
UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended September 30, 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

*(State or Other Jurisdiction of
Incorporation or Organization)*

Pier 1, Bay 1, San Francisco, California

(Address of Principal Executive Offices)

94-3281941

*(I.R.S. Employer
Identification No.)*

94111

(Zip Code)

(415) 394-9000

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. 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 November 5, 2007, there were 99,035,032 shares of the Registrant's common stock, \$0.01 par value per share, outstanding.

AMB PROPERTY CORPORATION

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PART I

Item 1. *Financial Statements*

AMB PROPERTY CORPORATION
CONSOLIDATED BALANCE SHEETS
As of September 30, 2007 and December 31, 2006

	<u>September 30,</u> <u>2007</u>	<u>December 31,</u> <u>2006</u>
<small>(Unaudited, dollars in thousands)</small>		
ASSETS		
Investments in real estate:		
Land	\$ 1,264,112	\$ 1,351,123
Buildings and improvements	3,798,154	4,038,474
Construction in progress	1,486,160	1,186,136
Total investments in properties	6,548,426	6,575,733
Accumulated depreciation and amortization	(884,336)	(789,693)
Net investments in properties	5,664,090	5,786,040
Investments in unconsolidated joint ventures	360,272	274,381
Properties held for contribution, net	258,568	154,036
Properties held for divestiture, net	63,733	20,916
Net investments in real estate	6,346,663	6,235,373
Cash and cash equivalents	296,799	174,763
Restricted cash	103,212	21,115
Accounts receivable, net of allowance for doubtful accounts of \$7,787 and \$6,361, respectively	159,269	133,998
Deferred financing costs, net	24,380	20,394
Other assets	132,855	127,869
Total assets	<u>\$ 7,063,178</u>	<u>\$ 6,713,512</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Debt:		
Secured debt	\$ 1,364,557	\$ 1,395,354
Unsecured senior debt	1,002,810	1,101,874
Unsecured credit facilities	818,325	852,033
Other debt	145,104	88,154
Total debt	3,330,796	3,437,415
Security deposits	39,246	36,106
Dividends payable	54,902	48,967
Accounts payable and other liabilities	238,886	186,807
Total liabilities	3,663,830	3,709,295
Commitments and contingencies (Note 11)		
Minority interests:		
Joint venture partners	516,948	555,201
Preferred unitholders	77,561	180,298
Limited partnership unitholders	103,773	102,061
Total minority interests	698,282	837,560
Stockholders' equity:		
Series L preferred stock, cumulative, redeemable, \$0.01 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, \$0.01 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, \$0.01 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, \$0.01 par value, 2,000,000 shares authorized and 2,000,000 issued and outstanding, \$50,000 liquidation preference	48,081	48,086
Common stock, \$0.01 par value, 500,000,000 shares authorized, 98,910,419 and 89,662,435 issued and outstanding, respectively	988	895
Additional paid-in capital	2,269,645	1,796,849
Retained earnings	200,981	147,274
Accumulated other comprehensive income (loss)	6,040	(1,778)
Total stockholders' equity	2,701,066	2,166,657
Total liabilities and stockholders' equity	<u>\$ 7,063,178</u>	<u>\$ 6,713,512</u>

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

AMB PROPERTY CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
For the Three and Nine Months Ended September 30, 2007 and 2006

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2007	2006	2007	2006
(Unaudited, dollars in thousands, except share and per share amounts)				
REVENUES				
Rental revenues	\$ 158,740	\$ 172,845	\$ 477,823	\$ 510,038
Private capital income	7,564	7,490	22,007	17,539
Total revenues	<u>166,304</u>	<u>180,335</u>	<u>499,830</u>	<u>527,577</u>
COSTS AND EXPENSES				
Property operating expenses	(23,791)	(24,774)	(73,249)	(72,557)
Real estate taxes	(19,237)	(19,766)	(56,677)	(59,114)
Depreciation and amortization	(40,865)	(46,914)	(122,433)	(133,514)
Impairment losses	—	—	(257)	(5,394)
General and administrative	(35,145)	(25,641)	(95,259)	(73,831)
Other expenses	(944)	(893)	(2,995)	(1,134)
Fund costs	(261)	(495)	(779)	(1,588)
Total costs and expenses	<u>(120,243)</u>	<u>(118,483)</u>	<u>(351,649)</u>	<u>(347,132)</u>
OTHER INCOME AND EXPENSES				
Equity in earnings of unconsolidated joint ventures, net	3,425	2,239	7,286	12,605
Other income	7,956	2,911	20,012	8,716
Gains from sale or contribution of real estate interests, net	—	—	74,843	—
Development profits, net of taxes	48,298	23,517	89,486	69,889
Interest expense, including amortization	(28,896)	(43,966)	(96,394)	(127,487)
Total other income and expenses, net	<u>30,783</u>	<u>(15,299)</u>	<u>95,233</u>	<u>(36,277)</u>
Income before minority interests, discontinued operations and cumulative effect of change in accounting principle	<u>76,844</u>	<u>46,553</u>	<u>243,414</u>	<u>144,168</u>
Minority interests' share of income:				
Joint venture partners' share of income before minority interests and discontinued operations	(5,889)	(12,014)	(21,149)	(29,310)
Joint venture partners' and limited partnership unitholders' share of development profits	(2,115)	(1,150)	(5,196)	(2,735)
Preferred unitholders	(1,431)	(3,791)	(6,610)	(12,816)
Limited partnership unitholders	(614)	17	(4,998)	(994)
Total minority interests' share of income	<u>(10,049)</u>	<u>(16,938)</u>	<u>(37,953)</u>	<u>(45,855)</u>
Income from continuing operations before cumulative effect of change in accounting principle	<u>66,795</u>	<u>29,615</u>	<u>205,461</u>	<u>98,313</u>
Discontinued operations:				
Income attributable to discontinued operations, net of minority interests	2,403	3,559	7,271	13,476
Gains from dispositions of real estate, net of minority interests	3,912	213	4,329	24,335
Total discontinued operations	<u>6,315</u>	<u>3,772</u>	<u>11,600</u>	<u>37,811</u>
Net income before cumulative effect of change in accounting principle	<u>73,110</u>	<u>33,387</u>	<u>217,061</u>	<u>136,124</u>
Cumulative effect of change in accounting principle	—	—	—	193
Net income	<u>73,110</u>	<u>33,387</u>	<u>217,061</u>	<u>136,317</u>
Preferred stock dividends	(3,952)	(3,440)	(11,856)	(9,631)
Preferred unit redemption (issuance costs) discount	(3)	16	(2,930)	(1,004)
Net income available to common stockholders	<u>\$ 69,155</u>	<u>\$ 29,963</u>	<u>\$ 202,275</u>	<u>\$ 125,682</u>
Basic income per common share				
Income from continuing operations (after preferred stock dividends) before cumulative effect of change in accounting principle	\$ 0.64	\$ 0.30	\$ 1.97	\$ 1.01
Discontinued operations	0.06	0.04	0.12	0.43
Cumulative effect of change in accounting principle	—	—	—	—
Net income available to common stockholders	<u>\$ 0.70</u>	<u>\$ 0.34</u>	<u>\$ 2.09</u>	<u>\$ 1.44</u>
Diluted income per common share				
Income from continuing operations (after preferred stock dividends) before cumulative effect of change in accounting principle	\$ 0.63	\$ 0.29	\$ 1.92	\$ 0.97
Discontinued operations	0.06	0.04	0.12	0.42
Cumulative effect of change in accounting principle	—	—	—	—
Net income available to common stockholders	<u>\$ 0.69</u>	<u>\$ 0.33</u>	<u>\$ 2.04</u>	<u>\$ 1.39</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
Basic	<u>98,722,381</u>	<u>88,029,033</u>	<u>96,763,520</u>	<u>87,293,084</u>
Diluted	<u>100,914,340</u>	<u>91,058,029</u>	<u>99,311,137</u>	<u>90,458,810</u>

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

AMB PROPERTY CORPORATION
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
For the Nine Months Ended September 30, 2007

	Preferred Stock	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
		Number of Shares	Amount				
Balance as of December 31, 2006	\$ 223,417	89,662,435	\$ 895	\$ 1,796,849	\$ 147,274	\$ (1,778)	\$ 2,166,657
Net income	11,856	—	—	—	202,275	—	—
Unrealized gain on securities and derivatives	—	—	—	—	—	(815)	—
Currency translation adjustment	—	—	—	—	—	8,633	—
Total comprehensive income	—	—	—	—	—	—	221,949
Issuance of common stock, net	—	8,365,800	84	471,988	—	—	472,072
Stock-based compensation amortization and issuance of restricted stock, net	—	25,424	—	13,517	—	—	13,517
Exercise of stock options	—	1,361,525	14	23,310	—	—	23,324
Conversion of partnership units	—	564,273	6	32,935	—	—	32,941
Repurchases of common stock	—	(1,069,038)	(11)	(53,348)	—	—	(53,359)
Forfeiture of restricted stock	—	—	—	(1,436)	—	—	(1,436)
Reallocation of partnership interest	—	—	—	(13,598)	—	—	(13,598)
Offering costs	(5)	—	—	(572)	—	—	(577)
Dividends	(11,856)	—	—	—	(148,568)	—	(160,424)
Balance as of September 30, 2007	\$ 223,412	98,910,419	\$ 988	\$ 2,269,645	\$ 200,981	\$ 6,040	\$ 2,701,066

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

AMB PROPERTY CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine Months Ended September 30, 2007 and 2006

