in effect as of December 31, 2005 was as follows (dollars in thousands):

| | |
|---|---|
| 2006 | $ 508,747 |
| 2007 | 434,700 |
| 2008 | 350,062 |
| 2009 | 274,763 |
| 2010 | 204,020 |
| Thereafter | 468,330 |
| Total | $ 2,240,622 |

The schedule does not reflect future rental revenues from the renewal or replacement of existing leases and excludes property operating expense reimbursements. In addition to minimum rental payments, certain customers pay reimbursements for their pro rata share of specified operating expenses, which amounted to $144.0 million, $134.1 million and $103.6 million for the years ended December 31, 2005, 2004 and 2003, respectively. These amounts are included as rental revenue and operating expenses in the accompanying consolidated statements of operations. Some leases contain options to renew.

## 8. Income Taxes

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

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

| | 2005 | 2004 | 2003 |
|---|---|---|---|
| Net income available to common stockholders | $ 250,419 | $ 118,340 | $ 116,716 |
| Book depreciation and amortization | 165,438 | 141,120 | 116,067 |
| Book depreciation discontinued operations | 14,866 | 26,230 | 26,270 |
| Impairment losses | — | — | 5,251 |
| Tax depreciation and amortization | (152,084) | (141,368) | (129,608) |
| Book/tax difference on gain on divestitures of real estate | (23,104) | (7,409) | 13,783 |
| Book/tax difference in stock option expense | (35,513) | (15,069) | 1,069 |
| Other book/tax differences, net(1) | (35,348) | (14,786) | (6,576) |
| Taxable income available to common stockholders | $ 184,674 | $ 107,058 | $ 142,972 |

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

For income tax purposes, distributions paid to common stockholders consist of ordinary income, capital gains, non-taxable return of capital or a combination thereof. For the years ended December 31, 2005, 2004 and 2003, the Company elected to distribute all of its taxable capital gain. The taxability of the Company's distributions to common stockholders is summarized below:

| | 2005 | | 2004 | | 2003 | |
|---|---|---|---|---|---|---|
| Ordinary income | $ 0.50 | 23.0% | $ 0.78 | 46.1% | $ 1.07 | 64.5% |
| Capital gains | 1.34 | 61.1% | 0.37 | 21.9% | 0.47 | 28.3% |
| Unrecaptured Section 1250 gain | 0.35 | 15.9% | 0.15 | 8.9% | 0.12 | 7.2% |
| Dividends taxed in subsequent year | — | — | — | — | — | — |
| Dividends paid or payable | 2.19 | 100.0% | 1.30 | 76.9% | 1.66 | 100.0% |
| Return of capital | — | 0.0% | 0.39 | 23.1% | — | — |
| Total distributions | $ 2.19 | 100.0% | $ 1.69 | 100.0% | $ 1.66 | 100.0% |

## 9. Minority Interests in Consolidated Joint Ventures and Preferred Units

Minority interests in the Company represent the limited partnership interests in the Operating Partnership, limited partnership interests in AMB Property II, L.P. and interests held by certain third parties in several real estate joint ventures, aggregating approximately 41.7 million square feet, which are consolidated for financial reporting purposes. Such investments are consolidated because the Company exercises significant rights over major operating decisions such as approval of budgets, selection of property managers, asset management, investment activity and changes in financing. These joint venture investments do not meet the variable interest entity criteria under FASB Interpretation No. 46R, *Consolidation of Variable Interest Entities.*

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

The Company's consolidated co-investment joint ventures' total investment and property debt in properties at December 31, 2005 and 2004 (dollars in thousands) were:

| Co-investment Joint Venture | Joint Venture Partner | Company's Ownership Percentage | Total Investment in Real Estate(7) 2005 | Total Investment in Real Estate(7) 2004 | Property Debt(8) 2005 | Property Debt(8) 2004 |
|---|---|---|---|---|---|---|
| AMB/ Erie, L.P. | Erie Insurance Company and affiliates | 50% | $ 99,722 | $ 149,244 | $ 40,710 | $ 50,338 |
| AMB Institutional Alliance Fund I, L.P. | AMB Institutional Alliance REIT I, Inc.(1) | 21% | — | 415,191 | — | 223,704 |
| AMB Partners II, L.P. | City and County of San Francisco Employees' Retirement System | 20% | 592,115 | 516,200 | 291,684 | 264,315 |
| AMB-SGP, L.P. | Industrial JV Pte Ltd(2) | 50% | 436,713 | 418,129 | 239,944 | 245,454 |
| AMB Institutional Alliance Fund II, L.P. | AMB Institutional Alliance REIT II, Inc.(3) | 20% | 507,493 | 492,687 | 245,056 | 237,798 |
| AMB-AMS, L.P.(4) | PMT, SPW and TNO(5) | 39% | 146,007 | 100,043 | 63,143 | 44,406 |
| AMB Institutional Alliance Fund III, L.P. | AMB Institutional Alliance REIT III, Inc.(6) | 20% | 749,634 | 523,037 | 421,290 | 258,164 |
| | | | $ 2,531,684 | $ 2,614,531 | $ 1,301,827 | $ 1,324,179 |

(1) Comprised of 16 institutional investors as stockholders as of December 31, 2005.

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

(3) Comprised of 14 institutional investors as stockholders and one third-party limited partner as of December 31, 2005.

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

(5) PMT is Stichting Pensioenfonds Metaal en Techniek, SPW is Stichting Pensioenfonds voor de Woningcorporaties and TNO is Stichting Pensioenfonds TNO.

(6) AMB Institutional Fund III, L.P. is an open-ended co-investment partnership formed in 2004 with institutional investors.

(7) The Company also had other consolidated joint ventures with total investments in real estate of $378.7 million as of December 31, 2005.

(8) The Company also had other consolidated joint ventures with secured debt of $85.7 million as of December 31, 2005.

**AMB PROPERTY CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The following table details the minority interest liability as of December 31, 2005 and 2004 (dollars in thousands):

| | 2005 | 2004 |
|---|---|---|
| Joint venture partners | $ 853,643 | $ 828,622 |
| Limited Partners in the Operating Partnership | 86,164 | 86,587 |
| Series J preferred units (liquidation preference of $40,000) | 38,883 | 38,883 |
| Series K preferred units (liquidation preference of $40,000) | 38,932 | 38,932 |
| Held through AMB Property II, L.P.: | | |
| Class B Limited Partners | 2,950 | 2,739 |
| Series D preferred units (liquidation preference of $79,767) | 77,684 | 77,684 |
| Series E preferred units (liquidation preference of $11,022) | 10,788 | 10,788 |
| Series F preferred units (liquidation preference of $10,057) | 9,900 | 9,900 |
| Series H preferred units (liquidation preference of $42,000) | 40,912 | 40,912 |
| Series I preferred units (liquidation preference of $25,500) | 24,800 | 24,800 |
| Series N preferred units (liquidation preference of $36,479)(1) | 36,479 | 36,479 |
| Total minority interests | $ 1,221,135 | $ 1,196,326 |

(1) The holder of the series N preferred units exercised its put option in January 2006 and sold all of its series N preferred units to the Operating Partnership at a price equal to $50 per unit, plus all accrued and unpaid distributions.

The following table details the minority interests' share of income, including minority interests' share of development profits, but excluding minority interests' share of discontinued operations for the years ending December 31, 2005, 2004 and 2003 (dollars in thousands):

| | 2005 | 2004 | 2003 |
|---|---|---|---|
| Joint venture partners | $ 36,398 | $ 29,544 | $ 21,015 |
| Joint venture partners' share of development profits | 13,492 | 958 | 8,442 |
| Common limited partners in the Operating Partnership | 3,566 | 2,513 | 2,354 |
| Series B preferred units (repurchased in November 2003) | — | — | 4,828 |
| Series J preferred units (liquidation preference of $40,000) | 3,180 | 3,180 | 3,180 |
| Series K preferred units (liquidation preference of $40,000) | 3,180 | 3,180 | 3,180 |
| Held through AMB Property II, L.P.: | | | |
| Class B common limited partnership units | 115 | 102 | 24 |
| Series D preferred units (liquidation preference of $79,767) | 6,182 | 6,182 | 6,182 |
| Series E preferred units (liquidation preference of $11,022) | 854 | 854 | 854 |
| Series F preferred units (liquidation preference of $10,057) | 800 | 800 | 931 |
| Series H preferred units (liquidation preference of $42,000) | 3,413 | 3,413 | 3,412 |
| Series I preferred units (liquidation preference of $25,500) | 2,040 | 2,040 | 2,040 |
| Series N preferred units (liquidation preference of $36,479)(1) | 1,824 | 512 | — |
| Total minority interests' share of net income | $ 75,044 | $ 53,278 | $ 56,442 |

(1) The holder of the series N preferred units exercised its put option in January 2006 and sold all of its series N preferred units to the Operating Partnership at a price equal to $50 per unit, plus all accrued and unpaid distributions.

## 10. Investments in Unconsolidated Joint Ventures

The Company's investment in unconsolidated joint ventures at December 31, 2005 and 2004 totaled $118.7 million and $55.2 million, respectively. The Company's exposure to losses associated with its unconsolidated joint ventures is limited to its carrying value in these investments and a guarantee of $2.3 million on an outstanding loan on one if its unconsolidated joint ventures. The Company's unconsolidated joint ventures' net equity investments at December 31, 2005 and 2004 (dollars in thousands) were:

| Unconsolidated Joint Ventures | Market | Square Feet | 2005 | 2004 | Company's Ownership Percentage |
|---|---|---|---|---|---|
| **Co-Investment Joint Ventures** | | | | | |
| AMB-SGP Mexico, LLC(1) | Various, Mexico | 1,892,407 | $ 16,218 | $ 9,467 | 20% |
| AMB Japan Fund I, L.P.(2) | Various, Japan | 1,201,698 | 10,112 | — | 20% |
| **Other Industrial Operating Joint Ventures** | | 9,295,507 | 41,520 | 41,371 | 52% |
| **Other Industrial Development Joint Ventures** | | 719,267 | 6,176 | 4,328 | 50% |
| **Other Investment — G.Accion** | Various | N/A | 44,627 | — | 39% |
| **Total Unconsolidated Joint Ventures** | | 13,108,879 | $ 118,653 | $ 55,166 | |

(1) AMB-SGP Mexico is a co-investment partnership formed in 2004 with GIC Real Estate Pte Ltd, the real estate investment subsidiary of the Government of Singapore Investment Corporation. Includes $7.3 million of shareholder loans outstanding at December 31, 2005 between the Company and the co-investment partnership.

(2) AMB Japan Fund I is a co-investment partnership formed in 2005 with institutional investors.

On December 31, 2004, the Company formed AMB-SGP Mexico, LLC, a joint venture with Industrial (Mexico) JV Pte Ltd, a real estate investment subsidiary of the Government of Singapore Investment Corporation, in which the Company retained a 20% interest. During 2005, the Company recognized a gain of $1.3 million from disposition of real estate interests, representing the additional value received from the contribution of properties to AMB-SGP Mexico, LLC. During 2005, the Company recognized development profits of $1.7 million from the contribution to AMB-SGP Mexico, LLC of one industrial building for $23.6 million aggregating approximately 0.4 million square feet.

On June 30, 2005, the Company formed AMB Japan Fund I, L.P. a joint venture with 13 institutional investors, in which the Company retained an approximate 20% interest. The 13 institutional investors have committed 49.5 billion Yen ($420.4 million U.S. dollars, using the exchange rate at December 31, 2005) for an approximate 80% equity interest. The Company contributed $106.9 million (using exchange rate in effect at contribution) in operating properties, consisting of six industrial buildings, aggregating approximately 0.9 million square feet, to this fund. The Company recognized a gain of $17.8 million on the contribution, representing the portion of its interest in the contributed properties acquired by the third-party investors for cash.

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

The Company also has a 0.1% unconsolidated equity interest (with an approximate 33% economic interest) in AMB Pier One, LLC, a joint venture related to the 2000 redevelopment of the pier which houses the Company's office space in San Francisco. The investment is not consolidated because the Company does not exercise control over major operating decisions such as approval of budgets, selection of property managers, investment activity and changes in financing. The Company has an option to purchase the remaining equity interest beginning January 1, 2007 and expiring December 31, 2009, based on the fair market value as stipulated in the operating agreement. As of December 31, 2005, the Company also had an approximate 39.0% unconsolidated equity interest in G.Accion S.A. de C.V. ("G.Accion"), a Mexican real estate company. G.Accion provides management and development services for industrial, retail, residential and office properties in Mexico.

### 11. Stockholders' Equity

Holders of common limited partnership units of the Operating Partnership and class B common limited partnership units of AMB Property II, L.P. have the right, commencing generally on or after the first anniversary of the holder becoming a limited partner of the Operating Partnership or AMB Property II, L.P., as applicable (or such other date agreed to by the Operating Partnership or AMB Property II, L.P. and the applicable unit holders), to require the Operating Partnership or AMB Property II, L.P., as applicable, to redeem part or all of their common units or class B common limited partnership units, as applicable, for cash (based upon the fair market value, as defined in the applicable partnership agreement, of an equivalent number of shares of common stock of the Company at the time of redemption) or the Operating Partnership or AMB Property II, L.P. may, in its respective sole and absolute discretion (subject to the limits on ownership and transfer of common stock set forth in the Company's charter), elect to have the Company exchange those common units or class B common limited partnership units, as applicable, for shares of the Company's common stock on a one-for-one basis, subject to adjustment in the event of stock splits, stock dividends, issuance of certain rights, certain extraordinary distributions and similar events. With each redemption or exchange of the Operating Partnership's common units, the Company's percentage ownership in the Operating Partnership will increase. Common limited partners and class B common limited partners may exercise this redemption right from time to time, in whole or in part, subject to certain limitations. During 2005, the Operating Partnership redeemed 349,579 of its common limited partnership units for an equivalent number of shares of the Company's common stock.

On December 13, 2005, we issued and sold 3,000,000 shares of 7.00% Series O Cumulative Redeemable Preferred Stock at $25.00 per share. Dividends are cumulative from the date of issuance and payable quarterly in arrears at a rate per share equal to $1.75 per annum. The series O preferred stock is redeemable by us on or after December 13, 2010, subject to certain conditions, for cash at a redemption price equal to $25.00 per share, plus accumulated and unpaid dividends thereon, if any, to the redemption date. We contributed the net proceeds of $72.3 million to the operating partnership, and in exchange, the operating partnership issued to us 3,000,000 7.00% Series O Cumulative Redeemable Preferred Units.

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

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

On September 24, 2004, AMB Property II, L.P., a partnership in which Texas AMB I, LLC, a Delaware limited liability company and the Company's indirect subsidiary, owns an approximate 1.0% general partnership interest and the Operating Partnership owns an approximate 99% common limited partnership interest, issued 729,582 5.0% Series N Cumulative Redeemable Preferred Limited Partnership Units at a price of $50.00 per unit. The series N preferred units were issued to Robert Pattillo Properties, Inc. in exchange for the contribution of certain parcels of land that are located in multiple markets to AMB Property II, L.P. Effective January 27, 2006, Robert Pattillo Properties, Inc. exercised its rights under its Put Agreement, dated September 24, 2004, with the Operating Partnership, and sold all of its series N preferred units to the Operating Partnership at a price equal to $50.00 per unit, plus all accrued and unpaid distributions to the date of such sale. Also on January 27, 2006, AMB Property II, L.P. repurchased all of the series N preferred units from the Operating Partnership at a price equal to $50.00 per unit, plus all accrued and unpaid distributions to the date of such sale and cancelled all of the outstanding series N preferred units as of such date.

The Company has authorized 100,000,000 shares of preferred stock for issuance, of which the following series were designated as of December 31, 2005: 1,595,337 shares of series D cumulative redeemable preferred; 220,440 shares of series E cumulative redeemable preferred; 267,439 shares of series F cumulative redeemable preferred, of which 201,139 are outstanding; 840,000 shares of series H cumulative redeemable preferred; 510,000 shares of series I cumulative redeemable preferred; 800,000 shares of series J cumulative redeemable preferred; 800,000 shares of series K cumulative redeemable preferred; 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; and 3,000,000 shares of series O cumulative redeemable preferred, all of which are outstanding.

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

| Paying Entity | Security | 2005 | 2004 | 2003 |
|---|---|---|---|---|
| AMB Property Corporation | Common stock | $ 1.76 | $ 1.70 | $ 1.66 |
| AMB Property Corporation | Series A preferred stock | n/a | n/a | $ 1.15 |
| AMB Property Corporation | Series L preferred stock | $ 1.63 | $ 1.63 | $ 0.85 |
| AMB Property Corporation | Series M preferred stock | $ 1.69 | $ 1.69 | $ 0.17 |
| AMB Property Corporation | Series O preferred stock | $ 0.09 | n/a | n/a |
| Operating Partnership | Common limited partnership units | $ 1.76 | $ 1.70 | $ 1.66 |
| Operating Partnership | Series B preferred units | n/a | n/a | $ 3.71 |
| Operating Partnership | Series J preferred units | $ 3.98 | $ 3.98 | $ 3.98 |
| Operating Partnership | Series K preferred units | $ 3.98 | $ 3.98 | $ 3.98 |
| AMB Property II, L.P. | Class B common limited partnership units | $ 1.76 | $ 1.70 | $ 0.22 |
| AMB Property II, L.P. | Series D preferred units | $ 3.88 | $ 3.88 | $ 3.88 |
| AMB Property II, L.P. | Series E preferred units | $ 3.88 | $ 3.88 | $ 3.88 |
| AMB Property II, L.P. | Series F preferred units | $ 3.98 | $ 3.98 | $ 3.98 |
| AMB Property II, L.P. | Series H preferred units | $ 4.06 | $ 4.06 | $ 4.06 |
| AMB Property II, L.P. | Series I preferred units | $ 4.00 | $ 4.00 | $ 4.00 |
| AMB Property II, L.P. | Series N preferred units(1) | $ 2.50 | $ 0.70 | n/a |

(1) The holder of the series N preferred units exercised its put option in January 2006 and sold all of its series N preferred units to the Operating Partnership at a price equal to $50 per unit, plus all accrued and unpaid distributions.

