**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**
**Washington, DC 20549**

# Form 10-Q/A
## Amendment No. 1

(Mark One)

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

For the quarterly period ended March 31, 2007

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>(I.R.S. Employer Identification No.) |
| **Pier 1, Bay 1, San Francisco, California**<br>*(Address of Principal Executive Offices)* | 94111<br>(Zip Code) |

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

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

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 Exchange Act). Yes ☐ No ☑

As of May 4, 2007, there were 99,626,463 shares of the Registrant's common stock, $0.01 par value per share, outstanding.

**AMB PROPERTY CORPORATION**

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This Quarterly Report on Form 10-Q for AMB Property Corporation for the quarter ended March 31, 2007 is being amended to revise Part I, Item 1 to include in Note 8 of the Notes to Consolidated Financial Statements summarized income statement information for the Company's unconsolidated co-investment joint ventures.

## PART I

**Item 1.** ***Financial Statements***

### AMB PROPERTY CORPORATION

### CONSOLIDATED BALANCE SHEETS
### As of March 31, 2007 and December 31, 2006

| | March 31, 2007 | December 31, 2006 |
|---|---|---|
| | (Unaudited, dollars in thousands) | |
| **ASSETS** | | |
| Investments in real estate: | | |
| Land | $ 1,346,220 | $ 1,351,123 |
| Buildings and improvements | 4,071,200 | 4,038,474 |
| Construction in progress | 1,360,318 | 1,186,136 |
| Total investments in properties | 6,777,738 | 6,575,733 |
| Accumulated depreciation and amortization | (829,814) | (789,693) |
| Net investments in properties | 5,947,924 | 5,786,040 |
| Investments in unconsolidated joint ventures | 279,422 | 274,381 |
| Properties held for contribution, net | 144,961 | 154,036 |
| Properties held for divestiture, net | 11,227 | 20,916 |
| Net investments in real estate | 6,383,534 | 6,235,373 |
| Cash and cash equivalents | 259,818 | 174,763 |
| Restricted cash | 26,343 | 21,115 |
| Mortgage and loan receivables | 18,711 | 18,747 |
| Accounts receivable, net of allowance for doubtful accounts of $6,053 and $6,361, respectively | 141,647 | 133,998 |
| Deferred financing costs, net | 30,190 | 20,394 |
| Other assets | 116,740 | 109,122 |
| Total assets | $ 6,976,983 | $ 6,713,512 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Debt: | | |
| Secured debt | $ 1,648,336 | $ 1,395,354 |
| Unsecured senior debt | 1,057,186 | 1,101,874 |
| Unsecured credit facilities | 474,849 | 852,033 |
| Other debt | 86,146 | 88,154 |
| Total debt | 3,266,517 | 3,437,415 |
| Security deposits | 37,274 | 36,106 |
| Dividends payable | 57,500 | 48,967 |
| Accounts payable and other liabilities | 192,598 | 186,807 |
| Total liabilities | 3,553,889 | 3,709,295 |
| Commitments and contingencies (Note 12) | | |
| Minority interests: | | |
| Joint venture partners | 506,611 | 555,201 |
| Preferred unitholders | 180,292 | 180,298 |
| Limited partnership unitholders | 112,823 | 102,061 |
| Total minority interests | 799,726 | 837,560 |
| Stockholders' equity: | | |
| Series L preferred stock, cumulative, redeemable, $.01 par value, 2,300,000 shares authorized and 2,000,000 issued and outstanding, $50,000 liquidation preference | 48,017 | 48,017 |
| Series M preferred stock, cumulative, redeemable, $.01 par value, 2,300,000 shares authorized and 2,300,000 issued and outstanding, $57,500 liquidation preference | 55,187 | 55,187 |
| Series O preferred stock, cumulative, redeemable, $.01 par value, 3,000,000 shares authorized and 3,000,000 issued and outstanding, $75,000 liquidation preference | 72,127 | 72,127 |
| Series P preferred stock, cumulative, redeemable, $.01 par value, 2,000,000 shares authorized and 2,000,000 issued and outstanding, $50,000 liquidation preference | 48,086 | 48,086 |
| Common stock, $.01 par value, 500,000,000 shares authorized, 99,319,253 and 89,662,435 issued and outstanding, respectively | 991 | 895 |
| Additional paid-in capital | 2,280,805 | 1,796,849 |
| Retained earnings | 119,593 | 147,274 |
| Accumulated other comprehensive loss | (1,438) | (1,778) |
| Total stockholders' equity | 2,623,368 | 2,166,657 |
| Total liabilities and stockholders' equity | $ 6,976,983 | $ 6,713,512 |

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

**AMB PROPERTY CORPORATION**

**CONSOLIDATED STATEMENTS OF OPERATIONS**
**For the Three Months Ended March 31, 2007 and 2006**

| | For the Three Months Ended March 31, 2007 | 2006 |
|---|---|---|
| | (Unaudited, dollars in thousands, except share and per share amounts) | |
| **REVENUES** | | |
| Rental revenues | $ 162,082 | $ 171,301 |
| Private capital income | 5,925 | 5,106 |
| Total revenues | 168,007 | 176,407 |
| **COSTS AND EXPENSES** | | |
| Property operating expenses | (25,371) | (24,300) |
| Real estate taxes | (18,876) | (19,843) |
| Depreciation and amortization | (41,029) | (42,754) |
| Impairment losses | (257) | — |
| General and administrative | (29,854) | (23,048) |
| Other expenses | (912) | (537) |
| Fund costs | (241) | (614) |
| Total costs and expenses | (116,540) | (111,096) |
| **OTHER INCOME AND EXPENSES** | | |
| Equity in earnings of unconsolidated joint ventures, net | 2,113 | 2,088 |
| Other income | 5,507 | 3,507 |
| Gains from dispositions of real estate interests | 136 | — |
| Development profits, net of taxes | 12,192 | 674 |
| Interest expense, including amortization | (33,865) | (39,153) |
| Total other income and expenses, net | (13,917) | (32,884) |
| Income before minority interests, discontinued operations and cumulative effect of change in accounting principle | 37,550 | 32,427 |
| Minority interests' share of income: | | |
| Joint venture partners' share of income before minority interests and discontinued operations | (7,193) | (8,539) |
| Joint venture partners' and limited partnership unitholders' share of development profits | (595) | (32) |
| Preferred unitholders | (3,699) | (5,001) |
| Limited partnership unitholders | (494) | (730) |
| Total minority interests' share of income | (11,981) | (14,302) |
| Income from continuing operations before cumulative effect of change in accounting principle | 25,569 | 18,125 |
| Discontinued operations: | | |
| Income attributable to discontinued operations, net of minority interests | 77 | 2,246 |
| Gains from dispositions of real estate, net of minority interests | 36 | 7,013 |
| Total discontinued operations | 113 | 9,259 |
| Net income before cumulative effect of change in accounting principle | 25,682 | 27,384 |
| Cumulative effect of change in accounting principle | — | 193 |
| Net income | 25,682 | 27,577 |
| Preferred stock dividends | (3,952) | (3,096) |
| Preferred unit redemption / issuance costs | — | (1,097) |
| Net income available to common stockholders | $ 21,730 | $ 23,384 |
| **Basic income per common share** | | |
| Income from continuing operations (after preferred stock dividends) before cumulative effect of change in accounting principle | $ 0.24 | $ 0.16 |
| Discontinued operations | — | 0.11 |
| Cumulative effect of change in accounting principle | — | — |
| Net income available to common stockholders | $ 0.24 | $ 0.27 |
| **Diluted income per common share** | | |
| Income from continuing operations (after preferred stock dividends) before cumulative effect of change in accounting principle | $ 0.23 | $ 0.16 |
| Discontinued operations | — | 0.10 |
| Cumulative effect of change in accounting principle | — | — |
| Net income available to common stockholders | $ 0.23 | $ 0.26 |
| **WEIGHTED AVERAGE COMMON SHARES OUTSTANDING** | | |
| Basic | 92,265,002 | 86,432,895 |
| Diluted | 95,098,711 | 90,179,329 |

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

**AMB PROPERTY CORPORATION**

**CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY**
**For the Three Months Ended March 31, 2007**

| | Preferred Stock | Common Stock Number of Shares | Common Stock Amount | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Total |
|---|---|---|---|---|---|---|---|
| | (Unaudited, dollars in thousands, except share amounts) | | | | | | |
| Balance as of December 31, 2006 | $ 223,417 | 89,662,435 | $ 895 | $ 1,796,849 | $ 147,274 | $ (1,778) | $ 2,166,657 |
| Net income | 3,952 | — | — | — | 21,730 | — | |
| Unrealized loss on securities and derivatives | — | — | — | — | — | (13) | |
| Currency translation adjustment | — | — | — | — | — | 353 | |
| Total comprehensive income | | | | | | | 26,022 |
| Issuance of common stock, net | — | 8,365,800 | 84 | 471,988 | — | — | 472,072 |
| Stock-based compensation amortization and issuance of restricted stock, net | — | 29,443 | — | 5,108 | — | — | 5,108 |
| Exercise of stock options | — | 1,218,592 | 12 | 19,321 | — | — | 19,333 |
| Conversion of partnership units | — | 42,983 | — | 2,600 | — | — | 2,600 |
| Forfeiture of restricted stock | — | — | — | (1,095) | — | — | (1,095) |
| Reallocation of partnership interest | — | — | — | (13,966) | — | — | (13,966) |
| Dividends | (3,952) | — | — | — | (49,411) | — | (53,363) |
| Balance as of March 31, 2007 | $ 223,417 | 99,319,253 | $ 991 | $ 2,280,805 | $ 119,593 | $ (1,438) | $ 2,623,368 |