	2007	2006
	(Unaudited, dollars in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 217,061	\$ 136,317
Adjustments to net income:		
Straight-line rents and amortization of lease intangibles	(8,767)	(16,190)
Depreciation and amortization	122,433	133,514
Impairment losses	257	5,394
Exchange losses	2,883	—
Stock-based compensation amortization	13,517	14,386
Equity in earnings of unconsolidated joint ventures	(7,286)	(12,605)
Operating distributions received from unconsolidated joint ventures	12,354	1,882
Gains from sale or contribution of real estate interests, net	(74,843)	—
Development profits, net of taxes	(89,486)	(69,889)
Debt premiums, discounts and finance cost amortization, net	2,446	6,799
Total minority interests' share of net income	37,953	45,855
Discontinued operations:		
Depreciation and amortization	1,061	2,916
Joint venture partners' share of net income	(66)	378
Limited partnership unitholders' share of net income	333	654
Gains from dispositions of real estate, net of minority interests	(4,329)	(24,335)
Cumulative effect of change in accounting principle	—	(193)
Changes in assets and liabilities:		
Accounts receivable and other assets	(74,648)	(19,000)
Accounts payable and other liabilities	66,062	15,201
Net cash provided by operating activities	216,935	221,084
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in restricted cash	(78,756)	4,723
Cash paid for property acquisitions	(50,749)	(407,778)
Additions to land, buildings, development costs, building improvements and lease costs	(806,702)	(764,946)
Net proceeds from divestiture of real estate	502,267	217,330
Additions to interests in unconsolidated joint ventures	(53,852)	(2,389)
Capital distributions received from unconsolidated joint ventures	82,724	25,377
Repayment of mortgage and loan receivables	1,542	2,839
Cash transferred to unconsolidated joint venture	(33,709)	—
Net cash used in investing activities	(437,235)	(924,844)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of common stock, net	472,072	—
Proceeds from stock option exercises	23,324	49,580
Repurchase and retirement of common and preferred stock	(53,359)	—
Borrowings on secured debt	592,635	309,367
Payments on secured debt	(250,100)	(223,343)
Borrowings on other debt	75,956	72,032
Payments on other debt	(19,537)	(16,101)
Borrowings on unsecured credit facilities	1,242,481	912,967
Payments on unsecured credit facilities	(1,303,843)	(615,309)
Payment of financing fees	(13,119)	(8,552)
Net proceeds from issuances of senior debt	24,734	272,677
Payments on senior debt	(125,000)	(25,000)
Net proceeds from issuances of preferred stock or units	—	48,263
Issuance costs on preferred stock or units	(577)	(217)
Repurchase of preferred units	(102,737)	(98,080)
Contributions from co-investment partners	38,547	183,153
Dividends paid to common and preferred stockholders	(154,557)	(130,559)
Distributions to minority interests, including preferred units	(115,518)	(108,824)
Net cash provided by financing activities	331,402	622,054
Net effect of exchange rate changes on cash	10,934	3,162
Net increase (decrease) in cash and cash equivalents	122,036	(78,544)
Cash and cash equivalents at beginning of period	174,763	232,881
Cash and cash equivalents at end of period	\$ 296,799	\$ 154,337
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest, net of capitalized interest	\$ 105,171	\$ 114,698
Non-cash transactions:		
Acquisition of properties	\$ 53,509	\$ 514,603
Assumption of secured debt	—	(77,862)
Assumption of other assets and liabilities	(11)	(18,180)
Acquisition capital	(849)	(10,783)
Minority interest contribution, including units issued	(1,900)	—
Net cash paid for property acquisitions	\$ 50,749	\$ 407,778
Preferred unit redemption issuance costs	\$ 2,930	\$ 1,004
Contribution of properties to unconsolidated joint ventures, net	\$ 74,035	\$ 133,032
Purchase of equity interest of unconsolidated joint venture, net	\$ 26,031	\$ —

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

AMB PROPERTY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 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 September 30, 2007, the Company owned an approximate 96.0% general partnership interest in the Operating Partnership, excluding preferred units. The remaining approximate 4.0% 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 September 30, 2007, the Company had investments in five consolidated and five unconsolidated co-investment joint ventures.

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

As of September 30, 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 140.8 million square feet (13.1 million square meters) in 1,168 buildings in 44 markets within thirteen countries. Additionally, as of September 30, 2007, the Company managed, but did not have a significant ownership interest in, industrial and other properties, totaling approximately 1.5 million square feet.

AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Of the approximately 140.8 million square feet as of September 30, 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 approximately 114.0 million square feet (principally warehouse distribution buildings) that were 95.5% 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 51 industrial development projects, which are expected to total approximately 16.8 million square feet upon completion;
- on a consolidated basis, the Company owned ten development projects, totaling approximately 2.5 million square feet, which are available for sale or contribution;
- through non-managed unconsolidated joint ventures, the Company had investments in 46 industrial operating properties, totaling approximately 7.4 million square feet; and
- the Company held approximately 0.1 million square feet, which is the location of the Company's global headquarters.

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 (GAAP) have been condensed or omitted.

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments of a normal, recurring nature, necessary for a fair statement of the Company's consolidated financial position and results of operations for the interim periods. The interim results for the three and nine months ended September 30, 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, its Quarterly Reports on Form 10-Q, for the quarters ended March 31, 2007 and June 30, 2007, and any amendments to such reports.

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

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 its estimated fair value. The Company also regularly reviews the impact of above or below-market leases, in-place leases and lease origination costs for 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. For properties held for sale, impairment is recognized when the carrying value of the property is less than its estimated fair value net of cost to sell. As a result of leasing activity and the economic environment, the Company

AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

re-evaluated the carrying value of its investments and recorded an impairment charge on one of its investments of \$0.3 million and \$5.4 million during the nine months ended September 30, 2007 and 2006, respectively.

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 \$81.2 million and \$30.9 million for the three months ended September 30, 2007 and 2006, respectively. Comprehensive income was \$221.9 million and \$135.6 million for the nine months ended September 30, 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. Other than 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 or property 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 currencies. 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 the Statement of Financial Accounting Standards (SFAS) No. 142, *Goodwill and Other Intangible Assets*, issued by the Financial Accounting Standards Board (FASB), 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 No. 142. The Company determined that there was no impairment to goodwill and intangible assets during the quarter ended September 30, 2007.

New Accounting Pronouncements. In July 2006, the FASB issued FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109*, which clarifies the accounting and disclosure for uncertainty in tax positions. 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 by the Company of FIN 48 on January 1, 2007 did not have a material effect on the Company's financial statements. The tax years 2002 through 2006 remain open to examination by the major taxing jurisdictions to which the Company is subject.

In September 2006, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements*, which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This Statement is effective for financial statements issued for fiscal years beginning

AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

after November 15, 2007, and interim periods within those fiscal years. The Company does not believe that the adoption of SFAS No. 157 will have a material impact on its financial position, results of operations or cash flows.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities — Including an amendment of FASB Statement No. 115*, which permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value and establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. This Statement is effective for financial statements issued for fiscal years beginning after November 15, 2007. The Company does not believe that the adoption of SFAS No. 159 will have a material impact on its financial position, results of operations or cash flows.

3. Real Estate Acquisition and Development Activity

Acquisition activity during the three and nine months ended September 30, 2007 and 2006 was as follows (dollars in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2007	2006	2007	2006
Number of properties acquired by AMB Institutional Alliance Fund III, L.P.	5	6	18	14
Square feet	986,161	1,034,080	3,815,577	3,385,077
Expected investment	\$ 83,284	\$ 97,315	\$ 311,803	\$ 274,201
Number of properties acquired by AMB Europe Fund I, FCP-FIS	1	—	5	—
Square Feet	122,924	—	1,468,239	—
Expected investment	\$ 9,384	\$ —	\$ 134,779	\$ —
Number of properties acquired by AMB Japan Fund I, L.P.	1	—	8	—
Square feet	44,566	—	1,107,261	—
Expected investment	\$ 4,957	\$ —	\$ 180,901	\$ —
Number of properties acquired by AMB-SGP Mexico, LLC	—	—	3	—
Square Feet	—	—	1,739,976	—
Expected investment	\$ —	\$ —	\$ 69,688	\$ —
Number of properties acquired by AMB Partners II, L.P.	—	—	—	2
Square feet	—	—	—	616,437
Expected investment	—	—	—	60,602
Number of properties acquired by AMB Property, L.P.	2	3	6	7
Square feet	304,777	248,257	665,829	1,901,813
Expected investment	\$ 18,635	\$ 18,280	\$ 55,459	\$ 180,933
Total number of properties acquired	9	9	40	23
Total square feet	1,458,428	1,282,337	8,796,882	5,903,327
Total acquisition cost	\$ 113,601	\$ 112,828	\$ 738,158	\$ 504,953
Total acquisition capital	\$ 2,659	\$ 2,767	\$ 14,472	\$ 10,783
Total expected investment	\$ 116,260	\$ 115,595	\$ 752,630	\$ 515,736