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

*Stock Incentive Plan.* The Company has Stock Option and Incentive Plans ("Stock Incentive Plans") for the purpose of attracting and retaining eligible officers, directors and employees. The Company has reserved for issuance 18,950,000 shares of common stock under its Stock Incentive Plans. As of December 31, 2005, the Company had 9,148,437 non-qualified options outstanding granted to certain directors, officers and employees. Each option is exchangeable for one share of the Company's common stock. Each option's exercise price is equal to the Company's market price on the date of grant. The options have an original ten-year term and generally vest pro rata in annual installments over a three to five-year period from the date of grant.

In 2002, the Company adopted the expense recognition provisions of SFAS No. 123, *Accounting for Stock-Based Compensation*. The Company values stock options using the Black-Scholes option-pricing model and recognizes this value as an expense over the vesting periods. Under this standard, recognition of expense for stock options is applied to all options granted after the beginning of the year of adoption. In accordance with SFAS No. 123, the Company will recognize the associated expense over the three to five-year vesting periods. Under SFAS No. 123, related stock option expense was $4.8 million, $4.0 million and $2.4 million for the years ended December 31, 2005, 2004 and 2003, respectively. Additionally, the Company awards restricted stock and recognizes this value as an expense over the vesting periods. Related restricted stock compensation expense was $7.5 million, $6.4 million and $5.7 million for 2005, 2004 and 2003, respectively. The expense is included in general and administrative expenses in the accompanying consolidated statements of operations. The adoption of SFAS No. 123 is prospective and the 2003 expense relates only to stock options granted in 2002 and subsequent periods. Prior to January 1, 2002, the Company applied APB Opinion No. 25,

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

"Accounting for Stock Issued to Employees" and related interpretations in accounting for its Stock Incentive Plan. Opinion 25 measures compensation cost using the intrinsic value based method of accounting. Under this method, compensation cost is the excess, if any, of the quoted market price of the stock at the date of grant over the amount an employee must pay to acquire the stock. Accordingly, no compensation cost had been recognized for the Company's Stock Incentive Plan as of December 31, 2001.

As permitted by SFAS No. 148, *Accounting for Stock-Based Compensation — Transition and Disclosure — An Amendment of FASB Statement No. 123*, the Company has changed its method of accounting for stock options beginning January 1, 2002. The Company has not retroactively changed its method of accounting for stock options but has provided additional required disclosures. Had compensation cost for the Company's stock-based compensation plans been determined based on the fair value at the grant dates for awards prior to 2002 consistent with the method of SFAS No. 123, the Company's pro forma net income available to common stockholders would have been reduced by $0.2 million, $1.1 million and $1.6 million and pro forma basic and diluted earnings per share would have been reduced to $2.98 and $2.85; $1.43 and $1.37; and $1.42 and $1.39, respectively, for the years ended December 31, 2005, 2004 and 2003.

The fair value of each option grant was estimated at the date of grant using the Black-Scholes option-pricing model with the following assumptions used for grants in 2005, 2004 and 2003, respectively: dividend yields of 4.5%, 4.8% and 6.1%; expected volatility of 17.5%, 18.6% and 17.7%; risk-free interest rates of 3.8%, 3.6% and 3.4%; and expected lives of seven years for each year. Following is a summary of the option activity for the years ended December 31 (options in thousands):

| | Shares Under Option | Weighted Average Exercise Price | Options Exercisable at Year End |
|---|---|---|---|
| Outstanding as of December 31, 2002 | 8,765 | $ 23.16 | 5,526 |
| Granted | 1,854 | 27.18 | |
| Exercised | (318) | 21.94 | |
| Forfeited | (15) | 25.67 | |
| Outstanding as of December 31, 2003 | 10,286 | 23.92 | 7,210 |
| Granted | 1,253 | 34.88 | |
| Exercised | (1,233) | 22.45 | |
| Forfeited | (85) | 29.43 | |
| Outstanding as of December 31, 2004 | 10,221 | 25.40 | 7,841 |
| Granted | 1,086 | 38.94 | |
| Exercised | (2,033) | 24.24 | |
| Forfeited | (126) | 35.32 | |
| Outstanding as of December 31, 2005 | 9,148 | $ 27.14 | 7,237 |
| Remaining average contractual life | 5.8 years | | |
| Fair value of options granted during the year | $ 4.48 | | |

**AMB PROPERTY CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The following table summarizes additional information concerning outstanding and exercisable stock options at December 31, 2005 (options in thousands):

| Range of Exercise Price | Number of Options | Weighted Average Exercise Price | Weighted Average Remaining Contractual Life in Years | Currently Exercisable Number of Options | Currently Exercisable Weighted Average Exercise Price |
|---|---|---|---|---|---|
| \$19.81 - \$21.00 | 1,848 | \$ 20.71 | 2.7 | 1,848 | \$ 20.71 |
| \$21.19 - \$24.69 | 2,214 | 23.48 | 4.4 | 2,214 | 23.48 |
| \$25.06 - \$27.12 | 2,714 | 26.74 | 6.7 | 2,325 | 26.69 |
| \$27.14 - \$38.56 | 2,226 | 35.66 | 8.4 | 850 | 33.32 |
| \$39.09 - \$44.65 | 146 | 41.30 | 9.4 | — | — |
| | 9,148 | | | 7,237 | |

In 2005, 2004 and 2003, the Company issued 129,935, 227,609 and 272,609 restricted shares, respectively, to certain officers of the Company as part of the performance pay program and in connection with employment with the Company. As of December 31, 2005, 154,616 shares of restricted stock have been forfeited. The 547,524 outstanding restricted shares are subject to repurchase rights, which generally lapse over a period from three to five years.

*401(k) Plan.* In November 1997, the Company established a Section 401(k) Savings/ Retirement Plan (the "401(k) Plan"), which is a continuation of the 401(k) Plan of the predecessor, to cover eligible employees of the Company and any designated affiliates. During 2005 and 2004, the 401(k) Plan permitted eligible employees of the Company to defer up to 20% of their annual compensation, subject to certain limitations imposed by the Code. The employees' elective deferrals are immediately vested and non-forfeitable upon contribution to the 401(k) Plan. During 2004, the Company matched employee contributions to the 401(k) Plan in an amount equal to 50% of the first 5.5% of annual compensation deferred by each employee. During 2005, the Company matched employee contributions to the 401(k) Plan in an amount equal to 50% of the first 6.0% of annual compensation deferred by each employee. The Company may also make discretionary contributions to the 401(k) Plan. In 2005 and 2004, the Company paid \$0.65 million and \$0.5 million, respectively, for its 401(k) match. No discretionary contributions were made by the Company to the 401(k) Plan in 2005, 2004 and 2003.

*Deferred Compensation Plan.* The Company has established a non-qualified deferred compensation plan for officers and directors of the Company and certain of its affiliates, which enables participants to defer income up to 100% of annual base pay, up to 100% of annual bonuses, up to 100% of their meeting fees and/or committee chairmanship fees, and up to 100% of certain equity-based compensation, as applicable, subject to restrictions, on a pre-tax basis. This deferred compensation is our unsecured obligation. The Company may make discretionary matching contributions to participant accounts at any time. The Company made no such discretionary matching contributions in 2005, 2004 or 2003. The participant's elective deferrals and any matching contributions are immediately 100% vested. As of December 31, 2005 and 2004, the total fair value of compensation deferred was \$20.9 million and \$15.4 million, respectively.

## 13. Income Per Share

The Company's only dilutive securities outstanding for the years ended December 31, 2005, 2004 and 2003 were stock options and restricted stock granted under its stock incentive plans. The effect on income per share was to increase weighted average shares outstanding. Such dilution was computed using the treasury stock method. The computation of basic and diluted EPS is presented below (dollars in thousands, except share and per share amounts):

| | 2005 | 2004 | 2003 |
|---|---|---|---|
| **Numerator** | | | |
| Income from continuing operations | $ 135,255 | $ 65,593 | $ 58,599 |
| Preferred stock dividends | (7,388) | (7,131) | (6,999) |
| Preferred stock and unit redemption discount/(issuance costs or premium) | — | — | (5,413) |
| Income from continuing operations (after preferred stock dividends) | 127,867 | 58,462 | 46,187 |
| Income attributable to discontinued operations, net of minority interests | 8,999 | 17,873 | 27,633 |
| Gains from dispositions of real estate, net of minority interests | 113,553 | 42,005 | 42,896 |
| Net income available to common stockholders | $ 250,419 | $ 118,340 | $ 116,716 |
| **Denominator** | | | |
| Basic | 84,048,936 | 82,133,627 | 81,096,062 |
| Stock options and restricted stock dilution | 3,824,463 | 3,234,999 | 1,756,466 |
| Diluted weighted average common shares | 87,873,399 | 85,368,626 | 82,852,528 |
| **Basic income per common share** | | | |
| Income from continuing operations (after preferred stock dividends) | $ 1.52 | $ 0.71 | $ 0.57 |
| Discontinued operations | 1.46 | 0.73 | 0.87 |
| Net income available to common stockholders | $ 2.98 | $ 1.44 | $ 1.44 |
| **Diluted income per common share** | | | |
| Income from continuing operations (after preferred stock dividends) | $ 1.46 | $ 0.69 | $ 0.56 |
| Discontinued operations | 1.39 | 0.70 | 0.85 |
| Net income available to common stockholders | $ 2.85 | $ 1.39 | $ 1.41 |

## 14. Commitments and Contingencies

***Commitments***

*Lease Commitments.* The Company holds operating ground leases on land parcels at its on-tarmac facilities, leases on office spaces for corporate use, and a leasehold interest that it holds for investment purposes. The remaining lease terms are from one to 57 years. Operating lease payments are being amortized ratably over the terms of the related leases. Future minimum rental payments required under non-cancelable operating leases in effect as of December 31, 2005 were as follows (dollars in thousands):

| | |
|---|---|
| 2006 | $ 20,894 |
| 2007 | 21,036 |
| 2008 | 20,617 |
| 2009 | 20,327 |
| 2010 | 19,997 |
| Thereafter | 278,759 |
| Total | $ 381,630 |

*Standby Letters of Credit.* As of December 31, 2005, the Company had provided approximately $48.7 million in letters of credit, of which $38.4 million was provided under the Operating Partnership's $500.0 million unsecured credit facility. The letters of credit were required to be issued under certain ground lease provisions, bank guarantees and other commitments.

*Guarantees.* As of December 31, 2005, the Company had outstanding guarantees in the aggregate amount of $128.2 million in connection with certain acquisitions. As of December 31, 2005, the Company guaranteed $23.4 million and $2.3 million on outstanding loans on two of its consolidated joint ventures and one of its unconsolidated joint ventures, respectively.

*Performance and Surety Bonds.* As of December 31, 2005, the Company had outstanding performance and surety bonds in an aggregate amount of $0.9 million. These bonds were issued in connection with certain of its development projects and were posted to guarantee certain tax obligations and the construction of certain real property improvements and infrastructure, such as grading, sewers and streets. Performance and surety bonds are commonly required by public agencies from real estate developers. Performance and surety bonds are renewable and expire upon the payment of the taxes due or the completion of the improvements and infrastructure.

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

**Contingencies**

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

*Environmental Matters.* The Company monitors its properties for the presence of hazardous or toxic substances. The Company is not aware of any environmental liability with respect to the properties that would have a material adverse effect on the Company's business, assets or results of operations. However, there can be no assurance that such a material environmental liability does not exist. The existence of any such material environmental liability would have an adverse effect on the Company's results of operations and cash flow. 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, certain of the Company's properties are located in areas that are subject to earthquake activity; therefore, the Company has obtained limited earthquake insurance on those properties. There are, however, certain types of extraordinary losses, such as those due to acts of war that may be either uninsurable or not economically insurable. Although 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.

Various properties that the Company owns or leases in New Orleans, Louisiana and South Florida suffered damage in 2005 as a result of Hurricanes Katrina and Wilma. Although the Company expects that its insurance will cover losses arising from this damage in excess of the industry standard deductibles paid by the Company, there can be no assurance the Company will be reimbursed for all losses incurred. Management is not aware of circumstances associated with these losses that would have a material adverse effect on the Company's business, assets, or results from operations.

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

## 15. Quarterly Financial Data (Unaudited)

Selected quarterly financial results for 2005 and 2004 were as follows (dollars in thousands, except share and per share amounts):

| | Quarter (unaudited)(1) | | | | |
|---|---|---|---|---|---|
| **2005** | **March 31** | **June 30** | **September 30** | **December 31** | **Year** |
| Total revenues | $ 156,721 | $ 158,421 | $ 160,659 | $ 200,348 | $ 676,149 |
| Income before minority interests and discontinued operations | 41,343 | 48,174 | 27,691 | 93,091 | 210,299 |
| Total minority interests' share of income | (24,812) | (15,240) | (14,760) | (20,232) | (75,044) |
| Income from continuing operations | 16,531 | 32,934 | 12,931 | 72,859 | 135,255 |
| Total discontinued operations | 30,236 | 7,855 | 16,137 | 68,324 | 122,552 |
| Net income | 46,767 | 40,789 | 29,068 | 141,183 | 257,807 |
| Preferred stock dividends | (1,783) | (1,783) | (1,783) | (2,039) | (7,388) |
| Net income available to common stockholders | $ 44,984 | $ 39,006 | $ 27,285 | $ 139,144 | $ 250,419 |
| **Basic income per common share(2)** | | | | | |
| Income from continuing operations | $ 0.18 | $ 0.38 | $ 0.13 | $ 0.84 | $ 1.52 |
| Discontinued operations | 0.36 | 0.09 | 0.19 | 0.80 | 1.46 |
| Net income available to common stockholders | $ 0.54 | $ 0.47 | $ 0.32 | $ 1.64 | $ 2.98 |
| **Diluted income per common share(2)** | | | | | |
| Income from continuing operations | $ 0.17 | $ 0.36 | $ 0.13 | $ 0.79 | $ 1.46 |
| Discontinued operations | 0.35 | 0.09 | 0.18 | 0.77 | 1.39 |
| Net income available to common stockholders | $ 0.52 | $ 0.45 | $ 0.31 | $ 1.56 | $ 2.85 |
| WEIGHTED AVERAGE COMMON SHARES OUTSTANDING | | | | | |
| Basic | 83,133,730 | 83,521,538 | 84,437,568 | 85,010,258 | 84,048,936 |
| Diluted | 86,516,695 | 87,076,011 | 88,373,479 | 88,981,657 | 87,873,399 |

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

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

**AMB PROPERTY CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

| 2004 | Quarter (unaudited)(1) March 31 | June 30 | September 30 | December 31 | Year |
|---|---|---|---|---|---|
| Total revenues | $ 141,201 | $ 141,353 | $ 153,522 | $ 156,353 | $ 592,429 |
| Income before minority interests and discontinued operations | 24,114 | 25,394 | 31,146 | 38,217 | 118,871 |
| Total minority interests' share of income | (12,011) | (13,311) | (13,924) | (14,032) | (53,278) |
| Income from continuing operations | 12,103 | 12,083 | 17,222 | 24,185 | 65,593 |
| Total discontinued operations | 4,479 | 6,823 | 14,827 | 33,749 | 59,878 |
| Net income | 16,582 | 18,906 | 32,049 | 57,934 | 125,471 |
| Preferred stock dividends | (1,783) | (1,783) | (1,783) | (1,782) | (7,131) |
| Net income available to common stockholders | $ 14,799 | $ 17,123 | $ 30,266 | $ 56,152 | $ 118,340 |
| **Basic income per common share(2)** | | | | | |
| Income from continuing operations | $ 0.13 | $ 0.13 | $ 0.19 | $ 0.27 | $ 0.71 |
| Discontinued operations | 0.05 | 0.08 | 0.18 | 0.41 | 0.73 |
| Net income available to common stockholders | $ 0.18 | $ 0.21 | $ 0.37 | $ 0.68 | $ 1.44 |
| **Diluted income per common share(2)** | | | | | |
| Income from continuing operations | $ 0.12 | $ 0.12 | $ 0.18 | $ 0.26 | $ 0.69 |
| Discontinued operations | 0.05 | 0.08 | 0.17 | 0.39 | 0.70 |
| Net income available to common stockholders | $ 0.17 | $ 0.20 | $ 0.35 | $ 0.65 | $ 1.39 |
| WEIGHTED AVERAGE COMMON SHARES OUTSTANDING | | | | | |
| Basic | 81,691,434 | 82,071,604 | 82,193,473 | 82,537,232 | 82,133,627 |
| Diluted | 84,861,965 | 84,535,762 | 85,395,787 | 86,263,305 | 85,368,626 |

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

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

## 16. Segment Information

The Company mainly operates industrial properties and manages its business by markets. Such industrial properties represent more than 99.7% of the Company's portfolio by rentable square feet and consist primarily of warehouse distribution facilities suitable for single or multiple customers, and are typically comprised of multiple buildings that are leased to customers engaged in various types of businesses. The Company's geographic markets for industrial properties are managed separately because each market requires different operating, pricing and leasing strategies. The remaining 0.3% of the Company's portfolio is comprised of retail and other properties located in Southeast Florida and Georgia. The accounting policies of the segments are the same as those described in the summary of significant accounting policies (See footnote 2). The Company evaluates performance based upon property net operating income of the combined properties in each segment.

**AMB PROPERTY CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The other domestic target markets category includes Austin, Baltimore/ Washington D.C., Boston and Minneapolis. The other domestic non-target markets category captures all of the Company's other U.S. markets, except for those markets listed individually in the table. The international target markets category includes France, Germany, Japan, Mexico and the Netherlands.