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

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**AMB PROPERTY CORPORATION**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**For the Three Months Ended March 31, 2007 and 2006**

| | 2007 | 2006 |
|---|---|---|
| | (Unaudited, dollars in thousands) | |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Net income | $ 25,682 | $ 27,577 |
| Adjustments to net income: | | |
| Straight-line rents and amortization of lease intangibles | (2,715) | (5,146) |
| Depreciation and amortization | 41,029 | 42,754 |
| Impairment losses | 257 | — |
| Stock-based compensation amortization | 5,108 | 4,829 |
| Equity in earnings of unconsolidated joint ventures | (2,113) | (2,088) |
| Operating distributions received from unconsolidated joint ventures | 3,712 | 326 |
| Gains from dispositions of real estate interests | (136) | — |
| Development profits, net of taxes | (12,192) | (674) |
| Debt premiums, discounts and finance cost amortization, net | (578) | 2,850 |
| Total minority interests' share of net income | 11,981 | 14,302 |
| Discontinued operations: | | |
| Depreciation and amortization | (4) | 514 |
| Joint venture partners' share of net income | (65) | — |
| Limited partnership unitholders' share of net income | 4 | 113 |
| Gains from dispositions of real estate, net of minority interests | (36) | (7,013) |
| Cumulative effect of change in accounting principle | — | (193) |
| Changes in assets and liabilities: | | |
| Accounts receivable and other assets | (15,802) | 271 |
| Accounts payable and other liabilities | 1,828 | (26,323) |
| Net cash provided by operating activities | 55,960 | 52,099 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Change in restricted cash | (5,243) | 9,032 |
| Cash paid for property acquisitions | (18,553) | (121,197) |
| Additions to land, buildings, development costs, building improvements and lease costs | (243,638) | (218,630) |
| Net proceeds from divestiture of real estate | 114,107 | 20,707 |
| Additions to interests in unconsolidated joint ventures | (8,873) | 999 |
| Repayment of mortgage and loan receivables | 36 | 32 |
| Net cash used in investing activities | (162,164) | (309,057) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Issuance of common stock net | 472,072 | — |
| Proceeds from stock option exercises | 19,333 | 29,469 |
| Borrowings on secured debt | 446,351 | 1,631 |
| Payments on secured debt | (198,351) | (26,778) |
| Borrowings on other debt | — | 43,086 |
| Payments on other debt | (2,158) | (420) |
| Borrowings on unsecured credit facilities | 241,183 | 284,185 |
| Payments on unsecured credit facilities | (625,083) | (47,686) |
| Payment of financing fees | (10,483) | (2,997) |
| Net proceeds from issuances of senior debt | 24,997 | — |
| Payments on senior debt | (70,000) | (25,000) |
| Issuance costs on preferred stock or units | — | (217) |
| Repurchase of preferred units | (6) | (77,392) |
| Contributions from co-investment partners | 1,111 | 65,859 |
| Dividends paid to common and preferred stockholders | (44,831) | (42,120) |
| Distributions to minority interests, including preferred units | (63,162) | (36,063) |
| Net cash provided by financing activities | 190,973 | 165,557 |
| Net effect of exchange rate changes on cash | 286 | 988 |
| Net increase (decrease) in cash and cash equivalents | 85,055 | (90,413) |
| Cash and cash equivalents at beginning of period | 174,763 | 232,881 |
| Cash and cash equivalents at end of period | $ 259,818 | $ 142,468 |
| **SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION** | | |
| Cash paid for interest, net of capitalized interest | $ 34,932 | $ 29,678 |
| Non-cash transactions: | | |
| Acquisition of properties | $ 18,109 | $ 153,355 |
| Assumption of secured debt | — | (28,300) |
| Assumption of other assets and liabilities | 473 | (802) |
| Acquisition capital | (29) | (3,056) |
| Net cash paid for property acquisitions | $ 18,553 | $ 121,197 |
| Preferred unit redemption issuance costs | $ — | $ 1,097 |
| Contribution of properties to unconsolidated joint ventures, net | $ 8,751 | $ — |

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

**AMB PROPERTY CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**March 31, 2007**
**(unaudited)**

## 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 as amended (the "Code"), commencing with its taxable year ended December 31, 1997, and believes its current organization and method of operation will enable it to maintain its status as a REIT. The Company, through its controlling interest in its subsidiary, AMB Property, L.P., a Delaware limited partnership (the "Operating Partnership"), is engaged in the acquisition, 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. The Company uses the term "owned and managed" to describe assets in which it has at least a 10% ownership interest, for which it is the property or asset manager, and which it intends to hold for the long-term. Unless the context otherwise requires, the "Company" means AMB Property Corporation, the Operating Partnership and their other controlled subsidiaries.

As of March 31, 2007, the Company owned an approximate 95.5% general partnership interest in the Operating Partnership, excluding preferred units. The remaining approximate 4.5% common limited partnership interests are owned by non-affiliated investors and certain current and former directors and officers of the Company. 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. Certain properties are owned by the Company through limited partnerships, limited liability companies and other entities. The ownership of such properties through such entities does not materially affect the Company's overall ownership interests in the properties.

Through the Operating Partnership, the Company enters into co-investment joint ventures with institutional investors. These co-investment joint ventures provide the Company with an additional source of capital and income. As of March 31, 2007, the Company had investments in five consolidated and four unconsolidated co-investment joint ventures. Effective October 1, 2006, the Company deconsolidated AMB Institutional Alliance Fund III, L.P., an open-ended co-investment partnership formed in 2004 with institutional investors, on a prospective basis, due to the re-evaluation of the Company's accounting for its investment in the fund in light of changes to the partnership agreement regarding the general partner's rights effective October 1, 2006.

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, conducts a variety of businesses that also includes development projects available for sale or contribution to third parties. AMB Capital Partners, Headlands Realty Corporation and IMD Holding Corporation are direct or indirect subsidiaries of the Operating Partnership.

As of March 31, 2007, the Company owned or had investments in, on a consolidated basis or through unconsolidated joint ventures, properties and development projects expected to total approximately 128.2 million rentable square feet (11.9 million square meters) and 1,101 buildings in 40 markets within thirteen countries. Additionally, as of March 31, 2007, the Company managed, but did not have a significant ownership interest in, industrial and other properties, totaling approximately 1.5 million rentable square feet. The Company's investment strategy generally targets customers whose businesses are tied to global trade, which according to the World Trade

Organization, has been growing at a rate more than three times that of world gross domestic product over the past 30 years. To serve the facility needs of these customers, the Company seeks to invest in major distribution markets, transportation hubs and gateways that, generally, are tied to global trade, both in the U.S. and internationally.

Of the approximately 128.2 million rentable square feet as of March 31, 2007:

- on an owned and managed basis, which includes investments held on a consolidated basis or through unconsolidated joint ventures, the Company owned or partially owned properties, principally warehouse distribution buildings, encompassing approximately 103.2 million rentable square feet that were 95.2% leased;
- on an owned and managed basis, which includes investments held on a consolidated basis or through unconsolidated joint ventures, the Company had investments in 44 industrial development projects which are expected to total approximately 14.7 million rentable square feet upon completion and one industrial operating property, totaling approximately 0.2 million square feet which is available for sale or contribution;
- on a consolidated basis, the Company owned eleven development projects, totaling approximately 2.7 million rentable square feet that are available for sale or contribution; and
- through other non-managed unconsolidated joint ventures, the Company had investments in 46 industrial operating properties, totaling approximately 7.4 million rentable square feet.

**2. Interim Financial Statements**

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

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments of a normal, recurring nature, necessary for a fair presentation of the Company's consolidated financial position and results of operations for the interim periods. The interim results for the three months ended March 31, 2007 are not necessarily indicative of future results. These financial statements should be read in conjunction with the financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2006.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

*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 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 $0.3 million during the three months ended March 31, 2007 on one of its investments.

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

*Comprehensive Income.* The Company reports comprehensive income in its Statement of Stockholders' Equity. Comprehensive income was $26.0 million and $27.5 million for the three months ended March 31, 2007 and 2006, respectively.

*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 the United States 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. 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. These gains (losses) are included in the Company's results of operations.

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

*Goodwill and Intangible Assets.* The Company has classified as goodwill the cost in excess of fair value of the net assets of companies acquired in purchase transactions. As prescribed in Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets*, (SFAS 142) goodwill and certain indefinite lived intangible assets, including excess reorganization value and certain trademarks, are no longer amortized, but are subject to at least annual impairment testing. The Company tests annually (or more often, if necessary) for impairment under SFAS 142. The Company determined that there was no impairment to goodwill and intangible assets during the quarter ended March 31, 2007.