AMB PROPERTY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Development starts are generally defined as projects where we have obtained building permits and have begun physical construction, during the three and nine months ended September 30, 2007 and 2006 were as follows (dollars in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2007	2006	2007	2006
North America:				
Number of new development projects	9	5	20	12
Number of value-added conversion projects	—	—	1	—
Square feet	2,327,175	2,055,118	5,415,497	4,333,307
Estimated total investment(1)	\$ 181,345	\$ 112,316	\$ 407,670	\$ 250,627
Europe:				
Number of new development projects	2	1	2	1
Square feet	504,288	37,954	504,288	37,954
Estimated total investment(1)	\$ 51,652	\$ 4,405	\$ 51,652	\$ 4,405
Asia:				
Number of new development projects	—	2	3	6
Square feet	—	677,655	2,027,859	3,338,203
Estimated total investment(1)	\$ —	\$ 134,486	\$ 229,553	\$ 349,592
Total:				
Number of new development projects	11	8	25	19
Number of value-added conversion projects	—	—	1	—
Square feet	2,831,463	2,770,727	7,947,644	7,709,464
Estimated total investment(1)	\$ 232,997	\$ 251,207	\$ 688,875	\$ 604,624

Land acquisitions during the three and nine months ended September 30, 2007 and 2006 were as follows (dollars in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2007	2006	2007	2006
North America:				
Acres	92	253	1,026	579
Estimated build out potential (square feet)	1,444,220	3,233,229	17,996,473	8,618,394
Investment(2)	\$ 65,755	\$ 54,078	\$ 165,951	\$ 183,722
Asia:				
Acres	16	19	19	33
Estimated build out potential (square feet)	398,264	799,634	787,264	1,984,430
Investment(2)	\$ 5,645	\$ 11,446	\$ 18,645	\$ 47,382
Total:				
Acres	108	272	1,045	612
Estimated build out potential (square feet)	1,842,484	4,032,863	18,783,737	10,602,824
Investment(2)	\$ 71,400	\$ 65,524	\$ 184,596	\$ 231,104

AMB PROPERTY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

- (1) Includes total estimated cost of development, renovation, or expansion, including initial acquisition costs, prepaid ground leases and associated carry costs. Estimated total investments are based on current forecasts and are subject to change.
- (2) Includes acquisition cost and associated carry costs.

Development completions are generally defined as properties that are substantially complete and 90% occupied or pre-leased or that have been substantially complete for at least 12 months. Development completions during the three and nine months ended September 30, 2007 and 2006 were as follows (dollars in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2007	2006	2007	2006
Placed in Operations:				
Number of projects	—	2	1	7
Square feet	—	181,240	179,400	941,336
Investment	\$ —	\$ 13,030	\$ 10,657	\$ 90,470
Sold:				
Number of projects	1	3	6	4
Square feet	—	766,547	368,492	798,699
Investment	\$ 8,065	\$ 30,162	\$ 51,648	\$ 32,656
Contributed:				
Number of projects	—	—	7	2
Square feet	—	—	2,037,047	1,457,942
Investment	\$ —	\$ —	\$ 195,556	\$ 248,700
Held for Sale or Contribution:				
Number of projects	6	7	9	9
Square feet	1,786,465	2,664,436	2,259,647	3,001,892
Investment	\$ 138,202	\$ 199,108	\$ 182,149	\$ 217,740
Total:				
Number of projects	7	12	23(1)	22(1)
Square feet	1,786,465	3,612,223	4,844,586	6,199,869
Investment	\$ 146,267	\$ 242,300	\$ 440,010	\$ 589,566

- (1) One of the projects completed during the three and nine months ended September 30, 2006, totaling \$12.6 million and approximately 0.2 million square feet, is held in an unconsolidated joint venture.

Development Pipeline. As of September 30, 2007, the Company had 51 industrial projects in its development pipeline, which are expected to total approximately 16.8 million square feet and have an aggregate estimated investment of \$1.6 billion upon completion. The Company has an additional ten development projects available for sale or contribution totaling approximately 2.5 million square feet, with an aggregate estimated investment of \$232.8 million. As of September 30, 2007, the Company and its joint venture partners had funded an aggregate of \$1.1 billion and needed to fund an estimated additional \$520.4 million in order to complete its development pipeline. The development pipeline, at September 30, 2007, included projects expected to be completed through the fourth quarter of 2009. In addition to the Company's committed development pipeline, it holds a total of 2,405 acres of land for future development or sale, 95% of which is located in North America. The Company currently estimates that these 2,405 acres of land could support approximately 42.1 million square feet of future development.

AMB PROPERTY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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

Development sales activity during the three and nine months ended September 30, 2007 and 2006 was as follows (dollars in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2007	2006	2007	2006
Number of completed development projects	1	3	6	4
Number of value-added conversions	1	—	1	—
Number of land parcels	—	—	—	2
Square feet	42,585	766,547	368,492	798,699
Gross sales price	\$ 26,280	\$ 38,421	\$ 71,894	\$ 46,426
Development profits, net of taxes	\$ 8,479	\$ 6,983	\$ 14,686	\$ 6,789

Development contribution activity during the three and nine months ended September 30, 2007 and 2006 was as follows (dollars in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2007	2006	2007	2006
Number of projects contributed to AMB Institutional Alliance Fund III, L.P.	—	—	4	—
Square feet	—	—	1,006,164	—
Number of projects contributed to AMB-SGP Mexico, LLC	—	—	1	1
Square feet	—	—	217,514	580,669
Number of land parcels contributed to AMB DFS Fund I, LLC	—	—	2	—
Square feet	—	—	—	—
Number of projects contributed to AMB Europe Fund I, FCP-FIS	3	—	6	—
Square feet	864,804	—	1,312,614	—
Number of projects contributed to AMB Japan Fund I, L.P.	1	1	1	2
Square feet	469,627	667,978	469,627	1,457,943
Total number of contributed development assets	4	1	14	3
Total square feet	1,334,431	667,978	3,005,919	2,038,612
Development profits, net of taxes	\$ 39,819	\$ 16,534	\$ 74,800	\$ 63,100

Gains from Sale or Contribution of Real Estate Interests. During the nine months ended September 30, 2007, the Company contributed operating properties for approximately \$524.9 million, aggregating approximately 4.5 million square feet, into AMB Europe Fund I, FCP-FIS, AMB Institutional Alliance Fund III, L.P. and AMB-SGP Mexico, LLC. The Company recognized a gain of \$74.8 million on the contributions, representing the portion of the Company's interest in the contributed properties acquired by the third-party investors for cash. During the three and nine months ended September 30, 2006 and the three months ended September 30, 2007, there were no comparable events.

AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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 and nine months ended September 30, 2007, the Company divested itself of one industrial building, aggregating approximately 0.1 million square feet, for an aggregate price of \$7.5 million, with a resulting net gain of \$1.9 million and a gain of approximately \$2.0 million associated with the sale of one redevelopment project. In addition, during the nine months ended September 30, 2007, the Company recognized approximately \$0.4 million in gains resulting primarily from the additional value received from the disposition of properties in 2006. During the three months ended September 30, 2006, the Company divested itself of one industrial building, aggregating approximately 0.1 million square feet, for an aggregate price of \$5.2 million, with a resulting net gain of \$0.2 million. During the nine months ended September 30, 2006, the Company divested itself of 13 industrial buildings, aggregating approximately 0.9 million square feet, for an aggregate price of \$59.1 million, with a resulting net gain of \$24.3 million.

Properties Held for Contribution. As of September 30, 2007, the Company held for contribution to its co-investment joint ventures 16 industrial projects with an aggregate net book value of \$258.6 million. Upon contribution to a joint venture, the Company's average ownership interest in these projects will be reduced from approximately 90% currently to an expected range of 15-20%.

Properties Held for Divestiture. As of September 30, 2007, the Company held for divestiture six industrial projects with an aggregate net book value of \$63.7 million. These properties either are not in the Company's core markets, do not meet its current investment objectives, or are included as part of its development-for-sale or value-added conversion programs. The 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 September 30,		For the Nine Months Ended September 30,	
	2007	2006	2007	2006
Rental revenues	\$ 3,005	\$ 7,383	\$ 8,784	\$ 21,804
Straight-line rents and amortization of lease intangibles	(53)	105	(160)	361
Property operating expenses	(196)	(1,067)	(594)	(3,544)
Real estate taxes	(186)	(554)	(583)	(2,095)
Depreciation and amortization	(117)	(1,810)	(1,061)	(2,916)
General and administrative	—	(179)	—	(13)
Other income and expenses, net	57	—	(18)	(21)
Interest, including amortization	—	91	1,170	932
Joint venture partners' share of loss (income)	3	(238)	66	(378)
Limited partnership unitholders' share of income	(110)	(172)	(333)	(654)
Income attributable to discontinued operations	<u>\$ 2,403</u>	<u>\$ 3,559</u>	<u>\$ 7,271</u>	<u>\$ 13,476</u>

As of September 30, 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):

	September 30, 2007	December 31, 2006
Other assets	\$ 2,465	\$ 2,556
Accounts payable and other liabilities	\$ 4,725	\$ 2,696

AMB PROPERTY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

5. Debt

As of September 30, 2007 and December 31, 2006, debt consisted of the following (dollars in thousands):

	September 30, 2007	December 31, 2006
Wholly-owned secured debt, varying interest rates from 1.1% to 8.6%, due December 2007 to January 2012 (weighted average interest rate of 5.6% at September 30, 2007 and December 31, 2006)	\$ 242,227	\$ 368,332
Consolidated joint venture secured debt, varying interest rates from 3.5% to 9.4%, due October 2007 to February 2024 (weighted average interest rates of 6.2% and 6.5% at September 30, 2007 and December 31, 2006, respectively)	1,117,758	1,020,678
Unsecured senior debt securities, varying interest rates from 3.5% to 8.0%, due June 2008 to June 2018 (weighted average interest rates of 6.1% and 6.2% at September 30, 2007 and December 31, 2006, respectively)	1,012,491	1,112,491
Other debt, varying interest rates from 3.4% to 7.5%, due November 2007 to November 2015 (weighted average interest rates of 6.2% and 6.6% at September 30, 2007 and December 31, 2006, respectively)	145,104	88,154
Unsecured credit facilities, variable interest rate, due February 2010 and September 2010 (weighted average interest rates of 3.4% and 3.1% at September 30, 2007 and December 31, 2006, respectively)	818,325	852,033
Total debt before unamortized net discounts	3,335,905	3,441,688
Unamortized net discounts	(5,109)	(4,273)
Total consolidated debt	\$ 3,330,796	\$ 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 collateralized by deeds of trust or mortgages on certain properties and is generally non-recourse. As of September 30, 2007 and December 31, 2006, the total gross investment book value of those properties securing the debt was \$2.3 billion and \$2.6 billion, respectively, including \$1.9 billion in consolidated joint ventures for each period. As of September 30, 2007, \$1.1 billion of the secured debt obligations bore interest at fixed rates with a weighted average interest rate of 6.3% while the remaining \$254.1 million bore interest at variable rates (with a weighted average interest rate of 4.9%).