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

| | Rental Revenues | | | Property NOI(1) | | |
|---|---|---|---|---|---|---|
| **Segments** | **2005** | **2004** | **2003** | **2005** | **2004** | **2003** |
| Industrial domestic hub and gateway markets: | | | | | | |
| Atlanta | $ 21,752 | $ 30,411 | $ 29,080 | $ 16,963 | $ 23,765 | $ 23,048 |
| Chicago | 55,088 | 44,991 | 43,835 | 38,116 | 31,378 | 29,933 |
| Dallas/ Fort Worth | 16,791 | 16,551 | 16,136 | 11,491 | 11,218 | 10,879 |
| Los Angeles | 106,104 | 103,438 | 93,823 | 84,330 | 80,960 | 74,431 |
| Northern New Jersey/ New York | 85,331 | 64,662 | 52,709 | 61,278 | 45,022 | 34,735 |
| San Francisco Bay Area | 86,627 | 98,885 | 109,819 | 69,003 | 79,429 | 90,008 |
| Miami | 34,899 | 33,821 | 32,897 | 23,713 | 23,027 | 23,304 |
| Seattle | 44,368 | 41,675 | 31,813 | 34,394 | 32,539 | 24,863 |
| On-Tarmac | 56,912 | 54,425 | 49,152 | 33,198 | 30,596 | 26,580 |
| Total industrial domestic hub markets | 507,872 | 488,859 | 459,264 | 372,486 | 357,934 | 337,781 |
| Other domestic target markets | 104,301 | 109,560 | 103,051 | 74,150 | 80,170 | 74,159 |
| Other domestic non-target markets | 33,126 | 34,004 | 29,588 | 24,643 | 25,351 | 21,611 |
| International target markets | 30,762 | 25,641 | 6,101 | 23,942 | 20,694 | 5,697 |
| Straight-line rents and amortization of lease intangibles | 19,523 | 16,281 | 10,662 | 19,523 | 16,281 | 10,662 |
| Total other markets | 2,759 | 6,403 | 12,642 | 1,849 | 3,546 | 7,793 |
| Discontinued operations | (66,136) | (101,214) | (117,643) | (47,594) | (72,700) | (86,851) |
| Total | $ 632,207 | $ 579,534 | $ 503,665 | $ 468,999 | $ 431,276 | $ 370,852 |

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

**AMB PROPERTY CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The Company considers NOI to be an appropriate supplemental performance measure because NOI reflects the operating performance of the Company's real estate portfolio on a segment basis, and the Company uses NOI to make decisions about resource allocations and to assess regional property level performance. However, NOI should not be viewed as an alternative measure of the Company's financial performance since it does not reflect general and administrative expenses, interest expense, depreciation and amortization costs, capital expenditures and leasing costs, or trends in development and construction activities that could materially impact the Company's results from operations. Further, the Company's NOI may not be comparable to that of other real estate companies, as they may use different methodologies for calculating NOI. The following table is a reconciliation from NOI to reported net income, a financial measure under GAAP:

| | 2005 | 2004 | 2003 |
|---|---|---|---|
| Property NOI | $ 468,999 | $ 431,276 | $ 370,852 |
| Private capital income | 43,942 | 12,895 | 13,337 |
| Depreciation and amortization | (165,438) | (141,120) | (116,067) |
| Impairment losses | — | — | (5,251) |
| General and administrative | (77,409) | (58,843) | (46,418) |
| Fund costs | (1,482) | (1,741) | (825) |
| Equity in earnings of unconsolidated joint ventures | 10,770 | 3,781 | 5,445 |
| Interest and other income | 6,499 | 3,758 | 3,976 |
| Gains from dispositions of real estate | 19,099 | 5,219 | 7,429 |
| Development profits, net of taxes | 54,811 | 8,528 | 14,441 |
| Interest, including amortization | (149,492) | (144,882) | (131,878) |
| Total minority interests' share of income | (75,044) | (53,278) | (56,442) |
| Total discontinued operations | 122,552 | 59,878 | 70,529 |
| Net income | $ 257,807 | $ 125,471 | $ 129,128 |

AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The Company's total assets by market were:

| | Total Assets as of | |
|---|---|---|
| | December 31, 2005 | December 31, 2004 |
| Industrial domestic hub and gateway markets: | | |
| Atlanta | $ 208,751 | $ 204,554 |
| Chicago | 504,581 | 479,919 |
| Dallas/ Fort Worth | 137,112 | 143,953 |
| Los Angeles | 930,917 | 922,401 |
| Northern New Jersey/ New York | 756,719 | 775,784 |
| San Francisco Bay Area | 789,129 | 788,120 |
| Miami | 372,728 | 363,694 |
| Seattle | 371,029 | 377,142 |
| On-Tarmac | 245,046 | 239,377 |
| Total industrial domestic hub markets | 4,316,012 | 4,294,944 |
| Other domestic target markets | 693,287 | 825,930 |
| Other non-target markets and other | 264,954 | 308,428 |
| International target markets | 975,960 | 684,184 |
| Total other markets | 10,277 | 15,915 |
| Investments in unconsolidated joint ventures | 118,653 | 55,166 |
| Non-segment assets(1) | 423,596 | 202,376 |
| Total assets | $ 6,802,739 | $ 6,386,943 |

(1) Non-segment assets consist of corporate assets including cash and mortgages receivable.

## 17. Subsequent Event

Effective January 27, 2006, Robert Pattillo Properties, Inc. exercised its rights under its Put Agreement, dated September 24, 2004, with the Operating Partnership, and sold all of its series N preferred units to the Operating Partnership at a price equal to $50.00 per unit, plus all accrued and unpaid distributions to the date of such sale. Also on January 27, 2006, AMB Property II, L.P. repurchased all of the series N preferred units from the Operating Partnership at a price equal to $50.00 per unit, plus all accrued and unpaid distributions to the date of such sale and cancelled all of the outstanding series N preferred units as of such date.

On February 16, 2006, the Operating Partnership and certain of its consolidated subsidiaries entered into a third amended and restated credit agreement for a $250 million unsecured revolving credit facility that replaced the then-existing $100 million unsecured revolving credit facility that was to mature in June 2008. The Company, along with the Operating Partnership, guarantees the obligations for such subsidiaries and other entities controlled by the Company or the Operating Partnership that are selected to be borrowers by the Operating Partnership from time to time under and pursuant to the credit facility. The four-year credit facility includes a multi-currency component under which up to $250 million can be drawn in U.S. dollars, Hong Kong dollars, Singapore dollars, Canadian dollars and Euros. The line, which matures in February 2010 and carries a one-year extension option, can be increased up to $350 million upon certain conditions and the payment of an extension fee equal to 0.15% of the outstanding commitments. The rate on the borrowings is generally LIBOR plus a margin, based on the current credit rating of the Operating Partnership's senior unsecured long-term debt, which is currently 60 basis points, with an annual facility fee based on the current credit rating of the Operating Partnership's senior unsecured long-term debt. The credit agreement contains affirmative covenants, including financial reporting requirements and maintenance of specified financial ratios by the Operating Partnership, and negative covenants, including limitations on the incurrence of liens and limitations on mergers or consolidations. The borrowers intend to use the proceeds from the facility to fund the acquisition and development of properties and general working capital requirements.

**AMB PROPERTY CORPORATION**

**SCHEDULE III**

**CONSOLIDATED REAL ESTATE AND ACCUMULATED DEPRECIATION**
**As of December 31, 2005**

| | | | | | Initial Cost to Company | | Costs Capitalized Subsequent to Acquisition | Gross Amount Carried at 12/31/05 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Property | No of Bldgs | Location | Type | Encumbrances(3) | Land | Building & Improvements | | Land | Building & Improvements | Total Costs(1)(2) | Accumulated Depreciation(4) | Year of Construction/ Acquisition | Depreciable Life (Years) |
| | | | | | | | (In thousands, except number of buildings) | | | | | | |
| **Atlanta** | | | | | | | | | | | | | |
| Airport Plaza | 3 | GA | IND | $ 4,334 | $ 1,811 | $ 5,093 | $ 735 | $ 1,811 | $ 5,828 | $ 7,639 | $ 486 | 2003 | 5-40 |
| Airport South Business Park | 8 | GA | IND | 16,440 | 9,200 | 16,437 | 13,715 | 9,200 | 30,152 | 39,352 | 4,002 | 2001 | 5-40 |
| AMB Airlogistics Center | 3 | GA | IND | 17,225 | 7,757 | 19,084 | 26 | 7,757 | 19,110 | 26,867 | 367 | 2005 | 5-40 |
| Amwiler-Gwinnett Ind. Park | 6 | GA | IND | 5,264 | 3,488 | 10,487 | 3,315 | 3,488 | 13,802 | 17,290 | 4,061 | 1995 | 5-40 |
| Atlanta South Business Park | 9 | GA | IND | — | 8,047 | 24,179 | 2,852 | 8,047 | 27,031 | 35,078 | 6,702 | 1997 | 5-40 |
| South Ridge at Hartsfield | 1 | GA | IND | 3,912 | 2,096 | 4,008 | 615 | 2,096 | 4,623 | 6,719 | 523 | 2001 | 5-40 |
| Southfield/ KRDC Industrial SG | 13 | GA | IND | 32,859 | 13,578 | 35,730 | 7,368 | 13,578 | 43,098 | 56,676 | 6,198 | 1997 | 5-40 |
| Southside Distribution Center | 1 | GA | IND | 1,064 | 766 | 2,480 | 105 | 766 | 2,585 | 3,351 | 312 | 2001 | 5-40 |
| Sylvan Industrial | 1 | GA | IND | — | 1,946 | 5,905 | 631 | 1,946 | 6,536 | 8,482 | 1,167 | 1999 | 5-40 |
| **Chicago** | | | | | | | | | | | | | |
| Addison Business Center | 1 | IL | IND | — | 1,060 | 3,228 | 387 | 1,060 | 3,615 | 4,675 | 613 | 2000 | 5-40 |
| Alsip Industrial | 1 | IL | IND | — | 1,200 | 3,744 | 694 | 1,200 | 4,438 | 5,638 | 874 | 1998 | 5-40 |
| AMB District Industrial | 1 | IL | IND | — | 703 | 1,339 | 172 | 703 | 1,511 | 2,214 | 103 | 2004 | 5-40 |
| AMB Glendale Lakes Dist. | 2 | IL | IND | — | 2,801 | 7,646 | 6 | 2,801 | 7,652 | 10,453 | 20 | 2005 | 5-40 |
| AMB Golf Distribution | 1 | IL | IND | 14,141 | 7,740 | 16,749 | 115 | 7,740 | 16,864 | 24,604 | 523 | 2005 | 5-40 |
| AMB High Grove Distribution | 1 | IL | IND | 4,275 | 2,158 | 3,792 | 14 | 2,158 | 3,806 | 5,964 | 69 | 2005 | 5-40 |
| AMB Nicholas Warehouse | 1 | IL | IND | — | 4,681 | 5,810 | 1,826 | 4,681 | 7,636 | 12,317 | 385 | 2005 | 5-40 |
| AMB O’Hare | 14 | IL | IND | 9,170 | 2,924 | 8,995 | 2,593 | 2,924 | 11,588 | 14,512 | 2,000 | 1999 | 5.40 |
| AMB Port O’Hare | 2 | IL | IND | 5,861 | 4,913 | 5,761 | 1,182 | 4,913 | 6,943 | 11,856 | 1,209 | 2001 | 5-40 |
| AMB Sivert Distribution | 1 | IL | IND | — | 857 | 1,377 | 573 | 857 | 1,950 | 2,807 | 122 | 2004 | 5-40 |
| AMB Turnberry Distribution | 5 | IL | IND | 61,620 | 19,112 | 78,360 | 452 | 19,112 | 78,812 | 97,924 | 2,860 | 2004 | 5-40 |
| Belden Avenue SGP | 3 | IL | IND | 9,676 | 5,393 | 13,655 | 849 | 5,487 | 14,410 | 19,897 | 2,706 | 1997 | 5-40 |
| Bensenville Ind Park | 13 | IL | IND | — | 20,799 | 62,438 | 17,427 | 20,799 | 79,865 | 100,664 | 21,482 | 1997 | 5-40 |
| Bridgeview Industrial | 1 | IL | IND | — | 1,332 | 3,996 | 560 | 1,332 | 4,556 | 5,888 | 943 | 1997 | 5-40 |
| Chancellory Warehouse | 1 | IL | IND | 2,486 | 1,566 | 2,006 | 839 | 1,566 | 2,845 | 4,411 | 363 | 2002 | 5-40 |
| Chicago Industrial Portfolio | 1 | IL | IND | — | 762 | 2,285 | 744 | 762 | 3,029 | 3,791 | 642 | 1997 | 5-40 |
| Chicago Ridge Freight Terminal | 1 | IL | IND | — | 3,705 | 3,576 | 141 | 3,705 | 3,717 | 7,422 | 476 | 2001 | 5-40 |
| Elk Grove Village SG | 10 | IL | IND | 16,267 | 7,059 | 21,739 | 4,771 | 7,059 | 26,510 | 33,569 | 4,655 | 1997 | 5-40 |
| Executive Drive | 1 | IL | IND | — | 1,399 | 4,236 | 1,331 | 1,399 | 5,567 | 6,966 | 1,495 | 1997 | 5-40 |
| Hamilton Parkway | 1 | IL | IND | — | 1,554 | 4,408 | 575 | 1,554 | 4,983 | 6,537 | 1,107 | 1997 | 5-40 |
| Hintz Building | 1 | IL | IND | — | 420 | 1,259 | 402 | 420 | 1,661 | 2,081 | 372 | 1998 | 5-40 |
| Itasca Industrial Portfolio | 6 | IL | IND | — | 6,416 | 19,290 | 4,288 | 6,416 | 23,578 | 29,994 | 6,626 | 1997 | 5-40 |
| Melrose Park Distribution Ctr. | 1 | IL | IND | — | 2,936 | 9,190 | 2,147 | 2,936 | 11,337 | 14,273 | 3,393 | 1997 | 5-40 |
| NDP — Chicago | 3 | IL | IND | — | 1,496 | 4,487 | 1,098 | 1,496 | 5,585 | 7,081 | 1,532 | 1998 | 5-40 |
| O’Hare Industrial Portfolio | 12 | IL | IND | — | 5,497 | 15,955 | 5,259 | 5,497 | 21,214 | 26,711 | 5,148 | 1997 | 5-40 |
| Poplar Gateway Truck Terminal | 1 | IL | IND | — | 4,551 | 3,152 | 58 | 4,551 | 3,210 | 7,761 | 238 | 2002 | 5-40 |
| Stone Distribution Center | 1 | IL | IND | 2,859 | 2,242 | 3,266 | 867 | 2,242 | 4,133 | 6,375 | 281 | 2003 | 5-40 |