*New Accounting Pronouncements.* In July 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109,* (FIN 48), which clarifies the accounting and disclosure for uncertainty in tax positions, as defined. FIN 48 seeks to reduce the diversity in practice associated with certain aspects of the recognition and measurement related to accounting for income taxes. Adoption of FIN 48 on January 1, 2007 did not have a material effect on the Company's financial statements.

The tax years 2002-2006 remain open to examination by the major taxing jurisdictions to which the Company is subject.

**3. Real Estate Acquisition and Development Activity**

*Acquisition Activity.* During the three months ended March 31, 2007, on an owned and managed basis, the Company acquired eight industrial properties aggregating approximately 1.8 million square feet for a total expected investment of $141.8 million (includes acquisition costs of $137.0 million and estimated acquisition capital of $4.8 million). Of the eight industrial properties acquired, one approximately 0.2 million square foot industrial property for a total expected investment of $20.2 million (includes acquisition costs of $20.1 million and estimated acquisition capital of $0.1 million) was acquired directly by the Company and seven industrial properties aggregating approximately 1.6 million square feet for a total expected investment of $121.6 million (includes acquisition costs of $116.9 million and estimated acquisition capital of $4.7 million) were acquired through two of its unconsolidated joint ventures. During the three months ended March 31, 2006, the Company acquired six industrial properties, aggregating approximately 2.1 million square feet, for a total expected investment of $153.4 million (includes acquisition costs of $150.3 million and estimated acquisition capital of $3.1 million).

*Development Starts.* During the three months ended March 31, 2007, the Company initiated five new industrial development projects in North America and Asia with a total expected investment of $190.7 million, aggregating approximately 1.9 million square feet. During the three months ended March 31, 2006, the Company initiated seven new industrial development projects in North America and Asia with a total expected investment of $218.8 million, aggregating approximately 2.9 million square feet.

*Development Completions.* During the three months ended March 31, 2007, the Company completed seven industrial projects with a total investment of $67.8 million, aggregating approximately 0.9 million square feet. One of these completed projects with a total investment of $10.7 million and approximately 0.2 million square feet was placed in operations, two projects with a total investment of $20.7 million and aggregating approximately 0.1 million square feet were sold to third parties, and four projects with a total investment of $36.4 million, aggregating approximately 0.6 million square feet were available for sale or contribution as of March 31, 2007. During the three months ended March 31, 2006, the Company completed seven industrial projects with a total investment of $285.3 million, aggregating 2.1 million square feet. Two of these completed projects with a total investment of $25.0 million and aggregating approximately 0.3 million square feet were placed in operations and five buildings with a total investment of $260.3 million, aggregating approximately 1.8 million square feet, were available for sale or contribution as of March 31, 2006.

*Development Pipeline.* As of March 31, 2007, the Company had 44 industrial projects in its development pipeline, which will total approximately 14.7 million square feet, and will have an aggregate estimated investment of $1.4 billion upon completion. The Company has an additional eleven development projects available for sale or contribution totaling approximately 2.7 million square feet, with an aggregate estimated investment of $180.8 million. Additionally, one project totaling $13.0 million and approximately 0.2 million square feet is held by an unconsolidated joint venture. As of March 31, 2007, the Company and its joint venture partners had funded an aggregate of $954.6 million and needed to fund an estimated additional $475.7 million in order to complete its development pipeline. The Company's development pipeline currently includes projects expected to be completed through the fourth quarter of 2008. In addition, during the three months ended March 31, 2007, the Company acquired 422 acres of land for industrial warehouse development in North America for approximately $40.8 million.

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

*Development Sales.* During the three months ended March 31, 2007, the Company sold two development projects totaling approximately 0.1 million square feet for an aggregate sale price of $24.7 million, resulting in an after-tax gain of $3.3 million. During the three months ended March 31, 2006, the Company sold one land parcel, for an aggregate price of $4.7 million, resulting in an after-tax gain of $0.7 million.

*Discontinued Operations.* The Company reports its property divestitures as discontinued operations separately as prescribed under the provisions of SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. During the three months ended March 31, 2007, the Company did not divest itself of any industrial properties. During the three months ended March 31, 2006, the Company divested itself of three industrial buildings, aggregating approximately 0.3 million square feet, for an aggregate price of $14.7 million, with a resulting net gain of $7.0 million.

AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

*Development Contributions.* During the three months ended March 31, 2007, the Company contributed one 0.3 million square foot completed development project and one 0.2 million square foot completed development project into AMB Institutional Alliance Fund III, L.P. and AMB-SGP Mexico, LLC, respectively, both unconsolidated joint ventures. In addition, two land parcels were contributed into AMB DFS Fund I, LLC. As a result of these contributions, the Company recognized an aggregate after-tax gain of $8.9 million, representing the portion of the Company's interest in the contributed properties acquired by the third-party investors for cash. For the three months ended March 31, 2006, no such contributions were completed by the Company.

*Gains from Contributions of Real Estate Interests.* During the three months ended March 31, 2007, the Company contributed an operating property for approximately $4.6 million, aggregating approximately 0.1 million square feet, into AMB-SGP Mexico, LLC. The Company recognized a gain of $0.1 million on the contribution, representing the portion of the Company's interest in the contributed property acquired by the third-party investors for cash. For the three months ended March 31, 2006, no such contributions were completed by the Company.

*Properties Held for Contribution.* As of March 31, 2007, the Company held for contribution to co-investment joint ventures ten industrial projects with an aggregate net book value of $145.0 million, which, when contributed to a joint venture, will reduce the Company's current ownership interest from approximately 89% to an expected range of 15-20%.

*Properties Held for Divestiture.* As of March 31, 2007, the Company held for divestiture two industrial projects with an aggregate net book value of $11.2 million. These properties either are not in the Company's core markets or do not meet its current investment objectives, or are included as part of its development-for-sale program. The divestitures of the properties are subject to negotiation of acceptable terms and other customary conditions. Properties held for divestiture are stated at the lower of cost or estimated fair value less costs to sell.

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

| | For the Three Months Ended March 31, | |
|---|---|---|
| | 2007 | 2006 |
| Rental revenues | $ (63) | $ 5,051 |
| Straight-line rents and amortization of lease intangibles | — | 154 |
| Property operating expenses | (36) | (1,456) |
| Real estate taxes | (33) | (627) |
| Depreciation and amortization | 4 | (514) |
| Other income and expenses, net | 2 | 4 |
| Interest, including amortization | 142 | (253) |
| Joint venture partners' share of loss | 65 | — |
| Limited partnership unitholders' share of income | (4) | (113) |
| Income attributable to discontinued operations | $ 77 | $ 2,246 |

As of March 31, 2007 and December 31, 2006, assets and liabilities attributable to properties held for divestiture under the provisions of SFAS No. 144 consisted of the following (dollars in thousands):

| | March 31, 2007 | December 31, 2006 |
|---|---|---|
| Other assets | $ 87 | $ — |
| Accounts payable and other liabilities | $ 401 | $ 721 |

## 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 on a subsidiary of G.Accion S.A. de C.V. (G.Accion), an unconsolidated equity investment. The Company's mortgage and loan receivables at March 31, 2007 and December 31, 2006 consisted of the following (dollars in thousands):

| Mortgage and Loan Receivables | Market | Maturity | March 31, 2007 | December 31, 2006 | Rate |
|---|---|---|---|---|---|
| 1. Pier 1 | SF Bay Area | May 2026 | $ 12,650 | $ 12,686 | 13.0% |
| 2. G.Accion | Mexico, Various | June 2010 | 6,061 | 6,061 | 10.0% |
| Total Mortgage and Loan Receivables | | | $ 18,711 | $ 18,747 | |

## 6. Debt

As of March 31, 2007 and December 31, 2006, debt consisted of the following (dollars in thousands):

| | March 31, 2007 | December 31, 2006 |
|---|---|---|
| Wholly-owned secured debt, varying interest rates from 1.06% to 10.4%, due October 2007 to October 2016 (weighted average interest rate of 4.9% and 5.6% at March 31, 2007 and December 31, 2006, respectively) | $ 492,557 | $ 368,332 |
| Consolidated joint venture secured debt, varying interest rates from 3.5% to 9.4%, due May 2007 to February 2024 (weighted average interest rates of 6.2% and 6.5% at March 31, 2007 and December 31, 2006, respectively) | 1,150,275 | 1,020,678 |
| Unsecured senior debt securities, varying interest rates from 3.5% to 8.0%, due August 2007 to June 2018 (weighted average interest rates of 6.2% and 6.2% at March 31, 2007 and December 31, 2006, respectively and net of unamortized discounts of $10.3 million and $10.6 million respectively) | 1,067,491 | 1,112,491 |
| Other debt, varying interest rates from 5.1% to 7.5%, due June 2007 to November 2015 (weighted average interest rates of 6.7% and 6.6% at March 31, 2007 and December 31, 2006, respectively) | 86,146 | 88,154 |
| Unsecured credit facilities, variable interest rate, due February 2010 and June 2010 (weighted average interest rates of 2.1% and 3.1% at March 31, 2007 and December 31, 2006, respectively) | 474,849 | 852,033 |
| Total debt before unamortized net (discounts) | 3,271,318 | 3,441,688 |
| Unamortized net (discounts) | (4,801) | (4,273) |
| Total consolidated debt | $ 3,266,517 | $ 3,437,415 |

Secured debt generally requires monthly principal and interest payments. Some of the loans are cross-collateralized by multiple properties. The secured debt is secured by deeds of trust or mortgages on certain properties and is generally non-recourse. As of March 31, 2007 and December 31, 2006, the total gross investment book value of those properties securing the debt was $2.7 billion and $2.6 billion, respectively, including $1.9 billion and $1.9 billion, respectively, in consolidated joint ventures. As of March 31, 2007, $1.3 billion of the secured debt obligations bore interest at fixed rates with a weighted average interest rate of 5.5% while the remaining $307.8 million bore interest at variable rates (with a weighted average interest rate of 5.3%).