On December 8, 2006, the Operating Partnership executed a 228.0 million Euros facility agreement (approximately \$303.3 million in U.S. dollars, using the exchange rate at June 12, 2007, the date the facility was assumed by AMB Europe Fund I, FCP-FIS, as discussed below), which provides that certain of the Company's affiliates may borrow either acquisition loans, up to a 100.0 million Euros sub-limit (approximately \$133.0 million in U.S. dollars, using the exchange rate at June 12, 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. 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 Operating Partnership initially guaranteed the acquisition loan facility and was the carve-out indemnitor in respect of the term loans. According to the facility agreement, these responsibilities will be transferred upon the occurrence of certain events, and the Operating Partnership will be fully discharged from all such obligations upon such transfer. On June 12, 2007, AMB Europe Fund I, FCP-FIS, assumed, and the Operating Partnership was released from, all of the Operating Partnership's obligations and liabilities under the facility agreement. On June 12, 2007, there were

AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

200.7 million Euros (approximately \$267.0 million in U.S. dollars, using the exchange rate at June 12, 2007) of term loans and no acquisition loans outstanding under the facility agreement.

As of September 30, 2007, the Operating Partnership had outstanding an aggregate of \$1.0 billion in unsecured senior debt securities, which bore a weighted average interest rate of 6.1% and had an average term of 4.5 years. The Company guarantees the Operating Partnership's obligations with respect to its unsecured senior debt securities. The unsecured senior debt securities are subject to various covenants. The covenants contain affirmative covenants, including compliance with financial reporting requirements and maintenance of specified financial ratios, and negative covenants, including limitations on the incurrence of liens and limitations on mergers or consolidations. Management believes that the Company and the Operating Partnership were in compliance with their financial covenants as of September 30, 2007.

As of September 30, 2007, the Company had \$145.1 million outstanding in other debt which bore a weighted average interest rate of 6.2% and had an average term of 4.8 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 September 30, 2007. Other debt also includes a \$70.0 million non-recourse credit facility obtained on August 24, 2007 by AMB Institutional Alliance Fund II, L.P., a subsidiary of the Operating Partnership, which had a \$60.0 million balance outstanding as of September 30, 2007. The Company also had \$20.1 million outstanding in other non-recourse debt.

The Operating Partnership has a \$550.0 million (includes Euros, Yen, British pounds sterling or U.S. dollar denominated borrowings) unsecured revolving credit facility which bore a weighted average interest rate of 5.1% at September 30, 2007. This facility matures on June 1, 2010. The Company is a guarantor of the Operating Partnership's obligations under the credit facility. The line 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 September 30, 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 September 30, 2007, the outstanding balance on this credit facility, using the exchange rate in effect on September 30, 2007, was \$231.8 million and the remaining amount available was \$301.0 million, net of outstanding letters of credit of \$17.2 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 September 30, 2007.

AMB Japan Finance Y.K., a subsidiary of the Operating Partnership, has a Yen-denominated unsecured revolving credit facility with an initial borrowing limit of 55.0 billion Yen, which, using the exchange rate in effect on September 30, 2007, equaled approximately \$479.1 million U.S. dollars. This facility bore a weighted average interest rate of 1.2% at September 30, 2007. The Company and the Operating Partnership guarantee the obligations of AMB Japan Finance Y.K. under the credit facility, as well as the obligations of any other entity in which the Operating Partnership directly or indirectly owns an ownership interest and which is selected from time to time to be a borrower under and pursuant to the credit agreement. 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 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 September 30, 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

AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

outstanding commitments under the facility as of September 30, 2007. As of September 30, 2007, the outstanding balance on this credit facility, using the exchange rate in effect on September 30, 2007, was \$373.1 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 September 30, 2007.

On July 16, 2007, certain wholly-owned subsidiaries and the Operating Partnership, each acting as a borrower, and the Company and the Operating Partnership, as guarantors, entered into a fifth amended and restated revolving credit agreement for a \$500 million unsecured revolving credit facility that replaced the existing \$250 million unsecured revolving credit facility. The fifth amended and restated credit facility amends the fourth amended and restated credit facility to, among other things, increase the facility amount to \$500 million with an option to further increase the facility to \$750 million, to extend the maturity date to June 2011 and to allow for borrowing in Indian Rupees. The Company, along with the Operating Partnership, guarantees the obligations for such subsidiaries and other entities controlled by the Operating Partnership that are selected by the Operating Partnership from time to time to be borrowers under and pursuant to their credit facility. The credit facility includes a multi-currency component under which up to \$500.0 million can be drawn in U.S. dollars, Hong Kong dollars, Singapore dollars, Canadian dollars, British pounds sterling, Euros, and Indian Rupees. The line, which matures in June 2011 and carries a one-year extension option, can be increased to up to \$750.0 million upon certain conditions and the payment of an extension fee equal to 0.15% of the outstanding commitments. The rate on the borrowings is generally LIBOR plus a margin, based on the credit rating of the Operating Partnership's senior unsecured long-term debt, which was 60 basis points as of September 30, 2007, with an annual facility fee based on the credit rating of the Operating Partnership's senior unsecured long-term debt. As of September 30, 2007, the outstanding balance on this credit facility, using the exchange rates in effect at September 30, 2007, was approximately \$213.4 million and it bore a weighted average interest rate of 5.6%. 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 September 30, 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 note has an initial principal borrowing of \$40 million with a variable interest rate of 81 basis points above the one-month LIBOR rate. The third note has an initial principal borrowing of \$84 million and a fixed interest rate of 5.90%. The fourth note has an initial principal borrowing of \$21 million and bears interest at a variable rate of 135 basis points above the one-month LIBOR rate.

AMB PROPERTY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

As of September 30, 2007, the scheduled maturities of the Company's total debt, 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	\$ 57,564	\$ 11,256	\$ —	\$ —	\$ 13,173	\$ 81,993
2008	90,800	72,774	175,000	—	810	339,384
2009	25,799	146,333	100,000	—	873	273,005
2010	65,905	95,365	250,000	604,873	941	1,017,084
2011	115	189,640	75,000	213,452	1,014	479,221
2012	2,044	459,082	—	—	61,093	522,219
2013	—	46,366	175,000	—	65,920	287,286
2014	—	4,076	—	—	616	4,692
2015	—	18,780	112,491	—	664	131,935
2016	—	54,995	—	—	—	54,995
Thereafter	—	19,091	125,000	—	—	144,091
Sub Total	242,227	1,117,758	1,012,491	818,325	145,104	3,335,905
Unamortized net premiums (discounts)	1,129	3,443	(9,681)	—	—	(5,109)
Total consolidated debt	<u>\$ 243,356</u>	<u>\$ 1,121,201</u>	<u>\$ 1,002,810</u>	<u>\$ 818,325</u>	<u>\$ 145,104</u>	<u>\$ 3,330,796</u>

6. Minority Interests

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 because 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 consolidated 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The Company's consolidated co-investment joint ventures' total investment and property debt at September 30, 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		Property Debt		Other Debt	
			September 30, 2007	December 31, 2006	September 30, 2007	December 31, 2006	September 30, 2007	December 31, 2006
			AMB-Erie, L.P.	Erie Insurance Company and affiliates	50%	\$ 52,650	\$ 52,942	\$ 20,175
AMB Partners II, L.P.	City and County of San Francisco Employees' Retirement System	20%	690,716	679,138	321,358	323,532	65,000	65,000
AMB-SGP, L.P.	Industrial JV Pte. Ltd.(1)	50%	451,648	444,990	347,802	235,480	—	—
AMB Institutional Alliance Fund II, L.P.	AMB Institutional Alliance REIT II, Inc.(2)	20%	526,194	519,534	239,560	243,263	60,000	—
AMB-AMS, L.P.(3)	PMT, SPW and TNO(4)	39%	155,955	153,563	83,647	78,904	—	—
Other Industrial Operating Joint Ventures		92%	208,092	258,374	28,999	60,435	—	—
Other Industrial Development Joint Ventures		81%	437,682	320,942	79,660	63,171	—	98
			<u>\$ 2,522,937</u>	<u>\$ 2,429,483</u>	<u>\$ 1,121,201</u>	<u>\$ 1,025,390</u>	<u>\$ 125,000</u>	<u>\$ 65,098</u>

- (1) A subsidiary of GIC Real Estate Pte. Ltd., the real estate investment subsidiary of the Government of Singapore Investment Corporation.
- (2) Comprised of 14 institutional investors as stockholders and one third-party limited partner as of September 30, 2007.
- (3) AMB-AMS, L.P. is a co-investment partnership with three Dutch pension funds.
- (4) PMT is Stichting Pensioenfond Metaal en Techniek, SPW is Stichting Pensioenfond voor de Woningcorporaties and TNO is Stichting Pensioenfond TNO.