**AMB PROPERTY CORPORATION**

**SCHEDULE III**

**CONSOLIDATED REAL ESTATE AND ACCUMULATED DEPRECIATION**
**As of December 31, 2005**

| | | | | | Initial Cost to Company | | | Gross Amount Carried at 12/31/05 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Property | No of Bldgs | Location | Type | Encumbrances(3) | Land | Building & Improvements | Costs Capitalized Subsequent to Acquisition | Land | Building & Improvements | Total Costs(1)(2) | Accumulated Depreciation(4) | Year of Construction/ Acquisition | Depreciable Life (Years) |
| | | | | | | | (In thousands, except number of buildings) | | | | | | |
| Thorndale Distribution | 1 | IL | IND | 5,355 | 4,130 | 4,215 | 426 | 4,130 | 4,641 | 8,771 | 542 | 2002 | 5-40 |
| Touhy Cargo Terminal | 1 | IL | IND | 5,183 | 2,800 | 110 | 4,572 | 2,800 | 4,682 | 7,482 | 308 | 2002 | 5-40 |
| Windsor Court | 1 | IL | IND | — | 766 | 2,338 | 165 | 766 | 2,503 | 3,269 | 539 | 1997 | 5-40 |
| Wood Dale Industrial SG | 5 | IL | IND | 8,411 | 2,868 | 9,166 | 1,238 | 2,868 | 10,404 | 13,272 | 1,527 | 1999 | 5-40 |
| Yohan Industrial | 3 | IL | IND | 4,476 | 5,904 | 7,323 | 1,416 | 5,904 | 8,739 | 14,643 | 904 | 2003 | 5-40 |
| **Dallas/ Ft. Worth** | | | | | | | | | | | | | |
| Addison Technology Center | 1 | TX | IND | — | 899 | 2,695 | 1,267 | 899 | 3,962 | 4,861 | 1,044 | 1998 | 5-40 |
| Dallas Industrial | 12 | TX | IND | — | 5,938 | 17,836 | 5,758 | 5,938 | 23,594 | 29,532 | 6,798 | 1997 | 5-40 |
| Greater Dallas Industrial Port | 4 | TX | IND | — | 4,295 | 14,286 | 3,130 | 4,295 | 17,416 | 21,711 | 4,868 | 1997 | 5-40 |
| Lincoln Industrial Center | 1 | TX | IND | — | 671 | 2,052 | 321 | 671 | 2,373 | 3,044 | 644 | 1997 | 5-40 |
| Lonestar Portfolio | 6 | TX | IND | 15,414 | 6,009 | 19,773 | 4,277 | 6,451 | 23,608 | 30,059 | 2,903 | 1997 | 5-40 |
| Northfield Dist. Center | 6 | TX | IND | 21,867 | 7,728 | 24,492 | 1,468 | 7,729 | 25,959 | 33,688 | 2,400 | 2002 | 5-40 |
| Richardson Tech Center SGP | 2 | TX | IND | 4,913 | 1,522 | 5,887 | 2,419 | 1,522 | 8,306 | 9,828 | 836 | 1997 | 5-40 |
| Valwood Industrial | 2 | TX | IND | — | 1,983 | 5,989 | 2,341 | 1,983 | 8,330 | 10,313 | 2,390 | 1997 | 5-40 |
| West North Carrier Parkway | 1 | TX | IND | — | 1,375 | 4,165 | 1,274 | 1,375 | 5,439 | 6,814 | 1,393 | 1997 | 5-40 |
| **Los Angeles** | | | | | | | | | | | | | |
| AMB Forest Distribution Center | 1 | CA | IND | — | 2,990 | 3,486 | 306 | 2,990 | 3,792 | 6,782 | 53 | 2005 | 5-40 |
| AMB Line Haul Distribution Ctr | 2 | CA | IND | — | 3,474 | 4,913 | — | 3,474 | 4,913 | 8,387 | — | 2005 | 5-40 |
| AMB Starboard Distribution Ctr | 1 | CA | IND | — | 19,683 | 17,386 | 756 | 19,683 | 18,142 | 37,825 | 420 | 2005 | 5-40 |
| AMB Triton Distribution Center | 1 | CA | IND | — | 6,856 | 7,135 | 65 | 6,856 | 7,200 | 14,056 | 35 | 2005 | 5-40 |
| Anaheim Industrial Property | 1 | CA | IND | — | 1,457 | 4,340 | 857 | 1,457 | 5,197 | 6,654 | 1,262 | 1997 | 5-40 |
| Artesia Industrial | 24 | CA | IND | 44,947 | 22,238 | 66,692 | 12,133 | 22,238 | 78,825 | 101,063 | 19,570 | 1997 | 5-40 |
| Aviation Logistics Center A-L | 8 | CA | IND | 31,950 | 22,141 | 19,178 | 2,965 | 22,141 | 22,143 | 44,284 | 1,527 | 2003 | 5-40 |
| Bell Ranch Distribution | 5 | CA | IND | — | 6,904 | 12,915 | 1,039 | 6,904 | 13,954 | 20,858 | 1,794 | 2001 | 5-40 |
| Cabrillo Distribution Center | 1 | CA | IND | 12,122 | 7,563 | 11,178 | 35 | 7,563 | 11,213 | 18,776 | 848 | 2002 | 5-40 |
| Carson Industrial | 12 | CA | IND | — | 4,231 | 10,419 | 5,270 | 4,231 | 15,689 | 19,920 | 3,061 | 1999 | 5-40 |
| Carson Town Center | 2 | CA | IND | — | 6,565 | 3,210 | 14,944 | 6,565 | 18,154 | 24,719 | 2,282 | 2000 | 5-40 |
| Chartwell Distribution Center | 1 | CA | IND | — | 2,711 | 8,192 | 979 | 2,711 | 9,171 | 11,882 | 1,272 | 2000 | 5-40 |
| Del Amo Industrial Center | 1 | CA | IND | — | 2,529 | 7,651 | 74 | 2,529 | 7,725 | 10,254 | 1,012 | 2000 | 5-40 |
| Eaves Distribution Center | 3 | CA | IND | 14,620 | 11,893 | 12,708 | 2,651 | 11,893 | 15,359 | 27,252 | 2,480 | 2001 | 5-40 |
| Ford Distribution Cntr | 7 | CA | IND | — | 24,557 | 22,045 | 3,986 | 24,557 | 26,031 | 50,588 | 3,618 | 2001 | 5-40 |
| Fordyce Distribution Center | 1 | CA | IND | 7,208 | 4,340 | 8,335 | 4,608 | 5,835 | 11,448 | 17,283 | 959 | 2001 | 5-40 |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Harris Bus Ctr Alliance II | 9 | CA | IND | 31,770 | 20,772 | 31,050 | 3,599 | 20,863 | 34,558 | 55,421 | 5,679 | 2000 | 5-40 |
| Hawthorne LAX Cargo AMBPTNII | 1 | CA | IND | 8,114 | 2,775 | 8,377 | 514 | 2,775 | 8,891 | 11,666 | 1,169 | 2000 | 5-40 |
| International Multifoods | 1 | CA | IND | — | 1,613 | 4,879 | 1,602 | 1,613 | 6,481 | 8,094 | 1,600 | 1997 | 5-40 |
| LA Co Industrial Port SGP | 6 | CA | IND | 22,029 | 9,430 | 29,242 | 4,503 | 9,432 | 33,743 | 43,175 | 4,500 | 1997 | 5-40 |
| LAX Gateway | 1 | CA | IND | 16,124 | — | 26,774 | 310 | — | 27,084 | 27,084 | 1,949 | 2004 | 5-40 |
| LAX Logistics Center 1 | 2 | CA | IND | 31,236 | 29,622 | 25,913 | 1,588 | 29,622 | 27,501 | 57,123 | 1,903 | 2003 | 5-40 |

# AMB PROPERTY CORPORATION

## SCHEDULE III

## CONSOLIDATED REAL ESTATE AND ACCUMULATED DEPRECIATION
As of December 31, 2005

| Property | No of Bldgs | Location | Type | Encumbrances(3) | Initial Cost to Company: Land | Initial Cost to Company: Building & Improvements | Costs Capitalized Subsequent to Acquisition | Gross Amount Carried at 12/31/05: Land | Gross Amount Carried at 12/31/05: Building & Improvements | Total Costs(1)(2) | Accumulated Depreciation(4) | Year of Construction/ Acquisition | Depreciable Life (Years) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | (In thousands, except number of buildings) | | | | | | | | | |
| Los Nietos Business Center SG | 4 | CA | IND | 7,672 | 2,488 | 7,751 | 973 | 2,488 | 8,724 | 11,212 | 1,273 | 1999 | 5-40 |
| NDP — Los Angeles | 6 | CA | IND | — | 5,948 | 17,844 | 3,493 | 5,948 | 21,337 | 27,285 | 4,736 | 1998 | 5-40 |
| Normandie Industrial | 1 | CA | IND | — | 2,398 | 7,490 | 1,756 | 2,398 | 9,246 | 11,644 | 1,807 | 2000 | 5-40 |
| Northpointe Commerce | 2 | CA | IND | — | 1,773 | 5,358 | 653 | 1,773 | 6,011 | 7,784 | 1,441 | 1997 | 5-40 |
| Park One at LAX, LLC | — | CA | IND | — | 75,000 | 431 | 386 | 75,000 | 817 | 75,817 | 44 | 2002 | 5-40 |
| Pioneer-Alburtis | 5 | CA | IND | 7,978 | 2,422 | 7,166 | 1,154 | 2,422 | 8,320 | 10,742 | 1,301 | 1999 | 5-40 |
| Slauson Dist. Ctr. AMBPTNII | 8 | CA | IND | 25,238 | 7,806 | 23,552 | 5,610 | 7,806 | 29,162 | 36,968 | 4,195 | 2000 | 5-40 |
| Sunset Dist. Center | 3 | CA | IND | 11,607 | 13,360 | 2,764 | 9,970 | 13,360 | 12,734 | 26,094 | 857 | 2002 | 5-40 |
| Systematics | 1 | CA | IND | — | 911 | 2,773 | 638 | 911 | 3,411 | 4,322 | 983 | 1997 | 5-40 |
| Torrance Commerce Center | 6 | CA | IND | — | 2,045 | 6,136 | 1,276 | 2,045 | 7,412 | 9,457 | 1,946 | 1998 | 5-40 |
| Van Nuys Airport Industrial | 4 | CA | IND | — | 9,393 | 8,641 | 15,215 | 9,393 | 23,856 | 33,249 | 4,518 | 2000 | 5-40 |
| Walnut Drive | 1 | CA | IND | — | 964 | 2,918 | 763 | 964 | 3,681 | 4,645 | 908 | 1997 | 5-40 |
| Watson Industrial Center AFdII | 1 | CA | IND | 4,362 | 1,713 | 5,320 | 1,325 | 1,713 | 6,645 | 8,358 | 951 | 2001 | 5-40 |
| Wilmington Avenue Warehouse | 2 | CA | IND | — | 3,849 | 11,605 | 3,668 | 3,849 | 15,273 | 19,122 | 3,633 | 1999 | 5-40 |
| **Miami** | | | | | | | | | | | | | |
| Beacon Centre | 18 | FL | IND | 65,798 | 31,704 | 96,681 | 21,024 | 31,704 | 117,705 | 149,409 | 20,619 | 2000 | 5-40 |
| Beacon Industrial Park | 8 | FL | IND | — | 10,105 | 31,437 | 6,340 | 10,105 | 37,777 | 47,882 | 8,639 | 1997 | 5-40 |
| Beacon Lakes 109 | 1 | FL | IND | 18,450 | 1,689 | 8,133 | 923 | 1,689 | 9,056 | 10,745 | 401 | 2005 | 5-40 |
| Blue Lagoon Business Park | 2 | FL | IND | — | 4,945 | 14,875 | 1,533 | 4,945 | 16,408 | 21,353 | 3,889 | 1997 | 5-40 |
| Cobia Distribution Center | 2 | FL | IND | — | 1,792 | 5,950 | 1,532 | 1,792 | 7,482 | 9,274 | 191 | 2004 | 5-40 |
| Dolphin Distribution Center | 1 | FL | IND | 2,385 | 1,581 | 3,602 | 154 | 1,581 | 3,756 | 5,337 | 96 | 2003 | 5-40 |
| AMB MIA Logistics Ctr 6905 | 1 | FL | IND | — | 2,793 | 6,912 | 142 | 2,793 | 7,054 | 9,847 | 148 | 2005 | 5-40 |
| AMB Seaboard Industrial Park | 3 | FL | IND | — | 700 | 2,413 | 87 | 700 | 2,500 | 3,200 | 4 | 2005 | 5-40 |
| Gratigny Distribution Center | 1 | FL | IND | 3,800 | 1,551 | 2,380 | 897 | 1,551 | 3,277 | 4,828 | 339 | 2003 | 5-40 |
| Marlin Distribution Center | 1 | FL | IND | — | 1,076 | 2,169 | 619 | 1,076 | 2,788 | 3,864 | 286 | 2003 | 5-40 |
| Miami Airport Business Center | 6 | FL | IND | — | 6,400 | 19,634 | 2,946 | 6,400 | 22,580 | 28,980 | 4,235 | 1999 | 5-40 |
| Panther Distribution Center | 1 | FL | IND | 3,900 | 1,840 | 3,252 | 1,024 | 1,840 | 4,276 | 6,116 | 228 | 2003 | 5-40 |
| Sunrise Industrial | 3 | FL | IND | 7,415 | 4,573 | 17,088 | 506 | 4,573 | 17,594 | 22,167 | 2,669 | 1998 | 5-40 |
| Tarpon Distribution Center | 1 | FL | IND | 2,544 | 884 | 3,914 | 215 | 884 | 4,129 | 5,013 | 302 | 2004 | 5-40 |
| **No. New Jersey/ New York City** | | | | | | | | | | | | | |
| AMB JFK Airgate Center | 4 | NY | IND | 13,055 | 5,980 | 26,393 | 1,808 | 5,980 | 28,201 | 34,181 | 866 | 2005 | 5-40 |
| AMB Meadowlands Park | 8 | NJ | IND | — | 5,449 | 14,458 | 4,225 | 5,449 | 18,683 | 24,132 | 3,466 | 2000 | 5-40 |
| AMB Pointview Dist. Ctr. | 1 | NJ | IND | 12,547 | 4,693 | 12,354 | 473 | 4,693 | 12,827 | 17,520 | 143 | 2005 | 5-40 |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| AMB Tri-Port Distribution Ctr | 1 | NJ | IND | — | 25,672 | 19,853 | 226 | 25,672 | 20,079 | 45,751 | 866 | 2004 | 5-40 |
| Dellamor | 8 | NJ | IND | 13,928 | 12,061 | 11,577 | 2,059 | 12,061 | 13,636 | 25,697 | 1,467 | 2002 | 5-40 |
| Docks Corner SG (Phase II) | 1 | NJ | IND | 34,465 | 13,672 | 22,516 | 20,360 | 13,672 | 42,876 | 56,548 | 6,355 | 1997 | 5-40 |
| Fairfalls Portfolio | 28 | NJ | IND | 33,836 | 20,381 | 45,038 | 2,497 | 20,381 | 47,535 | 67,916 | 2,983 | 2004 | 5-40 |
| Fairmeadows Portfolio (19-21) | 3 | NJ | IND | 6,976 | 4,317 | 8,836 | 76 | 4,317 | 8,912 | 13,229 | 473 | 2004 | 5-40 |

**AMB PROPERTY CORPORATION**

**SCHEDULE III**

**CONSOLIDATED REAL ESTATE AND ACCUMULATED DEPRECIATION**
**As of December 31, 2005**

| | | | | | Initial Cost to Company | | Costs Capitalized | Gross Amount Carried at 12/31/05 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Property | No of Bldgs | Location | Type | Encumbrances(3) | Land | Building & Improvements | Subsequent to Acquisition | Land | Building & Improvements | Total Costs(1)(2) | Accumulated Depreciation(4) | Year of Construction/ Acquisition | Depreciable Life (Years) |
| | | | | (In thousands, except number of buildings) | | | | | | | | | |
| Fairmeadows Portfolio 1-18, except 14) | 17 | NJ | IND | 23,831 | 18,615 | 27,901 | 3,968 | 18,615 | 31,869 | 50,484 | 2,317 | 2003 | 5-40 |
| Jamesburg Road Corporate Park | 3 | NJ | IND | 21,146 | 11,700 | 35,102 | 6,030 | 11,700 | 41,132 | 52,832 | 8,945 | 1998 | 5-40 |
| JFK Air Cargo | 15 | NY | IND | — | 16,944 | 45,694 | 6,331 | 16,944 | 52,025 | 68,969 | 9,710 | 2000 | 5-40 |
| JFK Airport Park | 1 | NY | IND | — | 2,350 | 7,250 | 1,039 | 2,349 | 8,290 | 10,639 | 1,477 | 2000 | 5-40 |
| JFK Logistics Center Bldgs A-D | 4 | NY | IND | 100,836 | 57,487 | 96,593 | 162 | 57,487 | 96,755 | 154,242 | 4,530 | 2004 | 5-40 |
| Linden Industrial | 1 | NJ | IND | — | 900 | 2,753 | 1,493 | 900 | 4,246 | 5,146 | 778 | 1999 | 5-40 |
| Mahwah Corporate Center | 4 | NJ | IND | — | 7,068 | 22,087 | 3,042 | 7,069 | 25,128 | 32,197 | 4,419 | 1998 | 5-40 |
| Meadow Lane | 1 | NJ | IND | — | 838 | 2,594 | 304 | 838 | 2,898 | 3,736 | 591 | 1999 | 5-40 |
| Meadowlands ALFII | 4 | NJ | IND | 11,760 | 6,666 | 13,093 | 2,234 | 6,666 | 15,327 | 21,993 | 2,527 | 2001 | 5-40 |
| Meadowlands Cross Dock | 1 | NJ | IND | — | 1,110 | 3,485 | 1,040 | 1,110 | 4,525 | 5,635 | 1,017 | 2000 | 5-40 |
| Moonachie Industrial | 2 | NJ | IND | 5,256 | 2,731 | 5,228 | 399 | 2,731 | 5,627 | 8,358 | 812 | 2001 | 5-40 |
| Mooncreek Distribution Center | 1 | NJ | IND | — | 2,958 | 7,924 | 46 | 2,958 | 7,970 | 10,928 | 441 | 2004 | 5-40 |
| Murray Hill Parkway | 2 | NJ | IND | — | 1,670 | 2,568 | 5,278 | 1,670 | 7,846 | 9,516 | 2,697 | 1999 | 5-40 |
| Newark Airport I & II | 2 | NJ | IND | 3,444 | 1,755 | 5,400 | 569 | 1,755 | 5,969 | 7,724 | 1,161 | 2000 | 5-40 |
| Orchard Hill | 1 | NJ | IND | 1,273 | 1,212 | 1,411 | 624 | 1,212 | 2,035 | 3,247 | 129 | 2002 | 5-40 |
| Porete Avenue Warehouse | 1 | NJ | IND | — | 4,067 | 12,202 | 5,215 | 4,067 | 17,417 | 21,484 | 3,710 | 1998 | 5-40 |
| Skyland Crossdock | 1 | NJ | IND | — | — | 7,250 | 266 | — | 7,516 | 7,516 | 731 | 2002 | 5-40 |
| Teterboro Meadowlands 15 | 1 | NJ | IND | 9,389 | 4,961 | 9,618 | 1,397 | 4,961 | 11,015 | 15,976 | 2,358 | 2001 | 5-40 |
| Two South Middlesex | 1 | NJ | IND | — | 2,247 | 6,781 | 2,239 | 2,247 | 9,020 | 11,267 | 2,297 | 1997 | 5-40 |
| **On-Tarmac** | | | | | | | | | | | | | |
| AMB BWI Cargo Center E | 1 | MD | IND | — | — | 6,367 | 114 | — | 6,481 | 6,481 | 1,797 | 2000 | 5-19 |
| AMB DAY Cargo Center | 5 | OH | IND | 6,395 | — | 7,163 | 450 | — | 7,613 | 7,613 | 1,919 | 2000 | 5-23 |
| AMB DFW Cargo Center 1 | 1 | TX | IND | — | — | 34,198 | 157 | — | 34,355 | 34,355 | (1) | 2000 | 5-32 |
| AMB DFW Cargo Center 2 | 1 | TX | IND | — | — | 4,286 | 14,536 | — | 18,822 | 18,822 | 3,181 | 1999 | 5-39 |
| AMB DFW Cargo Center East | 3 | TX | IND | 5,812 | — | 20,632 | 1,103 | — | 21,735 | 21,735 | 4,260 | 2000 | 5-26 |
| AMB IAD Cargo Center 5 | 1 | VA | IND | — | — | 38,840 | 348 | — | 39,188 | 39,188 | 9,102 | 2000 | 5-15 |
| AMB JAX Cargo Center | 1 | FL | IND | — | — | 3,029 | 100 | — | 3,129 | 3,129 | 714 | 2000 | 5-22 |
| AMB JFK Cargo Center 75 77 | 2 | NJ | IND | — | — | 30,965 | 4,510 | — | 35,475 | 35,475 | 9,763 | 2002 | 5-13 |
| AMB LAS Cargo Center 1 4 | 4 | NV | IND | — | — | 19,721 | 1,276 | — | 20,997 | 20,997 | 2,161 | 2003 | 5-33 |
| AMB LAX Cargo Center | 3 | CA | IND | 6,772 | — | 13,445 | 283 | — | 13,728 | 13,728 | 3,259 | 2000 | 5-22 |
| AMB MCI Cargo Center 1 | 1 | MO | IND | 4,520 | — | 5,793 | 253 | — | 6,046 | 6,046 | 1,745 | 2000 | 5-18 |
| AMB MCI Cargo Center 2 | 1 | MO | IND | 8,705 | — | 8,134 | 90 | — | 8,224 | 8,224 | 1,533 | 2000 | 5-27 |
| AMB MIA Cargo Ctr 712 | 1 | FL | IND | — | — | 18,260 | 583 | — | 18,843 | 18,843 | 797 | 2005 | 5-32 |
| AMB PDX Cargo Center Airtrans | 2 | OR | IND | — | — | 26 | 11,076 | — | 11,102 | 11,102 | 1,712 | 2002 | 5-28 |
| AMB PHL Cargo Center C2 | 1 | PA | IND | — | — | 9,716 | 2,127 | — | 11,843 | 11,843 | 3,168 | 2000 | 5-27 |
| AMB RNO Cargo Center 1011 | 2 | NV | IND | — | — | 6,014 | 232 | — | 6,246 | 6,246 | 823 | 2003 | 5-23 |