On December 8, 2006, the Operating Partnership executed a 228.0 million euros facility agreement (approximately $304.5 million in U.S. dollars, using the exchange rate at March 31, 2007), which provides that certain of The Company's affiliates may borrow either acquisition loans, up to a 100.0 million euros sub-limit (approximately $133.5 million in U.S. dollars, using the exchange rate at March 31, 2007), or secured term loans, in connection with properties located in France, Germany, the Netherlands, the United Kingdom, Italy or Spain. On March 21, 2007, the Operating Partnership increased the facility amount limit from 228.0 million euros to 328.0 million euros (approximately $438.0 million in U.S. dollars, using the exchange rate at March 31, 2007). Drawings under the term facility bear interest at a rate of 65 basis points over EURIBOR and may occur until, and mature on, April 30, 2014. Drawings under the acquisition loan facility bear interest at a rate of 75 basis points over EURIBOR and are repayable within six months of the date of advance, unless extended. The acquisition loan facility is available for drawing until December 8, 2007. The Operating Partnership guarantees the acquisition loan facility and is a carve-out indemnifier in respect of the term loans. These responsibilities can be transferred upon the occurrence of certain events, and the Operating Partnership will be fully discharged from all such obligations upon such transfer. As of March 31, 2007, there were approximately 201.3 million euros in term loans outstanding under the facility (approximately $268.8 million in U.S. dollars, using the exchange rate at March 31, 2007) which is included in the Company's secured debt balance.

As of March 31, 2007, the Operating Partnership had outstanding an aggregate of $1.1 billion in unsecured senior debt securities, which bore a weighted average interest rate of 6.2% and had an average term of 4.8 years. These unsecured senior debt securities include $300.0 million in notes issued in June 1998, $205.0 million of medium-term notes, which were issued under the Operating Partnership's 2000 medium-term note program, $275.0 million of medium-term notes, which were issued under the Operating Partnership's 2002 medium-term note program, $175.0 million of medium-term notes, which were issued under the Operating Partnership's 2006 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 cancelled $100.0 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 March 31, 2007.

As of March 31, 2007, the Company had $86.1 million outstanding in other debt which bore a weighted average interest rate of 6.7% and had an average term of 5.2 years. Other debt includes a $65.0 million non-recourse credit facility obtained by AMB Partners II, L.P., a subsidiary of the Operating Partnership, which had a $65.0 million balance outstanding as of March 31, 2007. The Company also had $21.1 million outstanding in other non-recourse debt.

On June 1, 2006, the Operating Partnership entered into a third amended and restated $550.0 million (includes Euros, Yen or U.S. Dollar denominated borrowings) unsecured revolving credit agreement that replaced its then-existing $500.0 million credit facility, which was to mature on June 1, 2007. The Company is a guarantor of the Operating Partnership's obligations under the credit facility. The line, which matures on June 1, 2010, carries a one-year extension option and can be increased to up to $700.0 million upon certain conditions. The rate on the borrowings is generally LIBOR plus a margin, based on the Operating Partnership's long-term debt rating, which was 42.5 basis points as of March 31, 2007, with an annual facility fee of 15 basis points. The four-year credit facility includes a multi-currency component, under which up to $550.0 million can be drawn in U.S. Dollars, Euros, Yen or British Pounds Sterling. The Operating Partnership uses the credit facility principally for acquisitions, funding development activity and general working capital requirements. As of March 31, 2007, there were no outstanding borrowings and the remaining amount available was $537.5 million, net of outstanding letters of credit of $12.5 million. The credit agreement 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 credit agreement at March 31, 2007.

On June 23, 2006, AMB Japan Finance Y.K., a subsidiary of the Operating Partnership and as the initial borrower, entered into an amended and restated revolving credit agreement for a 45.0 billion Yen unsecured revolving credit facility, which, using the exchange rate in effect on March 31, 2007, equaled approximately $381.9 million U.S. dollars. This replaced the 35.0 billion Yen unsecured revolving credit facility executed on June 29, 2004, as previously amended, which using the exchange rate in effect on March 31, 2007, equaled approximately $297.0 million U.S. dollars. The Company, along with the Operating Partnership, guarantees the obligations of AMB Japan Finance Y.K. under the credit facility, as well as the obligations of any other entity in which the Operating Partnership directly or indirectly owns an ownership interest and which is selected from time to time to be a borrower under and pursuant to the credit agreement. The borrowers intend to use the proceeds from the facility to fund the acquisition and development of properties and for other real estate purposes in Japan, China and South Korea. Generally, borrowers under the credit facility have the option to secure all or a portion of the borrowings under the credit facility with certain real estate assets or equity in entities holding such real estate assets. The credit facility matures in June 2010 and has a one-year extension option. The credit facility can be increased to up to 55.0 billion Yen, which, using the exchange rate in effect on March 31, 2007, equaled approximately $466.8 million U.S. dollars. The extension option is subject to the satisfaction of certain conditions and the payment of an extension fee equal to 0.15% 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 credit rating of the Operating Partnership’s long-term debt and was 42.5 basis points as of March 31, 2007. In addition, there is an annual facility fee, payable in quarterly amounts, which is based on the credit rating of the Operating Partnership’s long-term debt, and was 15 basis points of the outstanding commitments under the facility as of March 31, 2007. As of March 31, 2007, the outstanding balance on this credit facility, using the exchange rate in effect on March 31, 2007, was $342.5 million in U.S. dollars. The credit 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 that the Company, the Operating Partnership and AMB Japan Finance Y.K. were in compliance with their financial covenants under this credit agreement at March 31, 2007.

On June 13, 2006, the Operating Partnership and certain of its consolidated subsidiaries entered into a fourth amended and restated credit agreement for a $250.0 million unsecured revolving credit facility, which replaced the third amended and restated credit agreement for a $250.0 million unsecured credit facility. On February 16, 2006, the third amended and restated credit agreement replaced the then-existing $100.0 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 by the Operating Partnership from time to time to be borrowers under and pursuant to the credit facility. The four-year credit facility includes a multi-currency component under which up to $250.0 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 to up to $350.0 million upon certain conditions and the payment of an extension fee equal to 0.15% of the outstanding commitments. The rate on the borrowings is generally LIBOR plus a margin, based on the credit rating of the Operating Partnership’s senior unsecured long-term debt, which was 60 basis points as of March 31, 2007, with an annual facility fee based on the credit rating of the Operating Partnership’s senior unsecured long-term debt. The borrowers intend to use the proceeds from the facility to fund the acquisition and development of properties and general working capital requirements. As of March 31, 2007, the outstanding balance on this credit facility was approximately $132.3 million. 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. Management believes that the Company and the Operating Partnership were in compliance with their financial covenants under this credit agreement at March 31, 2007.

On February 14, 2007, seven subsidiaries of AMB-SGP, L.P., a Delaware limited partnership, which is a subsidiary of the Company, entered into a loan agreement for a $305 million secured financing. On the same day, pursuant to the loan agreement the same seven subsidiaries delivered four promissory notes to the two lenders, each of which matures on March 5, 2012. One note has a principal of $160 million and an interest rate that is fixed at 5.29%. The second is a $40 million note with an interest rate of 81 basis points above the one-month LIBOR rate, the third note has a principal of $84 million and a fixed interest rate of 5.90%, and the final note has a principal of $21 million and bears interest at a rate of 135 basis points above the one-month LIBOR rate.