The following table details the minority interests as of September 30, 2007 and December 31, 2006 (dollars in thousands):

	September 30, 2007	December 31, 2006	Redemption/Callable Date
Joint Venture Partners	\$ 516,948	\$ 555,201	N/A
Limited Partners in the Operating Partnership	72,259	74,780	N/A
Series J preferred units (liquidation preference of \$40,000)	—	38,883	Redeemed in April 2007
Series K preferred units (liquidation preference of \$40,000)	—	38,932	Redeemed in April 2007
Held through AMB Property II, L.P.:			
Class B Limited Partners	31,514	27,281	N/A
Series D preferred units (liquidation preference of \$79,767)	77,561	77,684	February 2012
Series I preferred units (liquidation preference of \$25,500)	—	24,799	Repurchased in April 2007
Total minority interests	<u>\$ 698,282</u>	<u>\$ 837,560</u>	

AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table distinguishes the minority interests' share of income, including minority interests' share of development profits, but excluding minority interests' share of discontinued operations, for the three and nine months ended September 30, 2007 and 2006 (dollars in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2007	2006	2007	2006
Joint Venture Partners' share of income	\$ 5,889	\$ 12,014	\$ 21,149	\$ 29,310
Joint Venture Partners' share of development profits	2,115	1,150	5,196	2,735
Common limited partners in the Operating Partnership	440	(19)	3,715	950
Series J preferred units (redeemed in April 2007)	—	795	804	2,385
Series K preferred units (redeemed in April 2007)	—	795	804	2,385
Held through AMB Property II, L.P.:				
Class B common limited partnership units	174	2	1,283	44
Series D preferred units (liquidation preference of \$79,767)	1,431	1,545	4,367	4,636
Series E preferred units (repurchased in June 2006)	—	—	—	392
Series F preferred units (repurchased in September 2006)	—	146	—	546
Series H preferred units (repurchased in March 2006)	—	—	—	815
Series I preferred units (repurchased in April 2007)	—	510	635	1,530
Series N preferred units (repurchased in January 2006)	—	—	—	127
Total minority interests' share of income	<u>\$ 10,049</u>	<u>\$ 16,938</u>	<u>\$ 37,953</u>	<u>\$ 45,855</u>

The Company has consolidated joint ventures that have finite lives under the terms of the partnership agreements. As of September 30, 2007 and December 31, 2006, the aggregate book value of the joint venture minority interests in the accompanying consolidated balance sheets was approximately \$516.9 million and \$555.2 million, respectively, and the Company believes that the aggregate settlement value of these interests was approximately \$1.1 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 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. Also, on April 17, 2007, another of the Company's

AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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 recognized a reduction of income available to common stockholders of approximately \$2.9 million in deferred issuance costs related to the redemption of the Series J and K units and the repurchase of the Series I units.

On January 29, 2007, the 7.75% Series D Cumulative Redeemable Preferred Limited Partnership 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 Cumulative Redeemable Preferred Limited Partnership Units to, among other things, change the rate applicable to the Series D Cumulative Redeemable Preferred Limited Partnership Units from 7.75% to 7.18% and change the date prior to which the Series D Cumulative Redeemable Preferred Limited Partnership 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.

AMB PROPERTY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

7. Investments in Unconsolidated Joint Ventures

The Company's unconsolidated joint ventures' net equity investments at September 30, 2007 and December 31, 2006 (dollars in thousands) were:

Unconsolidated Joint Ventures	Square Feet	September 30, 2007	December 31, 2006	Company's Ownership Percentage
Co-Investment Joint Ventures				
AMB Institutional Alliance Fund III, L.P.(1)	18,985,658	\$ 137,759	\$ 136,971	19%
AMB Japan Fund I, L.P.(2)	5,393,797	54,191	31,811	20%
AMB Europe Fund I, FCP-FIS(3)	7,052,701	50,246	n/a	21%
AMB-SGP Mexico, LLC(4)	4,791,996	12,556	7,601	20%
AMB DFS Fund I, LLC(5)	1,218,483	20,319	11,700	15%
Other Industrial Operating Joint Ventures	7,669,507	49,866	47,955	53%
G. Accion, S.A. de C.V. (G.Accion)	n/a	35,335	38,343	39%
Total Unconsolidated Joint Ventures	45,112,142	\$ 360,272	\$ 274,381	

See footnotes on next page.

The following table presents summarized income statement information for the Company's unconsolidated joint ventures for the three and nine months ended September 30, 2007 and 2006 (dollars in thousands):

	For the Three Months Ended September 30, 2007				For the Three Months Ended September 30, 2006			
	Revenues	Property Operating Expenses	Income (loss) from Continuing Operations	Net Income (loss)	Revenues	Property Operating Expenses	Income (loss) from Continuing Operations	Net Income (Loss)
Unconsolidated Joint Ventures:								
AMB Institutional Alliance Fund III, L.P.(1)	\$ 36,291	\$ (9,396)	\$ 3,568	\$ 3,500	\$ 20,072	\$ (4,242)	\$ 3,607	\$ 3,827
AMB Japan Fund I, L.P.(2)	14,000	(3,054)	1,519	1,519	5,985	(1,421)	1,015	1,015
AMB Europe Fund I, FCP-FIS(3)	15,770	(2,584)	2,059	2,059	—	—	—	—
AMB-SGP Mexico, LLC(4)	7,044	(1,217)	(2,971)	(2,971)	3,976	(810)	(1,459)	(1,459)
AMB DFS Fund I, LLC(5)	—	—	(70)	(70)	—	—	—	—
Total Co-investment Operating Joint Ventures	73,105	(16,251)	4,105	4,037	30,033	(6,473)	3,163	3,383
Other Industrial Operating Joint Ventures	10,108	(2,454)	3,039	3,097	9,355	(2,174)	2,483	2,778
Total	\$ 83,213	\$ (18,705)	\$ 7,144	\$ 7,134	\$ 39,388	\$ (8,647)	\$ 5,646	\$ 6,161

AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	For the Nine Months Ended September 30, 2007				For the Nine Months Ended September 30, 2006			
	Revenues	Property Operating Expenses	Income (loss) from Continuing Operations	Net Income (loss)	Revenues	Property Operating Expenses	Income (loss) from Continuing Operations	Net Income (Loss)
Unconsolidated Joint Ventures:								
AMB Institutional Alliance Fund III, L.P.(1)	\$ 99,005	\$ (25,451)	\$ 10,397	\$ 10,351	\$ 54,024	\$ (12,697)	\$ 8,257	\$ 8,913
AMB Japan Fund I, L.P.(2)	36,348	(7,806)	5,219	5,219	11,470	(2,944)	1,403	1,403
AMB Europe Fund I, FCP-FIS(3)	18,741	(3,574)	2,735	2,735	—	—	—	—
AMB-SGP Mexico, LLC(4)	16,698	(2,683)	(7,778)	(7,778)	10,169	(1,864)	(4,797)	(4,797)
AMB DFS Fund I, LLC(5)	—	—	(126)	(126)	—	—	—	—
Total Co-investment Operating Joint Ventures	170,792	(39,514)	10,447	10,401	75,663	(17,505)	4,863	5,519
Other Industrial Operating Joint Ventures	30,195	(7,536)	10,074	10,098	27,861	(6,497)	7,907	9,395
Total	\$ 200,987	\$ (47,050)	\$ 20,521	\$ 20,499	\$ 103,524	\$ (24,002)	\$ 12,770	\$ 14,914

- (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 real estate investment trust. Prior to October 1, 2006, the Company accounted for AMB Institutional Alliance Fund III, L.P. as a consolidated joint venture. Effective October 1, 2006, the Company deconsolidated AMB Institutional Alliance Fund III, L.P., on a prospective basis, due to the re-evaluation of the Company's accounting for its investment in the fund because of changes to the partnership agreement regarding the Operating Partnership's rights as the general partner effective October 1, 2006.
- (2) AMB Japan Fund I, L.P. 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 and nine months ended September 30, 2007 and 2006.
- (3) AMB Europe Fund I, FCP-FIS, is an open-ended co-investment venture formed in 2007 with institutional investors. This fund is Euro-denominated. U.S. dollar amounts are converted at the average exchange rates in effect during the three and nine months ended September 30, 2007.
- (4) 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.
- (5) 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. During the nine months ended September 30, 2007, the Company contributed one approximately 0.1 million square foot operating property for \$4.6 million to this joint venture. In addition, the Company recognized development profits from the contribution to this joint venture of one completed development project aggregating approximately 0.2 million square feet with a contribution value of \$14.2 million. During the nine months ended September 30, 2006, the Company contributed to this joint venture one completed development project for \$38.4 million aggregating approximately 0.6 million square feet.

AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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 \$431.2 million in U.S. dollars, using the exchange rate at September 30, 2007) for an approximate 80% equity interest. During the three and nine months ended September 30, 2007, the Company contributed to this joint venture one completed development project for \$84.4 million (using the exchange rate on the date of contribution) aggregating approximately 0.5 million square feet. During the three months ended September 30, 2006, the Company contributed to this joint venture one completed development project for \$95.6 million (using the exchange rate on the date of contribution) aggregating approximately 0.7 million square feet. During the nine months ended September 30, 2006, the Company contributed to this joint venture two completed development projects for \$338.6 million (using the exchange rates in effect at contribution) aggregating approximately 1.5 million square feet.

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 has 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. During the nine months ended September 30, 2007, the Company contributed to this joint venture approximately 82 acres of land with a contribution value of approximately \$30.3 million.

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 because of changes to the partnership agreement regarding the general partner's rights effective October 1, 2006. During the nine months ended September 30, 2007, the Company contributed to this joint venture one approximately 0.2 million square foot operating property and four completed development projects, aggregating approximately 1.0 million square feet for approximately \$116.6 million.

On June 12, 2007, the Company formed AMB Europe Fund I, FCP-FIS, a Euro-denominated open-ended co-investment joint venture with institutional investors, in which the Company retained an approximate 20% interest. The institutional investors have committed approximately 263.0 million Euros (approximately \$375.2 million in U.S. dollars, using the exchange rate at September 30, 2007) for an approximate 80% equity interest. During the three months ended September 30, 2007, the Company contributed to this joint venture three development projects for approximately \$133.4 million (using the exchange rate on the date of contribution) aggregating approximately 0.9 million square feet. During the nine months ended September 30, 2007, the Company contributed approximately 4.2 million square feet of operating properties and approximately 1.4 million square feet of completed development projects to this joint venture for approximately \$717.4 million (using the exchange rates on the dates of contribution).

During the nine months ended September 30, 2007, the Company recognized gains from the contribution of real estate interests, net, of approximately \$74.8 million, representing the portion of the Company's interest in the contributed properties acquired by the third party investors for cash, as a result of the contribution of approximately 4.2 million square feet of operating properties to AMB Europe Fund I, FCP-FIS, and two operating properties to AMB-SGP Mexico, LLC, and AMB Institutional Alliance Fund III, L.P. These gains are presented in gains from sale or contribution of real estate interests, net, in the consolidated statements of operations.

As a result of the contribution of four completed development projects to AMB Europe Fund I, FCP-FIS and AMB Japan Fund I, L.P., the Company recognized development profits of approximately \$39.8 million during the three months ended September 30, 2007. During the nine months ended September 30, 2007, the Company recognized development profits of approximately \$74.8 million, as a result of the contribution of twelve completed development projects and approximately 82 acres of land to AMB Europe Fund I, FCP-FIS, AMB-SGP Mexico, LLC, AMB Institutional Alliance Fund III, L.P., AMB DFS Fund I, LLC, and AMB Japan Fund I, L.P.

AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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.

On June 30, 2007, the Company exercised its option to purchase the remaining equity interest from an unrelated third party, based on the fair market value as stipulated in the joint venture agreement in AMB Pier One, LLC, for a nominal amount. AMB Pier One, LLC, is a joint venture related to the 2000 redevelopment of the pier which houses the Company's global headquarters in San Francisco, California. As a result, the investment was consolidated as of June 30, 2007.

As of September 30, 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 September 30, 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 \$2.7 million and \$2.7 million, respectively, is included in other assets on the consolidated balance sheets as of September 30, 2007 and December 31, 2006.

8. 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 nine months ended September 30, 2007, the Operating Partnership redeemed 564,273 of its common limited partnership units for an equivalent number of shares of the Company's common stock.

During the nine months ended September 30, 2007, the Company issued approximately 8.4 million shares of its common stock for net proceeds of approximately \$472.1 million, which proceeds 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. 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 September 30, 2007: 1,595,337 shares of series D cumulative redeemable preferred, none of which are outstanding; 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.

AMB PROPERTY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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

Paying Entity	Security	For the Three Months Ended		For the Nine Months Ended	
		September 30,		September 30,	
		2007	2006	2007	2006
AMB Property Corporation	Common stock	\$ 0.500	\$ 0.460	\$ 1.500	\$ 1.380
AMB Property Corporation	Series L preferred stock	\$ 0.406	\$ 0.406	\$ 1.219	\$ 1.219
AMB Property Corporation	Series M preferred stock	\$ 0.422	\$ 0.422	\$ 1.266	\$ 1.266
AMB Property Corporation	Series O preferred stock	\$ 0.438	\$ 0.438	\$ 1.313	\$ 1.313
AMB Property Corporation	Series P preferred stock	\$ 0.428	\$ 0.172	\$ 1.284	\$ 0.172
Operating Partnership	Common limited partnership units	\$ 0.500	\$ 0.460	\$ 1.500	\$ 1.380
Operating Partnership	Series J preferred units	n/a	\$ 0.994	\$ 1.005	\$ 2.981
Operating Partnership	Series K preferred units	n/a	\$ 0.994	\$ 1.005	\$ 2.981
AMB Property II, L.P.	Class B common limited partnership units	\$ 0.500	\$ 0.460	\$ 1.500	\$ 1.380
AMB Property II, L.P.	Series D preferred units	\$ 0.898	\$ 0.969	\$ 2.738	\$ 2.906
AMB Property II, L.P.	Series E preferred units	n/a	n/a	n/a	\$ 1.776
AMB Property II, L.P.	Series F preferred units	n/a	\$ 0.729	n/a	\$ 2.716
AMB Property II, L.P.	Series H preferred units	n/a	n/a	n/a	\$ 0.970
AMB Property II, L.P.	Series I preferred units	n/a	\$ 1.000	\$ 1.244	\$ 3.000
AMB Property II, L.P.	Series N preferred units	n/a	n/a	n/a	\$ 0.215

In December 2005, the Company's board of directors approved a two-year common stock repurchase program for the discretionary repurchase of up to \$200.0 million of its common stock. During the three and nine months ended September 30, 2007, the Company repurchased approximately 1.1 million shares of its common stock for an aggregate price of \$53.4 million at a weighted average price of \$49.87 per share. The Company may still repurchase up to \$146.6 million of its common stock under this program.

On May 10, 2007, at the Company's Annual Meeting of Stockholders, the Company's stockholders approved the adoption of the Amended and Restated 2002 Stock Option and Incentive Plan, which reserved for issuance under the plan an additional 7.5 million shares of the Company's common stock. With the inclusion of these shares, as of September 30, 2007, the Company's stock incentive plans have approximately 10.1 million shares of common stock still available for issuance as either stock options or restricted stock grants, of which 9.4 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 September 30, 2007 and 2006, were \$8.03 and \$8.54, respectively. The weighted average grant date fair value of restricted stock awards calculated as of the grant dates of the awards and issued during the quarters ended September 30, 2007 and 2006, were \$53.67 and \$45.09, respectively. The following assumptions are used for grants during the nine months ended September 30, 2007 and 2006, respectively: dividend yields of 4.1% and 3.5%; expected volatility of 20.5% and 17.9%; risk-free interest rates of 4.5% and 4.6%; and expected lives of six years.

As of September 30, 2007, approximately 6,036,997 options and 660,187 non-vested stock awards were outstanding under the plans. There were 585,838 stock options granted, 1,361,525 options exercised, and 51,682 options forfeited during the nine months ended September 30, 2007. There were 283,653 restricted stock awards made during the nine months ended September 30, 2007. 209,911 non-vested stock awards vested and 25,104 non-vested stock awards were forfeited during the nine months ended September 30, 2007. The related stock option expense was \$1.2 million and \$1.0 million and the related restricted stock compensation expense was \$2.9 million.

AMB PROPERTY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

and \$2.4 million for the three months ended September 30, 2007 and 2006, respectively. The related stock option expense was \$4.4 million and \$4.2 million and the related restricted stock compensation expense was \$9.1 million and \$10.2 million for the nine months ended September 30, 2007 and 2006, respectively. The expense is included in general and administrative expenses in the accompanying consolidated statements of operations.

9. Income Per Share

The Company's only dilutive securities outstanding for the three and nine months ended September 30, 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 September 30,		For the Nine Months Ended September 30,	
	2007	2006	2007	2006
Numerator				
Income from continuing operations before cumulative effect of change in accounting principle	\$ 66,795	\$ 29,615	\$ 205,461	\$ 98,313
Preferred stock dividends	(3,952)	(3,440)	(11,856)	(9,631)
Preferred unit redemption discount/issuance costs	(3)	16	(2,930)	(1,004)
Income from continuing operations before cumulative effect of change in accounting principle (after preferred stock dividends)	62,840	26,191	190,675	87,678
Total discontinued operations	6,315	3,772	11,600	37,811
Cumulative effect of change in accounting principle	—	—	—	193
Net income available to common stockholders	<u>\$ 69,155</u>	<u>\$ 29,963</u>	<u>\$ 202,275</u>	<u>\$ 125,682</u>
Denominator				
Basic	98,722,381	88,029,033	96,763,520	87,293,084
Stock options and restricted stock dilution(1)	2,191,959	3,028,996	2,547,617	3,165,726
Diluted weighted average common shares	<u>100,914,340</u>	<u>91,058,029</u>	<u>99,311,137</u>	<u>90,458,810</u>
Basic income per common share				
Income from continuing operations (after preferred stock dividends) before cumulative effect of change in accounting principle	\$ 0.64	\$ 0.30	\$ 1.97	\$ 1.01
Discontinued operations	0.06	0.04	0.12	0.43
Cumulative effect of change in accounting principle	—	—	—	—
Net income available to common stockholders	<u>\$ 0.70</u>	<u>\$ 0.34</u>	<u>\$ 2.09</u>	<u>\$ 1.44</u>

AMB PROPERTY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2007	2006	2007	2006
Diluted income per common share				
Income from continuing operations (after preferred stock dividends) before cumulative effect of change in accounting principle	\$ 0.63	\$ 0.29	\$ 1.92	\$ 0.97
Discontinued operations	0.06	0.04	0.12	0.42
Cumulative effect of change in accounting principle	—	—	—	—
Net income available to common stockholders	\$ 0.69	\$ 0.33	\$ 2.04	\$ 1.39

(1) Excludes anti-dilutive stock options of 1,100,332 and 530,456, for the three and nine months ended September 30, 2007, respectively. Excludes anti-dilutive stock options of 60,157 and 45,059, for the three and nine months ended September 30, 2006, respectively. These weighted average shares relate to anti-dilutive stock options, which is calculated using the treasury stock method, and could be dilutive in the future.