Table of Contents

**AMB PROPERTY CORPORATION**

**SCHEDULE III**

**CONSOLIDATED REAL ESTATE AND ACCUMULATED DEPRECIATION**
**As of December 31, 2005**

| | | | | | Initial Cost to Company | | Costs Capitalized | Gross Amount Carried at 12/31/05 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Property | No of Bldgs | Location | Type | Encumbrances(3) | Land | Building & Improvements | Subsequent to Acquisition | Land | Building & Improvements | Total Costs(1)(2) | Accumulated Depreciation(4) | Year of Construction/ Acquisition | Depreciable Life (Years) |
| | | | | | | | (In thousands, except number of buildings) | | | | | | |
| AMB SEA Air Cargo Center 314 | 1 | WA | IND | 2,424 | — | 2,939 | 992 | — | 3,931 | 3,931 | 1,065 | 2003 | 5-15 |
| AMB SEA Cargo Center North | 2 | WA | IND | 4,077 | — | 15,594 | 365 | — | 15,959 | 15,959 | 3,120 | 2000 | 5-27 |
| AMB SEA Cargo Center South | 1 | WA | IND | — | — | 3,056 | 283 | — | 3,339 | 3,339 | 1,259 | 2000 | 5-14 |
| **San Francisco Bay Area** | | | | | | | | | | | | | |
| Acer Distribution Center | 1 | CA | IND | — | 3,146 | 9,480 | 2,990 | 3,147 | 12,469 | 15,616 | 3,435 | 1997 | 5-40 |
| Albrae Business Center | 1 | CA | IND | 7,473 | 6,299 | 6,227 | 1,060 | 6,299 | 7,287 | 13,586 | 934 | 2001 | 5-40 |
| Alvarado Business Center SG | 5 | CA | IND | 23,012 | 6,328 | 26,671 | 10,077 | 6,328 | 36,748 | 43,076 | 5,296 | 1997 | 5-40 |
| AMB Spruce Avenue | 1 | CA | IND | 31,352 | 32,702 | 33,091 | 2 | 32,701 | 33,094 | 65,795 | 360 | 2005 | 5-40 |
| Brennan Distribution | 1 | CA | IND | 3,997 | 3,683 | 3,022 | 2,193 | 3,683 | 5,215 | 8,898 | 1,211 | 2001 | 5-40 |
| Central Bay | 2 | CA | IND | 6,706 | 3,896 | 7,399 | 1,850 | 3,895 | 9,250 | 13,145 | 1,625 | 2001 | 5-40 |
| Component Drive Ind Port | 3 | CA | IND | — | 12,688 | 6,974 | 1,467 | 12,688 | 8,441 | 21,129 | 1,306 | 2001 | 5-40 |
| Dado Distribution | 1 | CA | IND | — | 7,221 | 3,739 | 2,312 | 7,221 | 6,051 | 13,272 | 880 | 2001 | 5-40 |
| Doolittle Distribution Center | 1 | CA | IND | — | 2,644 | 8,014 | 1,257 | 2,644 | 9,271 | 11,915 | 1,653 | 2000 | 5-40 |
| Dowe Industrial Center | 2 | CA | IND | — | 2,665 | 8,033 | 2,130 | 2,664 | 10,164 | 12,828 | 2,608 | 1997 | 5-40 |
| Dublin Industrial Portfolio | 1 | CA | IND | — | 2,980 | 9,042 | 2,059 | 2,980 | 11,101 | 14,081 | 1,830 | 2000 | 5-40 |
| East Bay Doolittle | 1 | CA | IND | — | 7,128 | 11,023 | 2,551 | 7,128 | 13,574 | 20,702 | 2,179 | 2001 | 5-40 |
| East Bay Whipple | 1 | CA | IND | 6,639 | 5,333 | 8,126 | 1,678 | 5,333 | 9,804 | 15,137 | 1,373 | 2001 | 5-40 |
| East Grand Airfreight | 2 | CA | IND | 3,945 | 5,093 | 4,190 | 37 | 5,093 | 4,227 | 9,320 | 344 | 2003 | 5-40 |
| Edgewater Industrial Center | 1 | CA | IND | — | 4,038 | 15,113 | 5,015 | 4,038 | 20,128 | 24,166 | 3,864 | 2000 | 5-40 |
| Fairway Drive Ind SGP | 4 | CA | IND | 11,777 | 4,204 | 13,949 | 3,058 | 4,204 | 17,007 | 21,211 | 2,397 | 1997 | 5-40 |
| Hayward Industrial — Hathaway | 2 | CA | IND | — | 4,473 | 13,545 | 865 | 4,472 | 14,411 | 18,883 | 1,926 | 2000 | 5-40 |
| Junction Industrial Park | 4 | CA | IND | — | 7,875 | 23,975 | 3,754 | 7,875 | 27,729 | 35,604 | 5,578 | 1999 | 5-40 |
| Laurelwood Drive | 2 | CA | IND | — | 2,750 | 8,538 | 665 | 2,750 | 9,203 | 11,953 | 1,959 | 1997 | 5-40 |
| Lawrence SSF | 1 | CA | IND | — | 2,870 | 5,521 | 1,164 | 2,870 | 6,685 | 9,555 | 1,221 | 2001 | 5-40 |
| Marina Business Park | 2 | CA | IND | 4,145 | 3,280 | 4,317 | 424 | 3,281 | 4,740 | 8,021 | 424 | 2002 | 5-40 |
| Martin/ Scott Ind Port | 2 | CA | IND | — | 9,052 | 5,309 | 446 | 9,052 | 5,755 | 14,807 | 750 | 2001 | 5-40 |
| MBC Industrial | 4 | CA | IND | — | 5,892 | 17,716 | 3,439 | 5,892 | 21,155 | 27,047 | 5,392 | 1997 | 5-40 |
| Milmont Page SGP | 3 | CA | IND | 10,996 | 3,420 | 10,600 | 3,274 | 3,420 | 13,874 | 17,294 | 1,915 | 1997 | 5-40 |
| Moffett Distribution | 7 | CA | IND | 18,359 | 26,916 | 11,276 | 2,772 | 26,915 | 14,049 | 40,964 | 2,041 | 2001 | 5-40 |
| Moffett Park/ Bordeaux R&D | 14 | CA | IND | — | 14,805 | 44,462 | 13,615 | 14,805 | 58,077 | 72,882 | 17,964 | 1997 | 5-40 |
| Pacific Business Center | 2 | CA | IND | — | 5,417 | 16,291 | 3,776 | 5,417 | 20,067 | 25,484 | 5,077 | 1997 | 5-40 |
| Pardee Drive SG | 1 | CA | IND | 1,475 | 619 | 1,880 | 283 | 618 | 2,164 | 2,782 | 288 | 1999 | 5-40 |
| Silicon Valley R&D | 5 | CA | IND | — | 6,700 | 20,186 | 11,247 | 6,700 | 31,433 | 38,133 | 8,636 | 1997 | 5-40 |
| South Bay Industrial | 8 | CA | IND | 42 | 14,992 | 45,016 | 7,223 | 14,992 | 52,239 | 67,231 | 13,196 | 1997 | 5-40 |
| Utah Airfreight | 1 | CA | IND | 16,627 | 18,753 | 8,381 | 1,733 | 18,753 | 10,114 | 28,867 | 1,085 | 2003 | 5-40 |
| Wiegman Road | 1 | CA | IND | — | 1,563 | 4,688 | 1,584 | 1,563 | 6,272 | 7,835 | 1,689 | 1997 | 5-40 |
| Williams & Burroughs AMB PrtII | 4 | CA | IND | 7,618 | 2,262 | 6,981 | 3,389 | 2,262 | 10,370 | 12,632 | 2,408 | 1999 | 5-40 |
| Willow Park Industrial | 21 | CA | IND | — | 25,590 | 76,772 | 18,074 | 25,591 | 94,845 | 120,436 | 22,193 | 1998 | 5-40 |

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**AMB PROPERTY CORPORATION**

**SCHEDULE III**

**CONSOLIDATED REAL ESTATE AND ACCUMULATED DEPRECIATION**
**As of December 31, 2005**

| | | | | | Initial Cost to Company | | Costs | Gross Amount Carried at 12/31/05 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Property | No of Bldgs | Location | Type | Encumbrances(3) | Land | Building & Improvements | Capitalized Subsequent to Acquisition | Land | Building & Improvements | Total Costs(1)(2) | Accumulated Depreciation(4) | Year of Construction/ Acquisition | Depreciable Life (Years) |
| | | | | | | (In thousands, except number of buildings) | | | | | | | |
| Yosemite Drive | 1 | CA | IND | — | 2,350 | 7,052 | 1,045 | 2,351 | 8,096 | 10,447 | 1,816 | 1997 | 5-40 |
| Zanker/ Charcot Industrial | 5 | CA | IND | — | 5,282 | 15,887 | 3,509 | 5,282 | 19,396 | 24,678 | 4,881 | 1997 | 5-40 |
| **Seattle** | | | | | | | | | | | | | |
| Black River | 1 | WA | IND | 3,275 | 1,845 | 3,558 | 427 | 1,844 | 3,986 | 5,830 | 634 | 2001 | 5-40 |
| Earlington Business Park | 1 | WA | IND | 4,059 | 2,766 | 3,234 | 882 | 2,766 | 4,116 | 6,882 | 514 | 2002 | 5-40 |
| East Valley Warehouse | 1 | WA | IND | — | 6,813 | 20,511 | 5,887 | 6,813 | 26,398 | 33,211 | 6,579 | 1999 | 5-40 |
| Harvest Business Park | 3 | WA | IND | — | 2,371 | 7,153 | 1,578 | 2,371 | 8,731 | 11,102 | 2,402 | 1997 | 5-40 |
| AMB Portside Distribution Cent | 1 | WA | IND | — | 9,964 | 14,421 | 2,686 | 9,964 | 17,107 | 27,071 | 241 | 2005 | 5-40 |
| AMB Sumner Landing | 1 | WA | IND | — | 6,937 | 17,577 | 2,016 | 6,937 | 19,593 | 26,530 | 435 | 2005 | 5-40 |
| Kent Centre Corporate Park | 4 | WA | IND | — | 3,042 | 9,165 | 1,918 | 3,042 | 11,083 | 14,125 | 2,867 | 1997 | 5-40 |
| Kingsport Industrial Park | 7 | WA | IND | — | 8,101 | 23,812 | 5,842 | 7,919 | 29,836 | 37,755 | 7,620 | 1997 | 5-40 |
| NDP — Seattle | 4 | WA | IND | 11,437 | 3,992 | 11,774 | 1,275 | 3,993 | 13,048 | 17,041 | 1,387 | 1998 | 5-40 |
| Northwest Distribution Center | 3 | WA | IND | — | 3,533 | 10,751 | 1,309 | 3,533 | 12,060 | 15,593 | 3,092 | 1997 | 5-40 |
| Puget Sound Airfreight | 1 | WA | IND | — | 1,329 | 1,830 | 383 | 1,329 | 2,213 | 3,542 | 322 | 2002 | 5-40 |
| Renton Northwest Corp. Park | 6 | WA | IND | 23,438 | 25,959 | 14,792 | 1,161 | 25,959 | 15,953 | 41,912 | 1,610 | 2002 | 5-40 |
| SEA Logistics Center 1 | 3 | WA | IND | 17,345 | 9,218 | 18,967 | 1,146 | 9,217 | 20,114 | 29,331 | 1,424 | 2003 | 5-40 |
| SEA Logistics Center 2 | 3 | WA | IND | 14,197 | 11,535 | 24,601 | 1,502 | 12,874 | 24,764 | 37,638 | 1,517 | 2003 | 5-40 |
| Trans-Pacific Industrial Park | 11 | WA | IND | 48,600 | 31,675 | 42,210 | 6,091 | 31,675 | 48,301 | 79,976 | 3,366 | 2003 | 5-40 |
| **Other Industrial Markets** | | | | | | | | | | | | | |
| Activity Distribution Center | 4 | CA | IND | — | 3,736 | 11,248 | 2,775 | 3,736 | 14,023 | 17,759 | 3,501 | 1997 | 5-40 |
| AMB Broadmoor Distribution | 1 | MA | IND | — | 2,459 | 5,720 | — | 2,460 | 5,719 | 8,179 | 79 | 2005 | 5-40 |
| AMB Capronilaan | 1 | The Netherlands | IND | 14,737 | 8,525 | 14,633 | — | 8,525 | 14,633 | 23,158 | 775 | 2004 | 5-40 |
| AMB CDG Cargo Center SAS | 1 | France | IND | 19,468 | — | 37,002 | — | — | 37,002 | 37,002 | 1,356 | 2004 | 5-37 |
| AMB Cedar Hill Distribution | 1 | MA | IND | — | 1,274 | 3,329 | — | 1,274 | 3,329 | 4,603 | 43 | 2005 | 5-40 |
| AMB Energy Park Distribution | 1 | MN | IND | 8,970 | 3,700 | 9,374 | 138 | 3,701 | 9,511 | 13,212 | 179 | 2005 | 5-40 |
| AMB Industrial Park Bus. Ctr | 1 | MN | IND | 3,240 | 1,648 | 4,188 | 8 | 1,649 | 4,195 | 5,844 | 160 | 2004 | 5-40 |
| AMB Jiuting DC | 1 | Shanghai | IND | — | — | 8,290 | — | — | 8,290 | 8,290 | — | 2005 | 5-40 |
| AMB L'Isle D'Abeau | 1 | Lyon | IND | — | 3,710 | 14,174 | — | 3,710 | 14,174 | 17,884 | 267 | 2005 | 5-40 |
| AMB Lunar Pointe Distribution | 1 | MN | IND | — | 2,309 | 5,601 | — | 2,309 | 5,601 | 7,910 | — | 2005 | 5-40 |
| AMB Northpoint Indust. Center | 3 | MN | IND | 6,300 | 2,769 | 8,087 | 32 | 2,769 | 8,119 | 10,888 | 388 | 2004 | 5-40 |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| AMB Pinewood Distribution | 1 | MA | IND | 16,000 | 7,835 | 15,130 | — | 7,835 | 15,130 | 22,965 | 87 | 2005 | 5-40 |
| AMB Schiphol Dist Center | 1 | The Netherlands | IND | 8,896 | 5,618 | 8,595 | — | 5,618 | 8,595 | 14,213 | 321 | 2004 | 5-40 |
| AMB Shady Oak Indust. Center | 1 | MN | IND | 1,760 | 897 | 1,794 | 247 | 896 | 2,042 | 2,938 | 115 | 2004 | 5-40 |
| B.W.I.P | 2 | MD | IND | — | 2,258 | 5,149 | 1,185 | 2,258 | 6,334 | 8,592 | 646 | 2002 | 5-40 |
| Beltway Distribution | 1 | VA | IND | — | 4,800 | 15,159 | 6,036 | 4,800 | 21,195 | 25,995 | 5,104 | 1999 | 5-40 |
| Boston Industrial | 17 | MA | IND | 7,775 | 16,125 | 49,811 | 18,597 | 16,125 | 68,408 | 84,533 | 18,476 | 1998 | 5-40 |
| Boston Marine Industrial Park | 1 | MA | IND | 49,559 | — | 69,135 | 2,073 | — | 71,208 | 71,208 | 4,396 | 2004 | 5-40 |
| Bourget Industrial | 1 | France | IND | 20,433 | 9,753 | 23,172 | — | 9,752 | 23,173 | 32,925 | 1,226 | 2003 | 5-40 |

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**AMB PROPERTY CORPORATION**