As of March 31, 2007, the scheduled maturities of the Company's total debt, excluding unamortized secured debt premiums and discounts, were as follows (dollars in thousands):

| | Wholly-owned Secured Debt | Consolidated Joint Venture Secured Debt | Unsecured Senior Debt Securities | Credit Facilities | Other Debt | Total |
|---|---|---|---|---|---|---|
| 2007 | $ 12,396 | $ 45,300 | $ 55,000 | $ — | $ 14,215 | $ 126,911 |
| 2008 | 92,239 | 73,504 | 175,000 | — | 810 | 341,553 |
| 2009 | 6,234 | 118,813 | 100,000 | — | 873 | 225,920 |
| 2010 | 72,026 | 116,182 | 250,000 | 474,849 | 941 | 913,998 |
| 2011 | 6,335 | 190,622 | 75,000 | — | 1,014 | 272,971 |
| 2012 | 8,369 | 449,198 | — | — | 1,093 | 458,660 |
| 2013 | 42,682 | 59,714 | 175,000 | — | 65,920 | 343,316 |
| 2014 | 245,273 | 4,076 | — | — | 616 | 249,965 |
| 2015 | 2,199 | 18,780 | 112,491 | — | 664 | 134,134 |
| 2016 | 4,804 | 54,995 | — | — | — | 59,799 |
| Thereafter | — | 19,091 | 125,000 | — | — | 144,091 |
| Total | $ 492,557 | $ 1,150,275 | $ 1,067,491 | $ 474,849 | $ 86,146 | $ 3,271,318 |

## 7. 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., a Delaware limited partnership, and interests held by certain third parties in several real estate joint ventures, aggregating approximately 35.9 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*.

Effective October 1, 2006, the Company deconsolidated AMB Institutional Alliance Fund III, L.P., an open-ended co-investment partnership formed in 2004 with institutional investors, on a prospective basis, due to the re-evaluation of the Company's accounting for its investment in the fund in light of changes to the partnership agreement regarding the general partner's rights effective October 1, 2006.

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.

**AMB PROPERTY CORPORATION**

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

The Company's consolidated co-investment joint ventures' total investment and property debt at March 31, 2007 and December 31, 2006 (dollars in thousands) were:

| Co-investment Joint Venture | Joint Venture Partner | Company's Ownership Percentage | Total Investment in Real Estate(1) March 31, 2007 | Total Investment in Real Estate(1) December 31, 2006 | Property Debt(2) March 31, 2007 | Property Debt(2) December 31, 2006 | Other Debt March 31, 2007 | Other Debt December 31, 2006 |
|---|---|---|---|---|---|---|---|---|
| AMB/Erie, L.P. | Erie Insurance Company and affiliates | 50% | $ 52,643 | $ 52,942 | $ 20,459 | $ 20,605 | $ — | $ — |
| AMB Partners II, L.P. | City and County of San Francisco Employees' Retirement System | 20% | 683,952 | 679,138 | 322,094 | 323,532 | 65,000 | 65,000 |
| AMB-SGP, L.P. | Industrial JV Pte Ltd(3) | 50% | 445,718 | 444,990 | 350,073 | 235,480 | — | — |
| AMB Institutional Alliance Fund II, L.P. | AMB Institutional Alliance REIT II, Inc.(4) | 20% | 521,314 | 519,534 | 242,050 | 243,263 | — | — |
| AMB-AMS, L.P.(5) | PMT, SPW and TNO(6) | 39% | 153,990 | 153,563 | 84,558 | 78,904 | — | — |
| | | | $ 1,857,617 | $ 1,850,167 | $ 1,019,234 | $ 901,784 | $ 65,000 | $ 65,000 |

(1) The Company also had other consolidated joint ventures with total investments in real estate of $585.9 million as of March 31, 2007.

(2) The Company also had other consolidated joint ventures with property debt of $135.1 million as of March 31, 2007.

(3) A subsidiary of GIC Real Estate Pte. Ltd., the real estate investment subsidiary of the Government of Singapore Investment Corporation.

(4) Comprised of 14 institutional investors as stockholders and one third-party limited partner as of March 31, 2007.

(5) AMB-AMS, L.P. is a co-investment partnership with three Dutch pension funds.

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

The following table details the minority interests as of March 31, 2007 and December 31, 2006 (dollars in thousands):

| | March 31, 2007 | December 31, 2006 | Redemption/Callable Date |
|---|---|---|---|
| Joint Venture Partners | $ 506,611 | $ 555,201 | N/A |
| Limited Partners in the Operating Partnership | 82,388 | 74,780 | N/A |
| Series J preferred units (liquidation preference of $40,000) | 38,883 | 38,883 | September 2006 |
| Series K preferred units (liquidation preference of $40,000) | 38,932 | 38,932 | April 2007 |
| Held through AMB Property II, L.P.: | | | |
| Class B Limited Partners | 30,435 | 27,281 | N/A |
| Series D preferred units (liquidation preference of $79,767) | 77,678 | 77,684 | February 2012 |
| Series I preferred units (liquidation preference of $25,500) | 24,799 | 24,799 | March 2006 |
| Total minority interests | $ 799,726 | $ 837,560 | |

The following table distinguishes the minority interests' share of income, including minority interests' share of development profits, but excluding minority interests' share of discontinued operations for the three months ended March 31, 2007 and 2006 (dollars in thousands):

| | For the Three Months Ended March 31, 2007 | 2006 |
|---|---|---|
| Joint Venture Partners' share of income | $ 7,193 | $ 8,539 |
| Joint Venture Partners' share of development profits | 595 | 32 |
| Common limited partners in the Operating Partnership | 361 | 704 |
| Series J preferred units (liquidation preference of $40,000) | 795 | 795 |
| Series K preferred units (liquidation preference of $40,000) | 795 | 795 |
| Held through AMB Property II, L.P.: | | |
| Class B common limited partnership units | 133 | 26 |
| Series D preferred units (liquidation preference of $79,767) | 1,599 | 1,545 |
| Series E preferred units (repurchased in June 2006) | — | 214 |
| Series F preferred units (repurchased in September 2006) | — | 200 |
| Series H preferred units (repurchased in March 2006) | — | 815 |
| Series I preferred units (liquidation preference of $25,500) | 510 | 510 |
| Series N preferred units (repurchased in January 2006) | — | 127 |
| Total minority interests' share of income | $ 11,981 | $ 14,302 |

The Company has consolidated joint ventures that have finite lives under the terms of the partnership agreements. As of March 31, 2007 and December 31, 2006, the aggregate book value of the minority interests in the accompanying consolidated balance sheets was approximately $506.6 million and $555.2 million, respectively, and the Company believes that the aggregate settlement value of these interests was approximately $1.0 billion and $1.0 billion, respectively. However, there can be no assurance that the aggregate settlement value of the interests will be as such. The aggregate settlement value 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 joint venture agreements. There can be no assurance that the estimated liquidation values of the assets and liabilities and the resulting proceeds that the Company distributes upon dissolution will be the same as the actual liquidation values of such assets, liabilities and proceeds distributed upon dissolution. Subsequent changes to the estimated fair values of the assets and liabilities of the consolidated joint ventures will affect the Company's estimate of the aggregate settlement value. The joint venture agreements do not limit the amount to which the minority joint venture partners would be entitled in the event of liquidation of the assets and liabilities and dissolution of the respective joint ventures.

On January 29, 2007, the 7.75% Series D Cumulative Redeemable Preferred Units of AMB Property II, L.P., were transferred from one institutional investor to another institutional investor. In connection with that transfer, AMB Property II, L.P. agreed to amend the terms of the Series D Preferred Units to, among other things, change the rate applicable to the Series D Preferred Units from 7.75% to 7.18% and change the date prior to which the Series D Preferred Units may not be redeemed from May 5, 2004 to February 22, 2012.

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 729,582 of its 5.00% Series N Cumulative Redeemable Preferred Limited Partnership Units in one of the Company's subsidiaries, AMB Property II, L.P., to the Operating Partnership for an aggregate price of $36.6 million, including accrued and unpaid distributions. Also on January 27, 2006, AMB Property II, L.P. repurchased all of the 5.00% Series N Cumulative Redeemable

Preferred Limited Partnership Units from the Operating Partnership for an aggregate price of $36.6 million and cancelled all of the outstanding series N preferred units as of such date.

On March 21, 2006, AMB Property II, L.P., repurchased all 840,000 of its outstanding 8.125% Series H Cumulative Redeemable Preferred Limited Partnership Units from a single institutional investor for an aggregate price of $42.8 million, including accrued and unpaid distributions. In addition, the Company recognized a reduction of income available to common stockholders of $1.1 million for the related original issuance costs.

On June 30, 2006, AMB Property II, L.P., repurchased all 220,440 of its outstanding 7.75% Series E Cumulative Redeemable Preferred Limited Partnership Units from a single institutional investor for an aggregate price of $10.9 million, including accrued and unpaid distributions. In addition, the Company recognized an increase in income available to common stockholders of $0.1 million for the discount on repurchase, net of original issuance costs.

On September 21, 2006, AMB Property II, L.P., repurchased all 201,139 of its outstanding 7.95% Series F Cumulative Redeemable Preferred Limited Partnership Units from a single institutional investor for an aggregate price of $10.0 million, including accrued and unpaid distributions.