10. Segment Information

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

- *Real Estate Operations.* The Company operates industrial properties and manages its business by geographic markets. Such industrial properties typically comprise multiple distribution warehouse facilities suitable for single or multiple customers who are engaged in various types of businesses. The geographic markets where the Company owns industrial properties are managed separately because it believes each market has its own economic characteristics and requires its own operating, pricing and leasing strategies. Each market is considered to be an individual operating segment. 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 joint venture fund in which the Company has an ownership interest and for which the Company acts as manager, or that are 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.
- *Private Capital.* The Company, through its private capital group, 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. With respect to the Company's U.S. and

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Mexico funds and joint ventures, the Company typically earns a 90 basis points acquisition fee on the acquisition cost of third party acquisitions, asset management priority distributions of 7.5% of net operating income on stabilized properties, 70 basis points of total projected costs as asset management fees on renovation or development properties, and incentive distributions of 15% of the return over a 9% internal rate of return and 20% of the return over a 12% internal rate of return to investors on a periodic basis or at the end of a fund's life. In Japan, the Company earns a 90 basis points acquisition fee on the acquisition cost of third party acquisitions, asset management priority distributions of 1.5% of 80% of the committed equity during the investment period and then 1.5% of unreturned equity, and incentive distributions of 20% of the return over a 10% internal rate of return and 25% of the return over a 13% internal rate of return to investors at the end of a fund's life. In Europe, the Company earns a 90 basis points acquisition fee on the acquisition cost of third party acquisitions, asset management fees of 75 basis points on the gross asset value of the fund, and incentive distributions of 20% of the return over a 9% internal rate of return and 25% of the return over a 12% internal rate of return to investors on a periodic basis. 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 in the following tables for the three and nine months ended September 30, 2007 and 2006 and as of December 31, 2006, have been reclassified to conform to current presentation.

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

Segments(1)	Revenues		Property NOI(2)		Development Gains	
	For the Three Months Ended September 30,		For the Three Months Ended September 30,		For the Three Months Ended September 30,	
	2007	2006	2007	2006	2007	2006
U.S. Markets						
Southern California	\$ 27,830	\$ 28,578	\$ 22,114	\$ 22,494	\$ 1,424	\$ 6,102
No. New Jersey / New York	18,869	21,761	13,227	15,656	—	—
San Francisco Bay Area	23,684	22,255	18,051	17,958	6,705	—
Chicago	13,768	15,188	9,735	10,489	350	—
On-Tarmac	13,472	14,126	7,735	8,208	—	—
South Florida	10,336	10,482	7,038	7,252	—	709
Seattle	9,940	10,313	7,844	8,205	—	79
Non — U.S. Markets						
Europe	2,044	9,928	1,544	8,247	23,402	—
Asia	4,090	2,917	3,009	1,449	16,417	16,627
Other Markets	33,842	39,895	24,168	29,324	—	—
Total markets	157,875	175,443	114,465	129,282	48,298	23,517
Straight-line rents and amortization of lease intangibles	3,817	4,890	3,817	4,890	—	—
Discontinued operations	(2,952)	(7,488)	(2,570)	(5,867)	—	—
Private capital						
Private capital income	7,564	7,490	—	—	—	—
Total	\$ 166,304	\$ 180,335	\$ 115,712	\$ 128,305	\$ 48,298	\$ 23,517

AMB PROPERTY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Segments(1)	Revenues		Property NOI(2)		Development Gains	
	For the Nine Months Ended September 30,		For the Nine Months Ended September 30,		For the Nine Months Ended September 30,	
	2007	2006	2007	2006	2007	2006
U.S. Markets						
Southern California	\$ 81,677	\$ 83,832	\$ 64,712	\$ 66,274	\$ 10,764	\$ 6,102
No. New Jersey / New York	54,420	61,814	37,302	43,907	—	—
San Francisco Bay Area	66,372	64,790	51,774	51,350	6,705	—
Chicago	40,248	42,460	27,956	29,561	3,018	—
On-Tarmac	40,351	42,030	22,717	24,010	—	—
South Florida	32,107	30,052	21,521	20,356	4,422	1,559
Seattle	28,370	29,435	22,169	23,134	5,161	(906)
Non — U.S. Markets						
Europe	23,573	24,236	18,785	19,586	39,209	—
Asia	7,436	18,515	4,527	16,618	16,417	59,852
Other Markets	103,126	118,849	75,114	83,907	3,790	3,282
Total Markets	477,680	516,013	346,577	378,703	89,486	69,889
Straight-line rents and amortization of lease intangibles	8,767	16,190	8,767	16,190	—	—
Discontinued operations	(8,624)	(22,165)	(7,447)	(16,526)	—	—
Private capital						
Private capital income	22,007	17,539	—	—	—	—
Total	\$ 499,830	\$ 527,577	\$ 347,897	\$ 378,367	\$ 89,486	\$ 69,889

(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 and useful 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2007	2006	2007	2006
Property NOI	\$ 115,712	\$ 128,305	\$ 347,897	\$ 378,367
Development profits, net of taxes	48,298	23,517	89,486	69,889
Private capital income	7,564	7,490	22,007	17,539
Depreciation and amortization	(40,865)	(46,914)	(122,433)	(133,514)
Impairment losses	—	—	(257)	(5,394)
General and administrative	(35,145)	(25,641)	(95,259)	(73,831)
Other expenses	(944)	(893)	(2,995)	(1,134)
Fund costs	(261)	(495)	(779)	(1,588)
Equity in earnings of unconsolidated joint ventures	3,425	2,239	7,286	12,605
Other income	7,956	2,911	20,012	8,716
Gains from sale or contribution of real estate interests	—	—	74,843	—
Interest, including amortization	(28,896)	(43,966)	(96,394)	(127,487)
Total minority interests' share of income	(10,049)	(16,938)	(37,953)	(45,855)
Total discontinued operations	6,315	3,772	11,600	37,811
Cumulative effect of change in accounting principle	—	—	—	193
Net income	<u>\$ 73,110</u>	<u>\$ 33,387</u>	<u>\$ 217,061</u>	<u>\$ 136,317</u>

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

	Total Assets as of	
	September 30, 2007	December 31, 2006
U.S. Markets		
Southern California	\$ 926,641	\$ 895,610
No. New Jersey / New York	628,059	607,727
San Francisco Bay Area	768,833	703,660
Chicago	442,930	446,662
On-Tarmac	202,828	210,798
South Florida	359,769	371,603
Seattle	380,078	380,459
Non-U.S. Markets		
Europe	248,648	723,326
Asia	662,220	434,706
Other Markets	1,653,295	1,430,308
Total Markets	<u>6,273,301</u>	<u>6,204,859</u>
Investments in unconsolidated joint ventures	360,272	274,381
Non-segment assets	429,605	234,272
Total assets	<u>\$ 7,063,178</u>	<u>\$ 6,713,512</u>

AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

11. Commitments and Contingencies

Commitments

Lease Commitments. The Company has entered into operating ground leases on certain land parcels, primarily on-tarmac facilities and office space with remaining lease terms of one to 55 years. Buildings and improvements subject to ground leases are depreciated ratably over the lesser of the terms of the related leases or 40 years.

Standby Letters of Credit. As of September 30, 2007, the Company has provided approximately \$24.5 million in letters of credit, of which \$17.2 million were provided under the Operating Partnership's \$550.0 million unsecured credit facility. The letters of credit were required to be issued under certain ground lease provisions, bank guarantees and other commitments.

Guarantees and Contribution Obligations. Excluding parent guarantees associated with unsecured debt or contribution obligations as discussed in Part I, Item 1: Notes 5 and 7 of the "Notes to Consolidated Financial Statements," as of September 30, 2007, the Company had outstanding guarantees and contribution obligations in the aggregate amount of \$380.7 million as described below.

As of September 30, 2007, the Company had outstanding guarantees in the amount of \$86.3 million in connection with certain acquisitions. As of September 30, 2007, the Company also guaranteed \$29.1 million and \$105.1 million on outstanding loans on three of its consolidated joint ventures and two of its unconsolidated joint ventures, respectively.

Also, the Company has entered into contribution agreements with its unconsolidated joint venture funds. These contribution agreements require the Company to make additional capital contributions to the applicable joint venture fund upon certain defaults by the joint venture of certain of its debt obligations to the lenders. Such additional capital contributions will cover all or part of the applicable joint venture's debt obligation and may be greater than the Company's share of the joint venture's debt obligation or the value of its share of any property securing such debt. The Company's contribution obligations under these agreements will be reduced by the amounts recovered by the lender and the fair market value of the property, if any, used to secure the debt and obtained by the lender upon default. The Company's potential obligations under these contribution agreements are \$160.2 million as of September 30, 2007.