**SCHEDULE III**

**CONSOLIDATED REAL ESTATE AND ACCUMULATED DEPRECIATION**
**As of December 31, 2005**

| | | | | | Initial Cost to Company | | Costs Capitalized | Gross Amount Carried at 12/31/05 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Property | No of Bldgs | Location | Type | Encumbrances(3) | Land | Building & Improvements | Subsequent to Acquisition | Land | Building & Improvements | Total Costs(1)(2) | Accumulated Depreciation(4) | Year of Construction/ Acquisition | Depreciable Life (Years) |
| | | | | | (In thousands, except number of buildings) | | | | | | | | |
| Braemar Business Center | 2 | MN | IND | — | 1,566 | 4,613 | 1,362 | 1,566 | 5,975 | 7,541 | 1,616 | 1998 | 5-40 |
| Burnsville Business Center | 1 | MN | IND | — | 932 | 2,796 | 1,356 | 932 | 4,152 | 5,084 | 1,401 | 1998 | 5-40 |
| Cabot BP Land (KYDJ) | 1 | MA | IND | — | 510 | 1,103 | 9,085 | 864 | 9,834 | 10,698 | 3,243 | 1998 | 5-40 |
| Cabot Business Park | 12 | MA | IND | — | 14,353 | 43,609 | 8,834 | 15,398 | 51,398 | 66,796 | 12,343 | 1998 | 5-40 |
| Cabot Business Park SGP | 3 | MA | IND | 15,846 | 5,800 | 16,968 | 3,385 | 6,252 | 19,901 | 26,153 | 1,915 | 2002 | 5-40 |
| Chancellor | 1 | FL | IND | — | 1,587 | 3,760 | 3,524 | 1,588 | 7,283 | 8,871 | 1,080 | 1996 | 5-40 |
| Chancellor Square | 3 | FL | IND | 14,326 | 2,009 | 6,106 | 4,467 | 2,009 | 10,573 | 12,582 | 3,176 | 1998 | 5-40 |
| Chemway Industrial Portfolio | 5 | NC | IND | — | 2,875 | 8,625 | 1,964 | 2,875 | 10,589 | 13,464 | 2,563 | 1998 | 5-40 |
| CLT Logistics Center 1 | 11 | NC | IND | 20,539 | 5,443 | 22,818 | 1,819 | 5,569 | 24,511 | 30,080 | 1,558 | 2003 | 5-40 |
| Columbia Business Center | 9 | MD | IND | 3,222 | 3,856 | 11,736 | 3,706 | 3,856 | 15,442 | 19,298 | 3,808 | 1999 | 5-40 |
| Corporate Park/ Hickory Hill | 7 | TN | IND | 11,572 | 6,789 | 23,796 | 524 | 6,788 | 24,321 | 31,109 | 5,534 | 1998 | 5-40 |
| Corporate Square Industrial | 6 | MN | IND | — | 4,024 | 12,113 | 3,329 | 4,024 | 15,442 | 19,466 | 4,526 | 1997 | 5-40 |
| Corridor Industrial | 1 | MD | IND | 2,300 | 996 | 3,019 | 328 | 996 | 3,347 | 4,343 | 657 | 1999 | 5-40 |
| Crysen Industrial | 1 | MD | IND | — | 1,425 | 4,275 | 1,191 | 1,425 | 5,466 | 6,891 | 1,440 | 1998 | 5-40 |
| Dulles Commerce Center | 1 | MD | IND | — | 849 | 3,038 | 279 | 849 | 3,317 | 4,166 | 140 | 2005 | 5-40 |
| Elmwood Distribution | 5 | LA | IND | — | 4,163 | 12,488 | 3,825 | 4,163 | 16,313 | 20,476 | 2,752 | 1998 | 5-40 |
| Frankfurt Logistic Center | 1 | Germany | IND | 12,193 | — | 18,867 | — | — | 18,867 | 18,867 | 982 | 2003 | 5-40 |
| Gateway Commerce Center | 5 | MD | IND | — | 4,083 | 12,336 | 1,987 | 4,083 | 14,323 | 18,406 | 3,117 | 1999 | 5-40 |
| Greenwood Industrial | 3 | MD | IND | — | 4,729 | 14,188 | 3,044 | 4,729 | 17,232 | 21,961 | 3,955 | 1998 | 5-40 |
| IAH Logistics Center | 1 | TX | IND | 17,172 | 6,582 | 21,252 | 10 | 6,583 | 21,261 | 27,844 | 1,020 | 2004 | 5-40 |
| Janitrol | 1 | OH | IND | — | 1,797 | 5,390 | 474 | 1,797 | 5,864 | 7,661 | 1,298 | 1997 | 5-40 |
| Koolhovenlaan 1&2 | 2 | The Netherlands | IND | 7,174 | 4,085 | 6,931 | — | 4,085 | 6,931 | 11,016 | 151 | 2005 | 5-40 |
| Meadowridge Industrial | 3 | MD | IND | — | 3,716 | 11,146 | 686 | 3,715 | 11,833 | 15,548 | 2,422 | 1998 | 5-40 |
| Mendota Heights Gateway Common | 1 | MN | IND | — | 1,367 | 4,565 | 2,647 | 1,367 | 7,212 | 8,579 | 2,885 | 1998 | 5-40 |
| MET PHASE 1 95, LTD | 5 | TX | IND | — | 10,968 | 32,944 | 4,540 | 10,968 | 37,484 | 48,452 | 8,010 | 1997 | 5-40 |
| Minneapolis Distribution Port | 3 | MN | IND | — | 4,052 | 13,374 | 3,977 | 4,051 | 17,352 | 21,403 | 4,224 | 1997 | 5-40 |
| Minneapolis Industrial Port IV | 4 | MN | IND | 7,068 | 4,938 | 14,853 | 2,753 | 4,937 | 17,607 | 22,544 | 4,904 | 1997 | 5-40 |
| Oakland Ridge Ind Ctr I, II, and V | 6 | MD | IND | 4,108 | 3,297 | 11,906 | 3,180 | 3,297 | 15,086 | 18,383 | 4,933 | 1999 | 5-40 |
| Paris Nord Distribution I | 1 | France | IND | — | 2,864 | 4,723 | 1,564 | 3,361 | 5,790 | 9,151 | 469 | 2002 | 5-40 |
| Paris Nord Distribution II | 1 | France | IND | — | 1,697 | 5,127 | 2,924 | 1,967 | 7,781 | 9,748 | 765 | 2002 | 5-40 |
| Patriot Dist. Center | 1 | MA | IND | 10,016 | 4,164 | 22,156 | — | 4,164 | 22,156 | 26,320 | 765 | 2005 | 5-40 |
| Patuxent Range Road | 2 | MD | IND | — | 1,696 | 5,127 | 1,098 | 1,696 | 6,225 | 7,921 | 1,543 | 1997 | 5-40 |
| Penn James Warehouse | 2 | MN | IND | — | 1,991 | 6,013 | 1,715 | 1,991 | 7,728 | 9,719 | 2,022 | 1996 | 5-40 |
| Port of Hamburg | 3 | Hamburg | IND | 17,746 | — | 34,218 | 2,173 | — | 36,391 | 36,391 | — | 2005 | 5-40 |
| Port of Rotterdam | 1 | The Netherlands | IND | — | — | 5,450 | — | — | 5,450 | 5,450 | 47 | 2005 | 5-40 |
| Presidents Drive | 6 | FL | IND | — | 5,770 | 17,656 | 3,879 | 5,771 | 21,534 | 27,305 | 5,264 | 1998 | 5-40 |
| Preston Court | 1 | MD | IND | — | 2,313 | 7,192 | 623 | 2,313 | 7,815 | 10,128 | 1,818 | 1997 | 5-40 |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Round Lake Business Center | 1 | MN | IND | — | 875 | 2,625 | 761 | 875 | 3,386 | 4,261 | 930 | 1998 | 5-40 |

# AMB PROPERTY CORPORATION

## SCHEDULE III

## CONSOLIDATED REAL ESTATE AND ACCUMULATED DEPRECIATION
As of December 31, 2005

| | | | | | Initial Cost to Company | | Costs Capitalized | Gross Amount Carried at 12/31/05 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Property | No of Bldgs | Location | Type | Encumbrances(3) | Land | Building & Improvements | Subsequent to Acquisition | Land | Building & Improvements | Total Costs(1)(2) | Accumulated Depreciation(4) | Year of Construction/ Acquisition | Depreciable Life (Years) |
| | | | | | | | (In thousands, except number of buildings) | | | | | | |
| Sand Lake Service Center | 6 | FL | IND | — | 3,483 | 10,585 | 4,557 | 3,483 | 15,142 | 18,625 | 4,103 | 1998 | 5-40 |
| Scripps Sorrento | 1 | CA | IND | — | 1,110 | 3,330 | 121 | 1,110 | 3,451 | 4,561 | 694 | 1998 | 5-40 |
| Somerville Distribution Center | 1 | MA | IND | — | 5,221 | 13,207 | 1,249 | 5,221 | 14,456 | 19,677 | 333 | 2005 | 5-40 |
| South Point Business Park | 5 | NC | IND | 7,992 | 3,130 | 10,452 | 2,199 | 3,130 | 12,651 | 15,781 | 2,905 | 1998 | 5-40 |
| TechRidge Bldg 4.2 (Phase IVA) | 1 | TX | IND | 7,500 | 3,465 | 10,735 | 126 | 3,464 | 10,862 | 14,326 | 16 | 2005 | 5-40 |
| TechRidge Phase II | 1 | TX | IND | 10,834 | 7,261 | 13,484 | 234 | 7,261 | 13,718 | 20,979 | 1,632 | 2001 | 5-40 |
| TechRidge Phase IIIA Bldg. 4.1 | 1 | TX | IND | 9,200 | 3,143 | 12,215 | — | 3,143 | 12,215 | 15,358 | 830 | 2004 | 5-40 |
| Twin Cities | 2 | MN | IND | — | 4,873 | 14,638 | 7,587 | 4,873 | 22,225 | 27,098 | 6,341 | 1997 | 5-40 |
| Willow Lake Business Park | 10 | TN | IND | 1,671 | 12,415 | 35,987 | 15,486 | 12,409 | 51,479 | 63,888 | 15,489 | 1998 | 5-40 |
| Other Retail Markets | | | | | | | | | | | | | |
| AMB Garden City Industrial | 1 | GA | RET | — | 441 | 2,604 | 134 | 462 | 2,717 | 3,179 | 111 | 2004 | 5-40 |
| Beacon Centre — Headlands | 1 | FL | RET | — | 2,523 | 7,669 | 1,094 | 2,523 | 8,763 | 11,286 | 1,305 | 2000 | 5-40 |
| Total | 875 | | | $ 1,598,919 | $1,521,035 | $ 3,604,054 | $ 675,699 | $1,527,072 | $ 4,273,716 | $5,800,788 | $ 693,324 | | |

| | | 2005 | 2004 | 2003 |
|---|---|---|---|---|
| (1) | Reconciliation of total cost to consolidated balance sheet caption as of December 31, 2005: | | | |
| | Total per Schedule III(5) | $ 5,800,788 | $ 5,814,767 | $ 5,292,079 |
| | Construction in process | 997,506 | 711,377 | 199,628 |
| | Total investments in properties | $ 6,798,294 | $ 6,526,144 | $ 5,491,707 |
| (2) | Aggregate cost for federal income tax purposes of investments in real estate | $ 6,468,360 | $ 6,263,171 | $ 5,201,590 |
| (3) | Reconciliation of total debt to consolidated balance sheet caption as of December 31, 2005: | | | |
| | Total per Schedule III | $ 1,598,919 | $ 1,828,864 | $ 1,353,101 |
| | Debt on properties held for divestiture | — | 27,481 | — |
| | Debt on development properties | 301,623 | 25,413 | — |
| | Unamortized premiums | 11,984 | 10,766 | 10,789 |
| | Total debt | $ 1,912,526 | $ 1,892,524 | $ 1,363,890 |
| (4) | Reconciliation of accumulated depreciation to consolidated balance sheet caption as of December 31, 2005: | | | |
| | Total per Schedule III | $ 693,324 | $ 614,084 | $ 485,559 |
| | Accumulated depreciation on properties under renovation | 4,064 | 1,562 | — |
| | Total accumulated depreciation | $ 697,388 | $ 615,646 | $ 485,559 |
| (5) | A summary of activity for real estate and accumulated depreciation for the year ended December 31, 2005 is as follows: | | | |
| | Investments in Properties: | | | |
| | Balance at beginning of year | $ 6,526,144 | $ 5,491,707 | $ 4,922,782 |
| | Acquisition of properties | 505,127 | 687,072 | 523,994 |
| | Improvements, including development properties | 496,623 | 618,188 | 264,272 |
| | Transfer basis adjustment | — | — | 23,388 |
| | Asset impairment | — | — | (5,251) |
| | Divestiture of properties | (770,869) | (185,564) | (339,605) |
| | Adjustment for properties held for divestiture | 41,269 | (85,259) | 102,127 |
| | Balance at end of year | $ 6,798,294 | $ 6,526,144 | $ 5,491,707 |
| | Accumulated Depreciation: | | | |
| | Balance at beginning of year | $ 615,646 | $ 485,559 | $ 368,205 |
| | Depreciation expense, including discontinued operations | 168,869 | 163,316 | 139,284 |
| | Properties divested | (95,371) | (23,559) | (27,937) |
| | Adjustment for properties held for divestiture | 8,244 | (9,670) | 6,007 |
| | Balance at end of year | $ 697,388 | $ 615,646 | $ 485,559 |

## EXHIBIT INDEX

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

| Exhibit Number | Description |
|---|---|
| 3.1 | Articles of Incorporation of AMB Property Corporation (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-35915)). |
| 3.2 | Articles Supplementary establishing and fixing the rights and preferences of the 7.75% Series D Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 1999). |
| 3.3 | Articles Supplementary establishing and fixing the rights and preferences of the 7.75% Series E Cumulative Preferred Stock (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Current Report on Form 8-K filed on September 14, 1999). |
| 3.4 | Articles Supplementary establishing and fixing the rights and preferences of the 7.95% Series F Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Current Report on Form 8-K filed on April 14, 2000). |
| 3.5 | Articles Supplementary establishing and fixing the rights and preferences of the 8.125% Series H Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.3 of AMB Property Corporation's Current Report on Form 8-K filed on September 29, 2000). |
| 3.6 | Articles Supplementary establishing and fixing the rights and preferences of the 8.00% Series I Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Current Report on Form 8-K filed on March 23, 2001). |
| 3.7 | Articles Supplementary establishing and fixing the rights and preferences of the 7.95% Series J Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Current Report on Form 8-K filed on October 3, 2001). |
| 3.8 | Articles Supplementary redesignating and reclassifying all 2,200,000 Shares of the 8.75% Series C Cumulative Redeemable Preferred Stock as Preferred Stock (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Current Report on Form 8-K filed on December 7, 2001). |
| 3.9 | Articles Supplementary establishing and fixing the rights and preferences of the 7.95% Series K Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Current Report on Form 8-K filed on April 23, 2002). |
| 3.10 | Articles Supplementary redesignating and reclassifying 130,000 Shares of 7.95% Series F Cumulative Redeemable Preferred Stock as Preferred Stock (incorporated by reference to Exhibit 3.2 of AMB Property Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002). |
| 3.11 | Articles Supplementary redesignating and reclassifying all 20,000 Shares of 7.95% Series G Cumulative Redeemable Preferred Stock as Preferred Stock (incorporated by reference to Exhibit 3.3 of AMB Property Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002). |
| 3.12 | Articles Supplementary establishing and fixing the rights and preferences of the $6^1/_2$% Series L Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.16 of AMB Property Corporation's Current Report on Form 8-A filed on June 20, 2003). |
| 3.13 | Articles Supplementary establishing and fixing the rights and preferences of the $6^3/_4$% Series M Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.17 of AMB Property Corporation's Form 8-K filed on November 26, 2003). |
| 3.14 | Articles Supplementary establishing and fixing the rights and preferences of the 7.00% Series O Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 4.1 to AMB Property Corporation's Form 8-K filed January 5, 2006). |
| 3.15 | Articles Supplementary redesignating and reclassifying all 1,300,000 shares of $8^5/_8$% Series B Cumulative Redeemable Preferred Stock as Preferred Stock (incorporated by reference to Exhibit 3.18 to AMB Property Corporation's Annual Report on Form 10-K for the year ended December 31, 2004). |
| 3.16 | Fourth Amended and Restated Bylaws of AMB Property Corporation (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Current Report on Form 8-K filed on August 17, 2004). |

| Exhibit Number | Description |
|---|---|
| 4.1 | Form of Certificate for Common Stock of AMB Property Corporation (incorporated by reference to Exhibit 3.3 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-35915)). |
| 4.2 | Form of Certificate for $6^{1}/_{2}$% Series L Cumulative Redeemable Preferred Stock of AMB Property Corporation (incorporated by reference to Exhibit 4.3 of AMB Property Corporation's Form 8-A filed on June 20, 2003). |
| 4.3 | Form of Certificate for $6^{3}/_{4}$% Series M Cumulative Redeemable Preferred Stock of AMB Property Corporation (incorporated by reference to Exhibit 4.3 of AMB Property Corporation's Form 8-A filed on November 12, 2003). |
| 4.4 | Form of Certificate for 7.00% Series O Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 4.2 to AMB Property Corporation's Form 8-K filed January 5, 2006). |
| 4.5 | $30,000,000 7.925% Fixed Rate Note No. 1 dated August 18, 2000, attaching the Parent Guarantee dated August 18, 2000 (incorporated by reference to Exhibit 4.5 of AMB Property Corporation's Annual Report on Form 10-K for the year ended December 31, 2000). |
| 4.6 | $25,000,000,000 7.925% Fixed Rate Note No. 2 dated September 12, 2000, attaching the Parent Guarantee dated September 12, 2000 (incorporated by reference to Exhibit 4.6 of AMB Property Corporation's Annual Report on Form 10-K for the year ended December 31, 2000). |
| 4.7 | $50,000,000 8.00% Fixed Rate Note No. 3 dated October 26, 2000, attaching the Parent Guarantee dated October 26, 2000 (incorporated by reference to Exhibit 4.7 of AMB Property Corporation's Annual Report on Form 10-K for the year ended December 31, 2000). |
| 4.8 | $25,000,000 8.000% Fixed Rate Note No. 4 dated October 26, 2000, attaching the Parent Guarantee dated October 26, 2000 (incorporated by reference to Exhibit 4.8 of AMB Property Corporation's Annual Report on Form 10-K for the year ended December 31, 2000). |
| 4.9 | $50,000,000 7.20% Fixed Rate Note No. 5 dated December 19, 2000, attaching the Parent Guarantee dated December 19, 2000 (incorporated herein by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K filed on January 8, 2001). |
| 4.10 | $50,000,000 7.20% Fixed Rate Note No. 6 dated December 19, 2000, attaching the Parent Guarantee dated December 19, 2000 (incorporated herein by reference to Exhibit 4.2 of AMB Property Corporation's Current Report on Form 8-K filed on January 8, 2001). |
| 4.11 | $50,000,000 7.20% Fixed Rate Note No. 7 dated December 19, 2000, attaching the Parent Guarantee dated December 19, 2000 (incorporated herein by reference to Exhibit 4.3 of AMB Property Corporation's Current Report on Form 8-K filed on January 8, 2001). |
| 4.12 | Specimen of 7.10% Notes due 2008 (included in the First Supplemental Indenture incorporated by reference to Exhibit 4.2 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-49163)). |
| 4.13 | Specimen of 7.50% Notes due 2018 (included in the Second Supplemental Indenture incorporated by reference to Exhibit 4.3 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-49163)). |
| 4.14 | Specimen of 6.90% Reset Put Securities due 2015 (included in the Third Supplemental Indenture incorporated by reference to Exhibit 4.4 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-49163)). |
| 4.15 | $25,000,000 6.90% Fixed Rate Note No. 8 dated January 9, 2001, attaching the Parent Guarantee dated January 9, 2001 (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K filed on January 31, 2001). |
| 4.16 | $50,000,000 7.00% Fixed Rate Note No. 9 dated March 7, 2001, attaching the Parent Guarantee dated March 7, 2001 (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K filed on March 16, 2001). |
| 4.17 | $25,000,000 6.75% Fixed Rate Note No. 10 dated September 6, 2001, attaching the Parent Guarantee dated September 6, 2001 (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K filed on September 18, 2001). |
| 4.18 | $20,000,000 5.90% Fixed Rate Note No. 11 dated January 17, 2002, attaching the Parent Guarantee dated January 17, 2002 (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K filed on January 23, 2002). |