### 8. Investments in Unconsolidated Joint Ventures

The Company's unconsolidated joint ventures' net equity investments at March 31, 2007 and December 31, 2006 (dollars in thousands) were:

| Unconsolidated Joint Ventures | Square Feet | March 31, 2007 | December 31, 2006 | Company's Ownership Percentage |
|---|---|---|---|---|
| **Co-Investment Joint Ventures** | | | | |
| AMB-SGP Mexico, LLC(1) | 3,050,915 | $ 8,495 | $ 7,601 | 20% |
| AMB Japan Fund I, L.P.(2) | 3,951,904 | 32,184 | 31,811 | 20% |
| AMB Institutional Alliance Fund III, L.P.(3) | 15,746,793 | 135,914 | 136,971 | 21% |
| AMB DFS Fund I, LLC(4) | — | 16,622 | 11,700 | 15% |
| **Other Industrial Operating Joint Ventures** | 7,684,931 | 48,569 | 47,955 | 53% |
| **Other Investment — G. Accion(5)** | n/a | 37,638 | 38,343 | 39% |
| **Total Unconsolidated Joint Ventures** | 30,434,543 | $ 279,422 | $ 274,381 | |

(1) AMB-SGP Mexico, LLC, is a co-investment partnership formed in 2004 with Industrial (Mexico) JV Pte. Ltd., a subsidiary of GIC Real Estate Pte. Ltd, the real estate investment subsidiary of the Government of Singapore Investment Corporation. Includes $9.3 million of shareholder loans outstanding at March 31, 2007 between the Company and the co-investment partnership.

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

(3) 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 REIT. Prior to October 1, 2006, the Company accounted for AMB Institutional Alliance Fund III, L.P. as a consolidated joint venture.

(4) AMB DFS Fund I, LLC is a co-investment partnership formed in 2006 with a subsidiary of GE Real Estate to build and sell properties.

(5) The Company has 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.

The table below presents summarized income statement information for the Company's unconsolidated co-investment joint ventures for the three months ended March 31, 2007 and 2006 (dollars in thousands):

| | For the Three Months Ended March 31, 2007 | | | For the Three Months Ended March 31, 2006 | | |
|---|---|---|---|---|---|---|
| Co-Investment Unconsolidated Joint Ventures: | Revenues | Income (loss) from Continuing Operations | Net Income (loss) | Revenues | Income (loss) from Continuing Operations | Net Income (loss) |
| AMB Institutional Alliance Fund III, L.P.(1) | $ 29,480 | $ 2,912 | $ 2,927 | $ 15,653 | $ 1,835 | $ 2,095 |
| AMB Japan Fund I, L.P.(2) | 10,929 | 2,192 | 2,192 | 2,794 | 133 | 133 |
| AMB-SGP Mexico, LLC(3) | 4,307 | (2,119) | (2,119) | 3,047 | (1,346) | (1,346) |
| AMB DFS Fund I, LLC(4) | — | (39) | (39) | — | — | — |
| **Total** | $ 44,716 | $ 2,946 | $ 2,961 | $ 21,494 | $ 622 | $ 882 |

(1) 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 REIT. Prior to October 1, 2006, the Company accounted for AMB Institutional Alliance Fund III, L.P. as a consolidated joint venture.

(2) AMB Japan Fund I is a co-investment partnership formed in 2005 with institutional investors. The fund is Yen-denominated. U.S. dollar amounts are converted at the average exchange rates in effect during the three months ended March 31, 2007 and 2006.

(3) AMB-SGP Mexico, LLC, is a co-investment partnership formed in 2004 with Industrial (Mexico) JV Pte. Ltd., a subsidiary of GIC Real Estate Pte. Ltd, the real estate investment subsidiary of the Government of Singapore Investment Corporation.

(4) AMB DFS Fund I, LLC is a co-investment partnership formed in 2006 with a subsidiary of GE Real Estate to build and sell properties.

On December 30, 2004, the Company formed AMB-SGP Mexico, LLC, a joint venture with Industrial (Mexico) JV Pte. Ltd., a subsidiary of GIC Real Estate Pte. Ltd., the real estate investment subsidiary of the Government of Singapore Investment Corporation, in which the Company retained an approximate 20% interest. For the three months ended March 31, 2007, the Company recognized a gain of approximately $0.1 million from the contribution of one approximately 0.1 million square foot operating property for $4.6 million. This gain is presented in gains from disposition of real estate interests, net, on consolidated statements of operations. In addition, the Company recognized development profits from the contribution of one completed development project aggregating approximately 0.2 million square feet with a contribution value of $14.2 million.

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 (approximately $420.1 million in U.S. dollars, using the exchange rate at March 31, 2007) for an approximate 80% equity interest.

Effective October 1, 2006, the Company deconsolidated AMB Institutional Alliance Fund III, L.P., an open-ended co-investment partnership formed in 2004 with institutional investors, on a prospective basis, due to the re-evaluation of the Company's accounting for its investment in the fund in light of changes to the partnership agreement regarding the general partner's rights effective October 1, 2006. For the three months ended March 31, 2007, the Company contributed to such joint venture, one completed development project, aggregating approximately 0.3 million square feet for approximately $41.8 million.

On October 17, 2006, the Company formed AMB DFS Fund I, LLC, a merchant development joint venture with GE Real Estate ("GE"), in which the Company retained an approximate 15% interest. The joint venture is expected to have total investment capacity of approximately $500.0 million to pursue development-for-sale opportunities primarily in U.S. markets other than those the Company identifies as its target markets. GE and the Company have committed $425.0 million and $75.0 million of equity, respectively. For the three months ended March 31, 2007, the Company recognized development profits from the contribution to this fund of approximately 82 acres of land with a contribution value of approximately $30.3 million.

As a result of the contribution of two completed development projects and approximately 82 acres of land to AMB-SGP Mexico, LLC, AMB Institutional Alliance Fund III, L.P., and AMB DFS Fund I, LLC, the Company recognized development profits of approximately $8.9 million, representing the portion of the Company's 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 ventures 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, California. 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 joint venture agreement. As of March 31, 2007, the Company also had an approximate 39.0% 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. In addition, as of March 31, 2007, a subsidiary of the Company also had an approximate 5% interest in IAT Air Cargo Facilities Income Fund (IAT), a Canadian income trust specializing in aviation-related real estate at Canada's leading international airports. This equity investment of approximately $3.4 million and $2.7 million, respectively, is included in other assets on the consolidated balance sheets as of March 31, 2007 and December 31, 2006.

## 9. 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 the three months ended March 31, 2007, the Operating Partnership redeemed 42,983 of its common limited partnership units for an equivalent number of shares of the Company's common stock.

During the three months ended March 31, 2007, the Company issued approximately 8.4 million shares of its common stock for net proceeds of approximately $472.1 million, which were contributed to the Operating Partnership in exchange for the issuance of approximately 8.4 million general partnership units. As a result of the common stock issuance, there was a significant reallocation of partnership interests due to the difference in the

Company's stock price at issuance as compared to the book value per share at the time of issuance. The Company intends to use the proceeds from the offering for general corporate purposes and, over the long term, to expand its global development business.

The Company has authorized 100,000,000 shares of preferred stock for issuance, of which the following series were designated as of March 31, 2007: 1,595,337 shares of series D 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; 3,000,000 shares of series O cumulative redeemable preferred, all of which are outstanding; and 2,000,000 shares of series P cumulative redeemable preferred, all of which are outstanding.

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

| | | For the Three Months Ended March 31, | |
|---|---|---|---|
| Paying Entity | Security | 2007 | 2006 |
| AMB Property Corporation | Common stock | $ 0.500 | $ 0.460 |
| AMB Property Corporation | Series L preferred stock | $ 0.406 | $ 0.406 |
| AMB Property Corporation | Series M preferred stock | $ 0.422 | $ 0.422 |
| AMB Property Corporation | Series O preferred stock | $ 0.438 | $ 0.438 |
| AMB Property Corporation | Series P preferred stock | $ 0.428 | n/a |
| Operating Partnership | Common limited partnership units | $ 0.500 | $ 0.460 |
| Operating Partnership | Series J preferred units | $ 0.994 | $ 0.994 |
| Operating Partnership | Series K preferred units | $ 0.994 | $ 0.994 |
| AMB Property II, L.P. | Class B common limited partnership units | $ 0.500 | $ 0.460 |
| AMB Property II, L.P. | Series D preferred units | $ 0.943 | $ 0.969 |
| AMB Property II, L.P. | Series E preferred units(1) | n/a | $ 0.969 |
| AMB Property II, L.P. | Series F preferred units(2) | n/a | $ 0.994 |
| AMB Property II, L.P. | Series H preferred units(3) | n/a | $ 0.970 |
| AMB Property II, L.P. | Series I preferred units | $ 1.000 | $ 1.000 |
| AMB Property II, L.P. | Series N preferred units(4) | n/a | $ 0.215 |

(1) In June 2006, AMB Property II, L.P. repurchased all of its outstanding Series E preferred units.

(2) In September 2006, AMB Property II, L.P. repurchased all of its outstanding Series F preferred units.

(3) In March 2006, AMB Property II, L.P. repurchased all of its outstanding Series H preferred units.

(4) 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 and AMB Property II, L.P. repurchased all of such units from the Operating Partnership.

In December 2005, the Company's board of directors approved a new two-year common stock repurchase program for the discretionary repurchase of up to $200.0 million of its common stock. The Company did not repurchase or retire any of its shares of common stock during the three months ended March 31, 2007.