| Exhibit Number | Description |
|---|---|
| 4.19 | $75,000,000 5.53% Fixed Rate Note No. B-1 dated November 10, 2003, attaching the Parent Guarantee dated November 10, 2003 (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003). |
| 4.20 | $50,000,000 Floating Rate Note No. B-1 dated November 21, 2003, attaching the Parent Guarantee dated November 21, 2003 (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K filed on November 21, 2003). |
| 4.21 | $100,000,000 Fixed Rate Note No. B-2 dated March 16, 2004, attaching the Parent Guarantee dated March 16, 2004 (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K filed on March 17, 2004). |
| 4.22 | $175,000,000 Fixed Rate Note No. B-3, attaching the Parent Guarantee (incorporated by reference to Exhibit 10.1 of AMB Property Corporation's Current Report on Form 8-K filed on November 18, 2005). |
| 4.23 | Indenture dated as of June 30, 1998, by and among AMB Property, L.P., AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-49163)). |
| 4.24 | First Supplemental Indenture dated as of June 30, 1998 by and among AMB Property, L.P., AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.2 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-49163)). |
| 4.25 | Second Supplemental Indenture dated as of June 30, 1998, by and among AMB Property, L.P., AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.3 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-49163)). |
| 4.26 | Third Supplemental Indenture dated as of June 30, 1998, by and among AMB Property, L.P., AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.4 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-49163)). |
| 4.27 | Fourth Supplemental Indenture, by and among AMB Property, L.P., AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K/A filed on November 9, 2000). |
| 4.28 | Fifth Supplemental Indenture dated as of May 7, 2002, by and among AMB Property, L.P., AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.15 of AMB Property Corporation's Annual Report on Form 10-K for the year ended December 31, 2002). |
| 4.29 | Sixth Supplemental Indenture dated as of July 11, 2005, by and among AMB Property, L.P., AMB Property Corporation and U.S. Bank National Association, as successor-in-interest to State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K filed on July 13, 2005). |
| 10.1 | Dividend Reinvestment and Direct Purchase Plan, dated July 9, 1999 (incorporated by reference to Exhibit 10.4 of AMB Property Corporation's Quarterly Report on Report Form 10-Q for the quarter ended June 30, 1999). |
| *10.2 | Third Amended and Restated 1997 Stock Option and Incentive Plan of AMB Property Corporation and AMB Property, L.P. (incorporated by reference to Exhibit 10.22 of AMB Property Corporation's Annual Report on Form 10-K for the year ended December 31, 2001). |
| *10.3 | Amendment No. 1 to the Third Amended and Restated 1997 Stock Option and Incentive Plan of AMB Property Corporation and AMB Property, L.P. (incorporated by reference to Exhibit 10.23 of AMB Property Corporation's Annual Report on Form 10-K for the year ended December 31, 2001). |
| *10.4 | Amendment No. 2 to the Third Amended and Restated 1997 Stock Option and Incentive Plan of AMB Property Corporation and AMB Property, L.P., dated September 23, 2004 (incorporated by reference to Exhibit 10.5 of AMB Property Corporation's Quarterly Report on Form 10-Q filed on November 9, 2004). |

| Exhibit Number | Description |
|---|---|
| *10.5 | 2002 Stock Option and Incentive Plan of AMB Property Corporation and AMB Property, L.P. (incorporated by reference to Exhibit 4.15 of AMB Property Corporation's Registration Statement on Form S-8 (No. 333-90042)). |
| *10.6 | Amendment No. 1 to the 2002 Stock Option and Incentive Plan of AMB Property Corporation and AMB Property, L.P., dated September 23, 2004 (incorporated by reference to Exhibit 10.4 of AMB Property Corporation's Quarterly Report on Form 10-Q filed on November 9, 2004). |
| *10.7 | Amended and Restated AMB Nonqualified Deferred Compensation Plan (incorporated by reference to Exhibit 4.17 of AMB Property Corporation's Registration Statement on Form S-8 (No. 333-100214)). |
| *10.8 | Form of Amended and Restated Change of Control and Noncompetition Agreement by and between AMB Property, L.P. and executive officers (incorporated by reference to Exhibit 10.1 of AMB Property Corporation's Current Report on Form 8-K filed on December 15, 2004). |
| 10.9 | Tenth Amended and Restated Agreement of Limited Partnership of AMB Property, L.P. dated as of November 26, 2003 (incorporated by reference to Exhibit 10.2 of AMB Property Corporation's Current Report on Form 8-K filed on November 26, 2003). |
| 10.10 | Thirteenth Amended and Restated Agreement of Limited Partnership of AMB Property II, L.P., dated September 24, 2004 (incorporated by reference to Exhibit 10.1 of AMB Property Corporation's Current Report on Form 8-K filed on September 30, 2004). |
| 10.11 | Form of Registration Rights Agreement among AMB Property Corporation and the persons named therein (incorporated by reference to Exhibit 10.2 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-35915)). |
| 10.12 | Registration Rights Agreement dated November 14, 2003 by and among AMB Property II, L.P. and the unitholders whose names are set forth on the signature pages thereto (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K filed on November 17, 2003). |
| 10.13 | Note Purchase Agreement dated as of November 5, 2003, by and between AMB Property, L.P. and Teachers Insurance and Annuity Association of America (incorporated by reference to Exhibit 99.1 of AMB Property Corporation's Current Report on Form 8-K filed on November 6, 2003). |
| 10.14 | Second Amended and Restated Revolving Credit Agreement, dated as of June 1, 2004 by and among AMB Property L.P., the banks listed therein, JPMorgan Chase Bank, as administrative agent, J.P. Morgan Europe Limited, as administrative agent for alternate currencies, Bank of America, N.A., as syndication agent, J.P. Morgan Securities Inc. and Banc of America Securities LLC, as joint lead arrangers and joint bookrunners, Commerzbank Aktiengesellschaft New York and Grand Cayman Branches, PNC Bank National Association and Wachovia Bank, N.A., as documentation agents, KeyBank National Association, The Bank of Nova Scotia, acting through its San Francisco Agency, and Wells Fargo Bank, N.A., as managing agents, and ING Real Estate Finance (USA) LLC, Southtrust Bank and Union Bank of California, N.A., as co-agents (incorporated by reference to Exhibit 10.1 of AMB Property Corporation's Current Report on Form 8-K filed on June 10, 2004). |
| 10.15 | Guaranty of Payment, dated as of June 1, 2004 by AMB Property Corporation for the benefit of JPMorgan Chase Bank, as administrative agent, and J.P. Morgan Europe Limited, as administrative agent for alternate currencies, for the banks listed on the signature page to the Second Amended and Restated Revolving Credit Agreement (incorporated by reference to Exhibit 10.2 of AMB Property Corporation's Current Report on Form 8-K filed on June 10, 2004). |
| 10.16 | Qualified Borrower Guaranty, dated as of June 1, 2004 by AMB Property, L.P. for the benefit of JPMorgan Chase Bank and J.P. Morgan Europe Limited, as administrative agents for the banks listed on the signature page to the Second Amended and Restated Revolving Credit Agreement (incorporated by reference to Exhibit 10.3 of AMB Property Corporation's Current Report on Form 8-K filed on June 10, 2004). |
| 10.17 | Revolving Credit Agreement, dated as of June 29, 2004, by and among AMB Japan Finance Y.K., as initial borrower, AMB Property, L.P., as guarantor, AMB Property Corporation, as guarantor, the banks listed on the signature pages thereof, and Sumitomo Mitsui Banking Corporation, as administrative agent and sole lead arranger and bookmanager (incorporated by reference to Exhibit 10.1 of AMB Property Corporation's Current Report on Form 8-K filed on July 2, 2004). |

| Exhibit Number | Description |
|---|---|
| 10.18 | Guaranty of Payment, dated as of June 29, 2004 by AMB Property, L.P. and AMB Property Corporation for the benefit of Sumitomo Mitsui Banking Corporation, as administrative agent and sole lead arranger and bookmanager, for the banks that are from time to time parties to the Revolving Credit Agreement (incorporated by reference to Exhibit 10.2 of AMB Property Corporation's Current Report on Form 8-K filed on July 2, 2004). |
| 10.19 | Amendment No. 1 to Revolving Credit Agreement, dated as of June 9, 2005, by and among, AMB Japan Finance Y.K., AMB Amagasaki TMK, AMB Narita 1-1 TMK and AMB Narita 2 TMK, as borrowers, AMB Property, L.P., as guarantor, AMB Property Corporation, as guarantor, the banks listed on the signature pages thereof, and Sumitomo Mitsui Banking Corporation, as administrative agent and sole lead arranger and bookmanager. |
| 10.20 | Amendment No. 2 to Revolving Credit Agreement, dated as of December 8, 2005, by and among, AMB Japan Finance Y.K., as initial borrower, AMB Property, L.P., as guarantor, AMB Property Corporation, as guarantor, the banks listed on the signature pages thereof, and Sumitomo Mitsui Banking Corporation, as administrative agent and sole lead arranger and bookmanager. |
| 10.21 | Credit Facility Agreement, dated as of November 24, 2004, by and among AMB Tokai TMK, as borrower, AMB Property, L.P., as guarantor, AMB Property Corporation, as guarantor, the banks listed on the signature pages thereof, and Sumitomo Mitsui Banking Corporation, as administrative agents and sole lead arranger and bookmanager (incorporated by reference to Exhibit 10.1 of AMB Property Corporation's Current Report on Form 8-K filed on December 1, 2004). |
| 10.22 | Guaranty of Payment, dated as of November 24, 2004 by AMB Property, L.P. and AMB Property Corporation for the benefit of Sumitomo Mitsui Banking Corporation, as administrative agent and sole lead arranger and bookmanager, for the banks that are from time to time parties to the Credit Facility Agreement (incorporated by reference to Exhibit 10.2 of AMB Property Corporation's Current Report on Form 8-K filed on December 1, 2004). |
| 10.23 | Agreement of Sale, made as of October 6, 2003, by and between AMB Property, L.P., International Airport Centers L.L.C. and certain affiliated entities (incorporated by reference to Exhibit 99.3 of AMB Property Corporation's Current Report on Form 8-K filed on November 6, 2003). |
| 10.24 | Third Amended and Restated Revolving Credit Agreement, dated as of February 16, 2006, by and among AMB Property, L.P., as guarantor, AMB Property Corporation, as guarantor, the banks listed on the signature pages thereto, Bank of America, N.A., as administrative agent, The Bank of Nova Scotia, as syndication agent, Societe Generale, as documentation agent, Banc of America Securities Asia Limited, as Hong Kong dollars agent, Bank of America, N.A., acting by its Canada branch, as reference bank, Bank of America, Singapore branch, as Singapore dollars agent, and each of the other lending institutions that becomes a lender thereunder (incorporated by reference to Exhibit 10.1 of AMB Property Corporation's Current Report on Form 8-K filed on February 22, 2006). |
| 10.25 | Separation Agreement and Release of All Claims, dated August 17, 2005, by and between AMB Property Corporation and David S. Fries(incorporated by reference to Exhibit 10.1 of AMB Property Corporation's Current Report on Form 8-K filed on August 17, 2005). |
| 21.1 | Subsidiaries of AMB Property Corporation. |
| 23.1 | Consent of PricewaterhouseCoopers LLP. |
| 24.1 | Powers of Attorney (included in Part IV of this 10-K). |
| 31.1 | Rule 13a-14 (a)/15d-14 (a) Certifications dated March 10, 2006. |
| 32.1 | 18 U.S.C. § 1350 Certifications dated March 10, 2006. The certifications in this exhibit are being furnished solely to accompany this report pursuant to 18 U.S.C. § 1350, and are not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and are not to be incorporated by reference into any of our filings, whether made before or after the date hereof, regardless of any general incorporation language in such filing. |

* Management contract or compensatory plan or arrangement

**Exhibit 10.19**

## Amendment No. 1 To Revolving Credit Agreement

This Amendment No. 1 To Revolving Credit Agreement (this **"Amendment")** is made as of June 9, 2005, by and among AMB Amagasaki TMK, a Japanese *tokutei mokuteki kaisha,* AMB Narita 1-1 TMK, a Japanese *tokutei mokuteki kaisha,* AMB Narita 2 TMK, a Japanese *tokutei mokuteki kaisha,* AMB Japan Finance Y.K., a Japanese *yugen kaisha* (collectively, the **"Borrowers"),** AMB Property, L.P., a Delaware limited partnership **("AMB LP"),** AMB Property Corporation, a Maryland corporation **("AMB Corporation",** and together with AMB LP, the **"Guarantors"),** the Banks listed on the signature pages hereof, Sumitomo Mitsui Banking Corporation, as Administrative Agent, Sole Lead Arranger and Bookmanager, Mizuho Corporate Bank, Ltd., as Syndication Agent, Shinsei Bank, and UFJ Bank, as Documentation Agents, International Commercial Bank of China, and Bank of China Limited, as Senior Managing Agents, and The Bank of Nova Scotia, and Oversea-Chinese Banking Corporation, as Managing Agents.

**Witnesseth:**

Whereas, the Borrowers, the Guarantors and the Banks have entered into that certain Revolving Credit Agreement, dated as of June 29, 2004 (the **"Credit Agreement")**; and

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

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

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

2. FMV Cap Rate. The definition of "FMV Cap Rate" is hereby deleted and the following substituted therefor: '"FMV Cap Rate' means eight percent (8%)."

3. Non-Recourse Indebtedness. The definition of "Non-Recourse Indebtedness" is hereby deleted and the following substituted therefor:

> "Non-Recourse Indebtedness" means Indebtedness with respect to which recourse for payment is limited to (i) specific Property or Properties encumbered by a Lien securing such Indebtedness and/or another Person so long as there is no recourse to AMB LP or AMB Corporation, or (ii) any Consolidated Subsidiary or Investment Affiliate (provided that if an entity is a partnership, there is no recourse to AMB LP or AMB Corporation as a general partner of such partnership); provided, however, that personal recourse of AMB LP or AMB Corporation for any such Indebtedness for fraud, misrepresentation, misapplication of cash, waste, environmental claims and liabilities and other circumstances customarily excluded by institutional lenders from exculpation

provisions and/or included in separate indemnification agreements in. non-recourse financing of real estate shall not, by itself, prevent such Indebtedness from being characterized as Non-Recourse Indebtedness. For purposes of the foregoing and for the avoidance of doubt, (a) if the Indebtedness is partially guaranteed by AMB LP or AMB Corporation, then the portion of such Indebtedness that is not so guaranteed shall still be Non-Recourse Indebtedness if it otherwise satisfies the requirements in this definition, and (b) if the liability of AMB LP or AMB Corporation under any such guaranty is itself limited to specific Property or Properties, then such Indebtedness shall still be Non-Recourse Indebtedness if such Indebtedness otherwise satisfies the requirements of this definition.

4. Foreign Property Limit. The reference in Section 5.8(i) to "twenty percent (20%)" is hereby deleted and "thirty-five percent (35%)" substituted therefor.

5. Development Activities. The reference in Section 5.8(k) to "fifteen percent (15%)" is hereby deleted and "twenty percent (20%)" substituted therefor.

6. Amendments and Waivers. Section 9.5(b) is hereby deleted and the following substituted therefor:

Notwithstanding the foregoing, in the event that the Guarantors or the Existing Credit Agreement Agent propose to modify, waive or restate, or request a consent or approval with respect to, the financial covenants, reporting requirements or non-monetary Events of Default (and related definitions) of the Existing Credit Agreement in writing (which may include a written waiver of an existing actual or potential Default or Event of Default that is intended to be eliminated by such modification, restatement or waiver) (individually, a "Covenant Modification"), simultaneously with the written submission of such proposal or request to the Existing Credit Agreement bank group (such proposal or request being the "Existing Credit Agreement Proposal"). Borrower and the Guarantors shall deliver a duplicative proposal or request for a Covenant Modification with respect to the Facility to the Administrative Agent and the Banks. Borrower shall pay the same percentage fees (if any) to the Administrative Agent and the Banks as the Guarantors shall pay to the Existing Credit Agreement Agent (or agents) and the lenders under the Existing Credit Agreement in connection with such modification, restatement, waiver, consent or approval. The decision whether to accept such Covenant Modification shall require the consent of the Required Banks hereunder unless such Covenant Modification is of the nature that would require the consent of all of the Banks; it being understood that even if the applicable Banks shall fail to consent to the Covenant Modification, the provisions of the Existing Credit Agreement, as so modified, restated or waived, or the granting of any consent or approval thereunder, in writing by the "Required Banks" (as defined in the Existing Credit Agreement) thereunder (or if applicable, all of the lenders thereunder) shall control. Notwithstanding the foregoing, in no event shall Administrative Agent and the Banks be required to accept any Covenant Modification that modifies, amends or waives the Administrative Agent's rights under this Agreement with respect to the Banks as the "agent" under the Facility or subjects the Administrative Agent, as the "agent" under the Facility to any additional obligations to the Banks pursuant to this Agreement.

7. Effective Date. This Amendment shall become effective upon receipt by the Administrative Agent of counterparts hereof signed by the Borrowers and the Required Banks (the date of such receipt being deemed the "**Effective Date**").

8. Representations and Warranties. Each Borrower hereby represents and warrants that as of the Effective Date, all the representations and warranties set forth in the Credit Agreement, as amended hereby (other than representations and warranties which expressly speak as of a different date), are true and complete in all material respects.