The Company's stock incentive plans have approximately 2.7 million shares of common stock still available for issuance as either stock options or restricted stock grants, of which 2.0 million are eligible to be used for new grants. The fair value of each option grant was generally estimated at the date of grant using the Black-Scholes option-pricing model. The Company uses historical data to estimate option exercise and forfeitures within the valuation model. Expected volatilities are based on historical volatility of the Company's stock. The risk-free rate for periods within the expected life of the option is based on the U.S. Treasury yield curve in effect at the time of the grant. The fair values of grants issued during the quarters ended March 31, 2007 and 2006, were $10.18 and $8.54, respectively. The following assumptions are used for grants during the three months ended March 31, 2007 and 2006, respectively: dividend yields of 3.4% and 3.5%; expected volatility of 18.9% and 17.9%; risk-free interest rates of 4.6% and 4.6%; and expected lives of six years, respectively.

As of March 31, 2007, approximately 6,117,609 options and 686,671 non-vested stock awards were outstanding under the plans. There were 501,058 stock options granted, 1,218,592 options exercised, and 11,882 options forfeited during the three months ended March 31, 2007. There were 255,671 restricted stock awards made during the three months ended March 31, 2007. 179,477 non-vested stock awards vested and 1,072 non-vested stock awards were forfeited during the three months ended March 31, 2007. The related stock option expense was $1.9 million and $2.1 million and the related restricted stock compensation expense was $3.2 million and $2.7 million for the three months ended March 31, 2007 and 2006, respectively. The expense is included in general and administrative expenses in the accompanying consolidated statements of operations.

## 10. Income Per Share

The Company’s only dilutive securities outstanding for the three months ended March 31, 2007 and 2006 were stock options and shares of 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 earnings per share ("EPS") is presented below (dollars in thousands, except share and per share amounts):

| | For the Three Months Ended March 31, | |
|---|---|---|
| | 2007 | 2006 |
| **Numerator** | | |
| Income from continuing operations before cumulative effect of change in accounting principle | $ 25,569 | $ 18,125 |
| Preferred stock dividends | (3,952) | (3,096) |
| Preferred unit redemption discount/issuance costs | — | (1,097) |
| Income from continuing operations before cumulative effect of change in accounting principle (after preferred stock dividends) | 21,617 | 13,932 |
| Total discontinued operations | 113 | 9,259 |
| Cumulative effect of change in accounting principle | — | 193 |
| Net income available to common stockholders | $ 21,730 | $ 23,384 |
| **Denominator** | | |
| Basic | 92,265,002 | 86,432,895 |
| Stock options and restricted stock dilution(1) | 2,833,709 | 3,746,434 |
| Diluted weighted average common shares | 95,098,711 | 90,179,329 |
| **Basic income per common share** | | |
| Income from continuing operations (after preferred stock dividends) before cumulative effect of change in accounting principle | $ 0.24 | $ 0.16 |
| Discontinued operations | — | 0.11 |
| Cumulative effect of change in accounting principle | — | — |
| Net income available to common stockholders | $ 0.24 | $ 0.27 |
| **Diluted income per common share** | | |
| Income from continuing operations (after preferred stock dividends) before cumulative effect of change in accounting principle | $ 0.23 | $ 0.16 |
| Discontinued operations | — | 0.10 |
| Cumulative effect of change in accounting principle | — | — |
| Net income available to common stockholders | $ 0.23 | $ 0.26 |

(1) Excludes anti-dilutive stock options of 302,938 and 325,503 for the three months ended March 31, 2007 and 2006, respectively.

**11. Segment Information**

The Company has two lines of business, real estate operations and Capital Partners. Real estate operations is comprised of various segments while Capital Partners consists of a single segment, on which the Company evaluates its performance:

- *Real Estate Operations.* The Company operates industrial properties and manages its business by geographic markets. Such industrial properties 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. Each market is considered to be an individual operating segment having similar economic characteristics that are combined within the reported segment based upon geographic location. The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The Company evaluates performance based upon property net operating income of the combined properties in each segment, which are listed below. In addition, the Company's development business is included under real estate operations. It primarily consists of the Company's development of real estate properties that are subsequently contributed to a property fund in which the Company has an ownership interest in and acts as manager, or sold to third parties. The Company evaluates performance of the development business by reported operating segment based upon gains generated from the disposition and/or contribution of real estate. The assets of the development business generally include properties under development and land held for development. During the period between the completion of development of a property and the date the property is contributed to an unconsolidated joint venture or sold to a third party, the property and its associated rental income and property operating costs are included in the real estate operations segment because the primary activity associated with the property during that period is leasing. Upon contribution or sale, the resulting gain or loss is included as gains from dispositions of real estate interests or development profits, as appropriate.

- *Capital Partners.* The Company through its private capital group and AMB Capital Partners, LLC, provides real estate investment, portfolio management and reporting services to co-investment joint ventures and clients. The private capital income earned consists of acquisition and development fees, asset management fees and priority distributions, and promoted interests and incentive distributions from the Company's co-investment joint ventures and AMB Capital Partners' clients. The accounting policies of the segment are the same as those described in the summary of significant accounting policies under Note 2, Interim Financial Statements. The Company evaluates performance based upon private capital income.

The segment information for the three months ended March 31, 2007 and as of December 31, 2006, has been reclassified to conform to current presentation.

AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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

| Segments(1) | Revenues For the Three Months Ended March 31, 2007 | Revenues 2006 | Property NOI(2) For the Three Months Ended March 31, 2007 | Property NOI(2) 2006 | Development Gains For the Three Months Ended March 31, 2007 | Development Gains 2006 |
|---|---|---|---|---|---|---|
| North America Markets | | | | | | |
| Southern California | $ 26,418 | $ 27,415 | $ 20,789 | $ 21,817 | $ 9,004 | $ — |
| No. New Jersey/New York | 17,545 | 19,653 | 11,699 | 13,347 | — | — |
| San Francisco Bay Area | 21,345 | 21,554 | 16,839 | 16,953 | — | — |
| Chicago | 13,514 | 13,629 | 9,208 | 9,324 | 2,668 | — |
| On-Tarmac | 13,460 | 14,055 | 7,276 | 7,869 | — | — |
| South Florida | 10,716 | 9,251 | 7,236 | 6,295 | 478 | 674 |
| Seattle | 9,323 | 9,354 | 7,194 | 7,246 | — | — |
| Non-U.S. Markets | | | | | | |
| Europe | 11,741 | 6,532 | 9,361 | 5,233 | — | — |
| Asia | 1,418 | 8,741 | 673 | 7,938 | — | — |
| Total markets | 125,480 | 130,184 | 90,275 | 96,022 | 12,150 | 674 |
| Other Markets | 33,824 | 41,176 | 24,713 | 29,112 | 42 | — |
| Straight-line rents and amortization of lease intangibles | 2,715 | 5,146 | 2,715 | 5,146 | — | — |
| Discontinued operations | 63 | (5,205) | 132 | (3,122) | — | — |
| Capital Partners | | | | | | |
| Private capital income | 5,925 | 5,106 | — | — | — | — |
| Total | $ 168,007 | $ 176,407 | $ 117,835 | $ 127,158 | $ 12,192 | $ 674 |

(1) The markets included are a subset of the Company's regions defined as East, Southwest and West Central in North America, Europe and Asia.

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

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

AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table is a reconciliation from NOI to reported net income, a financial measure under accounting principles generally accepted in the U.S., or GAAP (dollars in thousands):

| | For the Three Months Ended March 31, | |
|---|---|---|
| | 2007 | 2006 |
| Property NOI | $ 117,835 | $ 127,158 |
| Development profits, net of taxes | 12,192 | 674 |
| Private capital income | 5,925 | 5,106 |
| Depreciation and amortization | (41,029) | (42,754) |
| Impairment losses | (257) | — |
| General and administrative | (29,854) | (23,048) |
| Other expenses | (912) | (537) |
| Fund costs | (241) | (614) |
| Equity in earnings of unconsolidated joint ventures | 2,113 | 2,088 |
| Other income | 5,507 | 3,507 |
| Gains from dispositions of real estate interests | 136 | — |
| Interest, including amortization | (33,865) | (39,153) |
| Total minority interests' share of income | (11,981) | (14,302) |
| Total discontinued operations | 113 | 9,259 |
| Cumulative effect of change in accounting principle | — | 193 |
| Net income | $ 25,682 | $ 27,577 |

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

| | Total Assets as of | |
|---|---|---|
| | March 31, 2007 | December 31, 2006 |
| North America Markets | | |
| Southern California | $ 868,016 | $ 895,610 |
| No. New Jersey/New York | 608,718 | 607,727 |
| San Francisco Bay Area | 701,914 | 703,660 |
| Chicago | 437,020 | 446,662 |
| On-Tarmac | 208,089 | 210,798 |
| South Florida | 363,801 | 371,603 |
| Seattle | 390,745 | 380,459 |
| Non-U.S. Marktes | | |
| Europe | 756,650 | 723,326 |
| Asia | 537,124 | 434,706 |
| Total marktes | 4,872,077 | 4,774,551 |
| Other Markets | 1,506,530 | 1,430,308 |
| Investments in unconsolidated joint ventures | 279,422 | 274,381 |
| Non-segment assets | 318,954 | 234,272 |
| Total assets | $ 6,976,983 | $ 6,713,512 |

**12. 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 55 years. Buildings and improvements subject to ground leases are being amortized ratably over the lesser of the terms of the related leases or 40 years.

*Standby Letters of Credit.* As of March 31, 2007, the Company had provided approximately $22.6 million in letters of credit, of which $12.5 million were provided under the Operating Partnership's $550.0 million unsecured credit facility. The letters of credit were required to be issued under certain ground lease provisions, bank guarantees and other commitments.

*Guarantees.* Other than parent guarantees associated with the unsecured debt, as of March 31, 2007, the Company had outstanding guarantees in the aggregate amount of $70.6 million in connection with certain acquisitions. As of March 31, 2007, the Company guaranteed $33.2 million and $83.2 million on outstanding loans on three of its consolidated joint ventures and one of its unconsolidated joint ventures, respectively. In addition, as of March 31, 2007, the Company guaranteed $117.8 million on outstanding property debt related to one of its unconsolidated joint ventures.

*Performance and Surety Bonds.* As of March 31, 2007, the Company had outstanding performance and surety bonds in an aggregate amount of $12.3 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, pay promotes or perform other obligations upon the occurrence of certain events.

***Contingencies***

*Litigation.* In the normal course of business, from time to time, the Company may be involved in legal actions relating to the ownership and operations of its properties. 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.

*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 captive insurance company is one element of the Company's overall risk management program. The Company capitalized Arcata in accordance with the applicable regulatory requirements. Arcata 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. Like premiums paid to third-party insurance companies, premiums paid to Arcata may be reimbursed by customers pursuant to specific lease terms. Through this structure, the Company believes that it has more comprehensive insurance coverage at an overall lower cost than would otherwise be available in the market.

**13. Subsequent Events**

On April 17, 2007, the Operating Partnership redeemed all 800,000 of its outstanding 7.95% Series J Cumulative Redeemable Preferred Limited Partnership Units from a single institutional investor and all 800,000 of its outstanding 7.95% Series K Cumulative Redeemable Preferred Limited Partnership Units from another single institutional investor. The Operating Partnership redeemed the Series J Cumulative Redeemable Preferred Limited Partnership Units for $40.0 million, plus accrued and unpaid distributions through April 16, 2007. The Operating Partnership redeemed the Series K Cumulative Redeemable Preferred Limited Partnership Units for $40.0 million, plus accrued and unpaid distributions through April 16, 2007.

On April 17, 2007, another of the Company's subsidiaries, AMB Property II, L.P., a Delaware limited partnership, repurchased all 510,000 of its outstanding 8.00% Series I Cumulative Redeemable Preferred Limited Partnership Units from a single institutional investor. AMB Property II, L.P. repurchased the units for $25.5 million, plus accrued and unpaid distributions through April 16, 2007, less applicable withholding, on the Series I Cumulative Redeemable Preferred Limited Partnership Units.

The Company wrote-off approximately $3.0 million in deferred issuance costs related to the redemption of the Series J and K units and the repurchase of the Series I units.

## PART II

**Item 6.** ***Exhibits***

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

| Exhibit Number | Description |
|---|---|
| 3.1 | Articles Supplementary Reestablishing and Refixing the Rights and Preferences of the 7.75% Series D Cumulative Redeemable Preferred Stock as 7.18% Series D Cumulative Redeemable Preferred Stock. (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Current Report on Form 8-K filed on February 22, 2007). |
| 3.2 | Fifth 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 February 22, 2007). |
| 10.1 | Collateral Loan Agreement, dated as of February 14, 2007, by and among The Prudential Insurance Company Of America and Prudential Mortgage Capital Company, LLC, as Lenders, and AMB-SGP California, LLC, AMB-SGP CIF-California, LLC, AMB-SGP CIF-I, LLC, AMB-SGP Docks, LLC, AMB-SGP Georgia, LLC, AMB-SGP CIF-Illinois, L.P. and AMB-SGP TX/IL SUB, LLC as Borrowers (incorporated by reference to Exhibit 10.1 of AMB Property Corporation's Current Report on Form 8-K filed on February 21, 2007). |
| 10.2 | $160,000,000 Amended, Restated and Consolidated Promissory Note (Fixed A-1), dated February 14, 2007, by AMB-SGP California, LLC, AMB-SGP CIF-California, LLC, AMB-SGP CIF-I, LLC, AMB-SGP Docks, LLC, AMB-SGP Georgia, LLC, AMB-SGP CIF-Illinois, L.P. and AMB-SGP TX/IL SUB, LLC, as Borrowers, to Prudential Mortgage Capital Company LLC, as Lender (incorporated by reference to Exhibit 10.2 of AMB Property Corporation's Current Report on Form 8-K filed on February 21, 2007). |
| 10.3 | $40,000,000 Amended, Restated and Consolidated Promissory Note (Floating A-2), dated February 14, 2007, by AMB-SGP California, LLC, AMB-SGP CIF-California, LLC, AMB-SGP CIF-I, LLC, AMB-SGP Docks, LLC, AMB-SGP Georgia, LLC, AMB-SGP CIF-Illinois, L.P. and AMB-SGP TX/IL SUB, LLC, as Borrowers, to The Prudential Insurance Company of America, as Lender (incorporated by reference to Exhibit 10.3 of AMB Property Corporation's Current Report on Form 8-K filed on February 21, 2007). |
| 10.4 | $84,000,000 Amended, Restated and Consolidated Promissory Note (Fixed B-1), dated February 14, 2007, by AMB-SGP California, LLC, AMB-SGP CIF-California, LLC, AMB-SGP CIF-I, LLC, AMB-SGP Docks, LLC, AMB-SGP Georgia, LLC, AMB-SGP CIF-Illinois, L.P. and AMB-SGP TX/IL SUB, LLC, as Borrowers, to The Prudential Insurance Company of America, as Lender (incorporated by reference to Exhibit 10.4 of AMB Property Corporation's Current Report on Form 8-K filed on February 21, 2007). |
| 10.5 | $21,000,000 Amended, Restated and Consolidated Promissory Note (Floating B-2), dated February 14, 2007, by AMB-SGP California, LLC, AMB-SGP CIF-California, LLC, AMB-SGP CIF-I, LLC, AMB-SGP Docks, LLC, AMB-SGP Georgia, LLC, AMB-SGP CIF-Illinois, L.P. and AMB-SGP TX/IL SUB, LLC, as Borrowers, to The Prudential Insurance Company of America, as Lender (incorporated by reference to Exhibit 10.5 of AMB Property Corporation's Current Report on Form 8-K filed on February 21, 2007). |
| 10.6 | Fourteenth Amended and Restated Agreement of Limited Partnership of AMB Property II, L.P., dated February 22, 2007 (incorporated by reference to Exhibit 10.1 of AMB Property Corporation's Current Report on Form 8-K filed on February 22, 2007). |
| 10.7 | Deed of Accession and Amendment, dated March 21, 2007, by and between ING Real Estate Finance NV, AMB European Investments LLC, AMB Property, L.P., SCI AMB Givaudan Distribution Center, AMB Hordijk Distribution Center B.V., ING Bank NV, the Original Lenders and the Entities of AMB (both as defined in the Deed of Accession and Amendment) (incorporated by reference to Exhibit 10.1 of AMB Property Corporation's Current Report on Form 8-K filed on March 23, 2007). |
| 31.1 | Rule 13a-14 (a)/15d-14 (a) Certifications dated May 8, 2007 (filed with AMB Property Corporation's Quarterly Report on Form 10-Q on May 8, 2007). |
| 31.2 | Rule 13a-14 (a)/15d-14 (a) Certifications dated October 25, 2007. |

| Exhibit Number | Description |
|---|---|
| 32.1 | 18 U.S.C. § 1350 Certifications dated May 8, 2007. 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 (filed with AMB Property Corporation's Quarterly Report on Form 10-Q on May 8, 2007). |
| 32.2 | 18 U.S.C. § 1350 Certifications dated October 25, 2007. 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. |

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Amendment No. 1 to the report to be signed on its behalf by the undersigned thereunto duly authorized.

AMB Property Corporation

*Registrant*

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

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

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

Date: October 25, 2007

**EXHIBIT 31.2**

**CERTIFICATIONS**

I, Hamid R. Moghadam, certify that:

(1) I have reviewed this Amendment No. 1 to the quarterly report on Form 10-Q/A of AMB Property Corporation;

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

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

(4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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

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

By: /s/ Hamid R. Moghadam

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

Date: October 25, 2007

I, Thomas S. Olinger, certify that:

(1) I have reviewed this Amendment No. 1 to the quarterly report on Form 10-Q/A of AMB Property Corporation;

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

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

(4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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

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

By: /s/ Thomas S. Olinger
Thomas S. Olinger
*Chief Financial Officer*

Date: October 25, 2007

**EXHIBIT 32.2**

**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 Amendment No. 1 to the Quarterly Report on Form 10-Q/A of the Company for the quarterly period ended March 31, 2007 (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.

By: /s/ Hamid R. Moghadam

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

By: /s/ Thomas S. Olinger

Thomas S. Olinger
*Chief Financial Officer*

Date: October 25, 2007

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.