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

10. Governing Law. This Amendment shall be governed by, and construed in accordance with, the law of the State of New York.

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

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

13. No Further Modifications. Except as modified herein, all of the terms and conditions of the Credit Agreement, as modified hereby shall remain in full force and effect and, as modified hereby, each Borrower confirms and ratifies all of the terms, covenants and conditions of the Credit Agreement in all respects.

In Witness Whereof, this Agreement has been duly executed as of the date first above written.

Borrowers:

AMB Amagasaki TMK,
a Japanese *tokutei mokuteki kaisha*
Sanno Park Tower
11-1, Nagatacho 2-chome
Chiyoda-ku, Tokyo
Frederick Elliot Wyler
Director

AMB Narita 1-1 TMK,
a Japanese *tokutei mokuteki kaisha*
Sanno Park Tower
11-1, Nagatacho 2-chome
Chiyoda-ku, Tokyo
Frederick Elliot Wyler
Director

AMB Narita 2 TMK,
a Japanese *tokutei mokuteki kaisha*
Sanno Park Tower
11-1, Nagatacho 2-chome
Chiyoda-ku, Tokyo
Frederick Elliot Wyler
Director

AMB Japan Finance Y.K.,
a Japanese *yugen kaisha*
Sanno Park Tower
11-1, Nagatacho 2-chome
Chiyoda-ku, Tokyo
Wyler Frederick Elliot
Director

For purposes of agreeing to be
bound by the provisions of
this Amendment:

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

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

By: /s/ Gayle Starr
Gayle Starr
Senior Vice President

AMB Property Corporation,
a Maryland corporation

By: /s/ Gayle Starr
Gayle Starr
Senior Vice President

Sumitomo Mitsui Banking Corporation,
as Administrative Agent, Sole Lead Arranger and Bookmanager and as a Bank

By: /s/ Takahiko Kato
Name: Takahiko Kato
Title: General Manager
Global Client Business Department

Mizuho Corporate Bank, Ltd.,
as Syndication Agent and as a Bank

By: /s/ Yuichi Hirashima
Name: Yuichi Hirashima
Title: Deputy General Manager

Shinsei Bank, Limited,
as a Bank

By: /s/ Akihiro Sakabe
Name: Akihiro Sakabe
Title: General Manager(Unit),
Strategic Business Unit IV

UFJ Bank,
as Documentation Agent and as a Bank

| | |
|---|---|
| By: | /s/ Jesse McDonald |
| Name: | Jesse McDonald |
| Title: | Vice President |

The International Commercial Bank of China,
as Senior Managing Agent and as a Bank

By: /s/ Nae-Yes Lung
Name: Nae-Yes Lung
Title: EVP & General Manager

Bank Of China Limited,
as Senior Managing Agent and as a Bank

By: /s/ Li Yu Hua
Name: Li Yu Hua
Title: General Manager of Tokyo Branch

The Bank Of Nova Scotia,
as Managing Agent and as a Bank

By: /s/ Yong Kwei Hung
Name: Yong Kwei Hung
Title: Vice President & Country Head

Oversea-Chinese Banking Corporation,
as Managing Agent and as a Bank

By: /s/ Ong Sing Yik
Name: ONG, SING YIK
Title: GENERAL MANAGER

The Norinchukin Bank, New York Branch,
as a Bank

By: /s/ Masanori Shoji
Name: Masanori Shoji
Title: Joint General Manager

The Sumitomo Trust & Banking Co., Ltd.,
New York Branch,
as a Bank

By: /s/ Tetsuya Ishikawa
Name: Title: Tetsuya Ishikawa
Vice President and Manager

Saitama Resona Bank, Ltd.,
as a Bank

| | | |
|---|---|---|
| By: | /s/ Hideki Hirano | (SEAL) |
| Name: | Hideki Hirano | |
| Title: | General Manager | |

**Exhibit 10.20**

## AMENDMENT NO. 2 TO REVOLVING CREDIT AGREEMENT

THIS AMENDMENT NO. 2 TO REVOLVING CREDIT AGREEMENT (this "Amendment") is made as of December 8, 2005, by and among AMB JAPAN FINANCE Y.K., as Initial Borrower (the "Initial Borrower"), each Qualified Borrower listed on the signature pages hereto (each of the Initial Borrower and each Qualified Borrower, collectively, "Borrower"), AMB PROPERTY, L.P., as Guarantor ("AMB LP"), AMB PROPERTY CORPORATION, as Guarantor ("AMB Corporation" and together with AMB LP, the "Guarantors"), the Banks listed on the signature pages hereto, SUMITOMO MITSUI BANKING CORPORATION, as Administrative Agent and Sole Lead Arranger and Bookmanager.

**W I T N E S S E T H:**

WHEREAS, each of Borrower, the Guarantors and the Banks are party to that certain Revolving Credit Agreement, dated as of June 29, 2004, as amended by that certain Amendment No. 1 to Revolving Credit Agreement, dated as of June 9, 2005 (as the same may be further amended, modified, extended or restated from time to time, the "Credit Agreement"); and

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

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

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

2. Amendments to Credit Agreement. The Credit Agreement is hereby amended as follows:

(a) Amendments to Defined Terms. Section 1.1 of the Credit Agreement is hereby amended as follows:

(i) The defined term "Commitment" is hereby deleted and the following substituted therefor:

"Commitment" means, with respect to each Bank, the amount set forth under the name of such Bank on the signature pages hereof as its commitment pursuant to this Agreement with respect to any Loans (and, for each Bank which is an Assignee, the amount set forth in the Transfer Supplement entered into pursuant to Section 9.6(c) as the Assignee's Commitment), as such amount may be reduced from time to time pursuant to Section 2.11 or in connection with an assignment to an Assignee and increased from time to time pursuant to Section 2.1(b) or in connection with an assignment from an Assignor. As of the Closing Date, the aggregate Commitment is Twenty-Four Billion Yen (JPY24,000,000,000)."

(ii) The defined term "Facility Amount" is hereby deleted and the following substituted therefor:

"Facility Amount" means, at any particular time, the aggregate Commitment at such time.

(iii) The following terms are hereby inserted into Section 1 of the Credit Agreement, in the appropriate alphabetical order:

"Bank Commitment Increase Agreement" means each Bank Commitment Increase Agreement, by and among Borrower, the Guarantors, the Administrative Agent (on behalf of the Banks) and the applicable Bank which has agreed to increase its Commitment pursuant to the terms of Section 2.1 (b), the form of which is attached hereto as Exhibit J.

"New Bank Joinder Agreement" means each New Bank Joinder Agreement, by and among Borrower, the Guarantors, the Administrative Agent (on behalf of the Banks) and the applicable Qualified Institution which is to become a Bank hereunder at any time after the date of this Agreement pursuant to the terms of Section 2.1(b), the form of which is attached hereto as Exhibit K.

(b) Commitments to Lend. Section 2.1 of the Credit Agreement is hereby deleted and the following substituted therefore:

(a) Commitment to Lend. Each Bank severally agrees, on the terms and conditions set forth in this Agreement, (a) to make Loans to each Borrower and participate in Letters of Credit issued by the Fronting Bank on behalf of each Borrower pursuant to this Article from time to time during the term hereof in amounts such that the aggregate principal amount of Committed Loans by such Bank at any one time outstanding together with such Bank's pro rata share of the Letter of Credit Usage at such time shall not exceed the amount of its Commitment. Each Borrowing outstanding under this Section 2.1 (a) shall be in an aggregate principal amount of JPY300,000,000 or an integral multiples of JPY1,000,000 in excess thereof (except that any such Borrowing may be in the aggregate amount available in accordance with Section 3.2(b), or in any amount required to reimburse the Fronting Bank for any drawing under any Letter of Credit) and shall be made from the several Banks ratably in proportion to their respective Commitments. In no event shall the aggregate amount outstanding at any time, plus the outstanding amount of the Letter of Credit Usage, exceed the Facility Amount. Subject to the limitations set forth herein, any amounts repaid may be reborrowed.

(b) Optional Increase in Commitments. Unless a Default or an Event of Default has occurred and is continuing, Borrower, by written notice to the Administrative Agent, shall have the right to, and hereby does, request an increase of up to Eleven Billion Yen (JPY 11,000,000,000), and shall have the right to request an additional increase of up to Five Billion Yen (JPY 5,000,000,000) such that the aggregate Commitment after all such increases shall not exceed Forty Billion Yen (JPY 40,000,000,000); provided that for any such request (i) any Bank which is a party to this Agreement prior to such request for increase, at its sole discretion, may elect to increase its Commitment but shall not have any obligation to so increase its Commitment, and (ii) in the event that any Bank which is a party to this Agreement prior to such request for increase does not elect to increase its Commitment, the Administrative Agent and the Syndication Agent shall use commercially reasonable efforts to locate additional Qualified Institutions willing to provide commitments for the requested increase, and Borrower may also identify additional Qualified Institutions willing to provide commitments for the requested increase, provided further that the Administrative Agent shall approve any such additional Qualified Institutions, which approval will not be unreasonably withheld or delayed. Any such Bank willing to increase its Commitment for the requested increase shall duly execute and deliver to the Administrative Agent a Bank Commitment Increase Agreement. Any such additional Qualified Institution willing and approved to provide commitments for the requested increase shall duly execute and deliver to the Administrative Agent a New Bank Joinder Agreement pursuant to which such Qualified Institution shall become a Bank hereunder. In the event that any Bank or Qualified Institutions commit to any such increase, such Banks and Qualified Institutions shall execute and deliver the Bank Commitment Increase Agreement or the New Bank Joinder Agreement, as applicable, the Commitment of each committed Bank shall be increased, the Pro Rata Shares of the Banks shall be adjusted, Borrower shall make such borrowings and repayments as shall be necessary to effect the reallocation of the Committed Loans so that the Committed Loans are held by the Banks in accordance with their Pro Rata Shares after giving effect to such increase, and other changes shall be made to the Loan Documents as may be necessary to reflect the aggregate amount, if any, by which the Banks have agreed to increase their respective Commitments or make new Commitments in response to Borrower's request for an increase in the aggregate Commitment pursuant to this Section 2.1, in each case without the consent of the Banks other than those Banks increasing their Commitments. The fees payable by Borrower and the Guarantors upon any such increase in the Commitments shall be agreed upon by the Administrative Agent, Borrower and the Guarantors. In addition, if as a result of any such increase in the Commitments, there shall be a reallocation of TIBOR Loans, Borrower shall pay any amounts that may be due pursuant to Section 2.15 hereof.

Notwithstanding the foregoing, nothing in this Section 2.1(b) shall constitute or be deemed to constitute an agreement by any Bank to increase its Commitment hereunder."

(c) Additional Exhibits. Exhibits J and K attached hereto are hereby added as Exhibits J and K of the Credit Agreement, immediately after Exhibit 1-2 thereof.

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

5 Representations and Warranties. Each of the Borrower and the Guarantors hereby represents and warrants that as of the Effective Date, all the representations and warranties set forth in the Credit Agreement, as amended hereby (other than representations and warranties which expressly speak as of a different date), are true and complete in all material respects.

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

7. Governing Law. This Amendment shall be governed by, and construed in accordance with, the law of the State of New York.

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

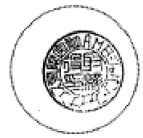
9. Headings, Etc. Section or other headings contained in this Amendment are for reference purposes only and shall not in any way affect the meaning or interpretation of this Amendment.

10. No Further Modifications. Except as modified herein, all of the terms and conditions of the Credit Agreement, as modified hereby shall remain in full force and effect and, as modified hereby, the Borrower confirms and ratifies all of the terms, covenants and conditions of the Credit Agreement in all respects.

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

INITIAL BORROWER:

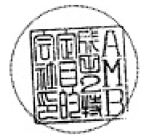
AMB Japan Finance Y.K.,
a Japan *yugen kaisha*
Sanno Park Tower
11-1, Nagatacho 2-Chome
Chiyoda-ku, Tokyo
Frederick Elliot Wyler
Director



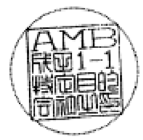
QUALIFIED BORROWERS:

AMB Amagasaki 2 TMK,
a Japan *tokutei mokuteki kaisha*
Sanno Park Tower
11-1, Nagatacho 2-Chome
Chiyoda-ku, Tokyo
Katsuyuki Mineta
Director

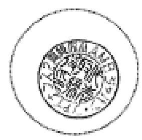
AMB Narita 2 TMK,
a Japan *tokutei mokuteki kaisha*
Sanno Park Tower
11-1, Nagatacho 2-Chome
Chiyoda-ku, Tokyo
Frederick Elliot Wyler
Director



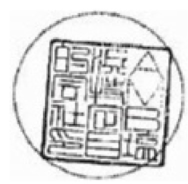
AMB Narita l-l TMK,
a Japan *tokutei mokuteki kaisha*
Sanno Park Tower
11-1, Nagatacho 2-Chome
Chiyoda-ku, Tokyo
Frederick Elliot Wyler
Director



AMB Japan Finance 2 Y.K.,
a Japan *yugen kaisha*
Sanno Park Tower
11-1, Nagatacho 2-Chome
Chiyoda-ku, Tokyo
Frederick Elliot Wyler
Director



AMB Shiohama TMK,
a Japan *tokutei mokuteki kaisha*
Sanno Park Tower
11-1, Nagatacho 2-Chome
Chiyoda-ku, Tokyo
Katsuyuki Mineta
Director



AMB Kashiwa TMK,
a Japan *tokutei mokuteki kaisha*
Sanno Park Tower
11-1, Nagatacho 2-Chome
Chiyoda-ku, Tokyo
Katsuyuki Mineta
Director

Director
GUARANTORS:

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

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

By: /s/ Michael A. Coke
Name: Michael A. Coke
Title: Executive Vice President
President and Chief Financial Officer

AMB PROPERTY CORPORATION,
a Maryland corporation

By: /s/ Michael A. Coke
Name: Michael A. Coke
Title: Executive Vice President
President and Chief Financial Officer

SUMITOMO MITSUI BANKING CORPORATION, as Administrative Agent, Sole Lead Arranger, Bookmanager, and a Bank

By: /s/ David A. Buck

Name: David A. Buck

Title: Senior Vice President

MIZUHO CORPORATE BANK, LTD., as Syndication Agent and a Bank

By: Name: /s/ Noel Purcell

Noel Purcell

Title: Senior Vice President

SHINSEI BANK, as Documentation Agent and a Bank

By: /s/ Akihiro Sakabe

Name: Akihiro Sakabe

Title: General Manager(Unit), Strategic Business Unit 4

UFJ BANK, as Documentation Agent and a Bank

By: /s/ Yoichi Orikasa
Name: Yoichi Orikasa
Title: Deputy General Manager

INTERNATIONAL COMMERCIAL BANK
OF CHINA, as Senior Managing Agent and a
Bank

By: /s/ Mong Shyr Wu
Name: Mong Shyr Wu
Title: AVP & D. General Manager

BANK OF CHINA, as Senior Managing Agent
and a Bank

| | |
|---|---|
| By: | /s/ Li Yu Hua |
| Name: | Li Yu Hua |
| Title: | General Manager |

THE BANK OF NOVA SCOTIA, as Managing Agent and a Bank

By: /s/ Yong Kwei Hung

Name: Yong Kwei Hung

Title: Vice President & Country Head Japan

OVERSEA-CHINESE BANKING CORPORATION, as Managing Agent and a Bank

| | |
|---|---|
| By: | /s/ Ong Sing Yik |
| Name: | Ong Sing Yik |
| Title: | General Manager |

THE NORINCHUKIN BANK, NEW YORK BRANCH, as a Bank

By: /s/ Toshifumi Tsukitani
Name: Toshifumi Tsukitani
Title: General Manager

THE SUMITOMO TRUST & BANKING CO., LTD., as a Bank

By: /s/ Tetsuya Ishikawa
Name: Tetsuya Ishikawa
Title: Vice President & Manager

SAITAMA RESONA BANK, LTD., as a Bank

By: /s/ Yukihide Hoshinoya
Name: Yukihide Hoshinoya
Title: Deputy General Manager

Exhibit 21.1

SUBSIDIARIES OF REGISTRANT

| Name of Subsidiary | Jurisdiction of Organization and Type of Entity |
|---|---|
| AMB Property, L.P. | Delaware limited partnership |
| AMB Property II, L.P. | Delaware limited partnership |

**EXHIBIT 23.1**

## CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on FormsS-3 (Nos. 333-86842, 333-68291, 333-68283, 333-75953, 333-78699, 333-76823, 333-81475, 333-80815, 333-75951, 333-36894, 333-73718 and 333-120793) and Forms S-8 (Nos. 333-42015, 333-78779, 333-90042 and 333-100214) of AMB Property Corporation of our report dated March 9, 2006 relating to the financial statements, financial statement schedule, management's assessment of the effectiveness of internal control over financial reporting and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

PricewaterhouseCoopers LLP
San Francisco, California
March 9, 2006

**EXHIBIT 31.1**

## CERTIFICATIONS

I, Hamid R. Moghadam, certify that:

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

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

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

(4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules13a-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 officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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

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

By: /s/ Hamid R. Moghadam

Hamid R. Moghadam
*Chairman and CEO*

Date: March 10, 2006

I, W. Blake Baird, certify that:

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

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

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

(4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules13a-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 officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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

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

By: /s/ W. Blake Baird

W. Blake Baird
President and Director

Date: March 10, 2006

I, Michael A. Coke, certify that:

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

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

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

(4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules13a-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 officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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

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

By: /s/ Michael A. Coke

Michael A. Coke
CFO and Executive Vice President

Date: March 10, 2006

**EXHIBIT 32.1**

**Certification of Chief Executive Officer, President and Chief Financial Officer**

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

(i) the accompanying Annual Report on Form 10-K of the Company for the year end period ended December 31, 2005 (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.

/s/ Hamid R. Moghadam

Hamid R. Moghadam
Chairman and CEO

/s/ W. Blake Baird

W. Blake Baird
President and Director

/s/ Michael A. Coke

Michael A. Coke
CFO and Executive Vice President

Date: March 10, 2006

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.