Performance and Surety Bonds. As of September 30, 2007, the Company had outstanding performance and surety bonds in an aggregate amount of \$15.2 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. The 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 its joint venture partners pursuant to the terms and provisions of their contractual agreements with the Operating Partnership. From time to time in the normal course of the Company's business, the Company enters into various contracts with third parties that may obligate it to make payments, pay promotes or perform other obligations upon the occurrence of certain events.

Contingencies

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

AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Environmental Matters. The Company monitors its properties for the presence of hazardous or toxic substances. The Company is not aware of any environmental liability with respect to the properties that would have a material adverse effect on the Company's business, assets or results of operations. However, there can be no assurance that such a material environmental liability does not exist. The existence of any such material environmental liability would have an adverse effect on the Company's results of operations and cash flow. The Company carries environmental insurance and believes that the policy terms, conditions, limits and deductibles are adequate and appropriate under the circumstances, given the relative risk of loss, the cost of such coverage and current industry practice.

General Uninsured Losses. The Company carries property and rental loss, liability, flood and terrorism insurance. The Company believes that the policy terms, conditions, limits and deductibles are adequate and appropriate under the circumstances, given the relative risk of loss, the cost of such coverage and current industry practice. In addition, a significant number of the Company's properties are located in areas that are subject to earthquake activity. As a result, the Company has obtained limited earthquake insurance on those properties. There are, however, certain types of extraordinary losses, such as those due to acts of war, that may be either uninsurable or not economically insurable. Although the Company has obtained coverage for certain acts of terrorism, with policy specifications and insured limits that it believes are commercially reasonable, there can be no assurance that the Company will be able to collect under such policies. Should an uninsured loss occur, the Company could lose its investment in, and anticipated profits and cash flows from, a property.

Captive Insurance Company. The Company has a wholly-owned captive insurance company, Arcata National Insurance Ltd. (Arcata), which provides insurance coverage for all or a portion of losses below the 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 establishes 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.

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

Some of the information included in this Quarterly Report on Form 10-Q contains forward-looking statements, which are made pursuant to the safe-harbor provisions of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. Because these forward-looking statements involve numerous risks and uncertainties, there are important factors that could cause our actual results to differ materially from those in the forward-looking statements, and you should not rely on the forward-looking statements as predictions of future events. The events or circumstances reflected in forward-looking statements might not occur. You can identify forward-looking statements by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "forecasts," "pro forma," "estimates" or "anticipates," or the negative of these words and phrases, or similar words or phrases. You can also identify forward-looking statements by discussions of strategy, plans or intentions. Forward-looking statements should not be read as guarantees of future performance or results, and will not necessarily be accurate indicators of whether, or the time at which, such performance or results will be achieved. There is no assurance that the events or circumstances reflected in forward-looking statements will occur or be achieved. Forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and we may not be able to realize them.

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

- changes in general economic conditions or in the real estate sector;
- defaults on or non-renewal of leases by customers or renewal at lower than expected rent;
- difficulties in identifying properties to acquire and in effecting acquisitions on advantageous terms and the failure of acquisitions to perform as we expect;
- risks and uncertainties affecting property development, redevelopment and value-added conversions (including construction delays, cost overruns, our inability to obtain necessary permits and financing, public opposition to these activities, as well as the risks associated with our expansion of and increased investment in our development business);
- risks of doing business internationally, including unfamiliarity with new markets and currency risks;
- risks of opening offices globally (including increasing headcount);
- a downturn in the California, U.S., or the global economy or real estate conditions;
- risks of changing personnel and roles;
- losses in excess of our insurance coverage;
- our failure to divest of properties on advantageous terms or to timely reinvest proceeds from any such divestitures;
- unknown liabilities acquired in connection with acquired properties or otherwise;
- risks associated with using debt to fund acquisitions and development, including re-financing risks;
- risks related to our obligations in the event of certain defaults under joint venture and other debt;
- our failure to obtain necessary financing;
- our failure to maintain our current credit agency ratings;
- risks associated with equity and debt securities financings and issuances (including the risk of dilution);
- changes in local, state and federal regulatory requirements;
- increases in real property tax rates;
- risks associated with our tax structuring;

- increases in interest rates and operating costs or greater than expected capital expenditures;
- environmental uncertainties; and
- our failure to qualify and maintain our status as a real estate investment trust under the Internal Revenue Code of 1986, as amended.

Our success also depends upon economic trends generally, various market conditions and fluctuations and those other risk factors discussed under the heading "Risk Factors" and elsewhere in our Annual Report on Form 10-K for the year ended December 31, 2006, our Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 and any amendments thereto. We caution you not to place undue reliance on forward-looking statements, which reflect our analysis only and speak as of the date of this report or as of the dates indicated in the statements. All of our forward-looking statements, including those in this report, are qualified in their entirety by this statement. We assume no obligation to update or supplement forward-looking statements.

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

GENERAL

We are a self-administered and self-managed real estate investment trust and expect that we have qualified, and will continue to qualify, as a real estate investment trust for federal income tax purposes beginning with the year ended December 31, 1997. As a self-administered and self-managed real estate investment trust, our own employees perform our corporate administrative and management functions, rather than our relying on an outside manager for these services. We manage our portfolio of properties generally through direct property management performed by our own employees. Additionally, within our flexible operating model, we may from time to time establish relationships with third-party real estate management firms, brokers and developers that provide some property-level administrative and management services under our direction.

Management's Overview

The primary source of our revenue and earnings is rent received from customers under long-term (generally three to ten years) operating leases at our properties, including reimbursements from customers for certain operating costs. We also generate earnings from our private capital business, which consists of acquisition and development fees, asset management fees and priority distributions, and promoted interests and incentive distributions from our co-investment joint ventures. Additionally, we generate earnings from the disposition of projects in our development-for-sale and value-added conversion programs, from the contributions of development properties to our co-investment joint ventures and from land sales. Our long-term growth is driven by our ability to:

- maintain and increase occupancy rates and/or increase rental rates at our properties;
- continue to develop properties profitably and sell to third parties or contribute to our co-investment joint ventures; and
- continue to grow our earnings from our private capital business through the contribution of properties or from the acquisition of new properties.

Real Estate Operations

Real estate fundamentals in the United States industrial markets held steady during the third quarter of 2007. According to data provided by Torto-Wheaton Research, availability was 9.2%, down 10 basis points from the prior quarter. The general trend remains favorable with availability down 30 basis points from a year ago. According to Torto-Wheaton Research, absorption in the quarter was 27.9 million square feet, a 21.5% decrease from the prior quarter, and construction completions in the quarter were 28.7 million square feet, a 22.0% decrease from the prior

quarter and 29.2% below the 18-year quarterly average. We believe that net absorption for the fourth quarter of 2007 will be moderately positive, which could drive vacancy rates lower by year-end. We think the strongest industrial markets in the U.S. are the major coastal markets tied to global trade, including Southern California, which is our largest market; South Florida; and the San Francisco Bay Area, where strong demand is driving up rents, year-over-year, in many of the area's submarkets. We think there is steady demand with modest new construction in each of these three coastal markets. We observed that supply and demand fundamentals were favorable during the quarter in Seattle and Dallas. We believe the Toronto market remains healthy with low availability, although the pace of leasing activity during the quarter slowed from prior periods. We continue to see leasing activity in Chicago, New Jersey and Mexico City remaining active during the quarter, but deliveries of newly constructed facilities is outpacing demand. We also observed that Atlanta continues to lag behind other major distribution markets in North America, with relatively low level of absorption of available space year-to-date. Based on our assessment, the operating environment in our U.S. on-tarmac business remains good with improving cargo volumes and essentially no new supply.

In Europe, we believe that increased trade volumes with Asia, coupled with increased imports from the United States due to the weaker U.S. dollar, are driving demand, especially in Amsterdam and the port markets of Rotterdam and Hamburg. Paris, our largest European market, continues to maintain a healthy trend with 6% vacancy. We believe that the majority of the demand for industrial real estate in Western Europe comes from the replacement of obsolete buildings. In Japan, we think leasing activity remains generally strong and rents are firming. We believe occupancy in our markets is above 95% and newly delivered space continues to be absorbed at a steady pace.

The table below summarizes key operating and leasing statistics for our owned and managed operating properties as of and for the three and nine months ended September 30, 2007 and 2006:

Owned and Managed Property Data(1)	Principal Global Markets(2)	Other Global Markets(3)	Total/Weighted Average
As of and for the three months ended September 30, 2007:			
Rentable square feet	73,827,292	40,203,147	114,030,439
Occupancy percentage at period end	96.1%	94.4%	95.5%
Same space square footage leased	2,610,968	1,364,218	3,975,186
Rent increases on renewals and rollovers(4)	11.0%	4.4%	8.9%
As of and for the three months ended September 30, 2006:			
Rentable square feet	66,468,408	32,197,497	98,665,905
Occupancy percentage at period end	96.0%	94.6%	95.5%
Same space square footage leased	2,242,941	1,395,966	3,638,907
Rent increases on renewals and rollovers	12.7%	2.0%	9.5%
As of and for the nine months ended September 30, 2007:			
Rentable square feet	73,827,292	40,203,147	114,030,439
Occupancy percentage at period end	96.1%	94.4%	95.5%
Same space square footage leased	10,247,771	4,166,855	14,414,626
Rent increases on renewals and rollovers(4)	5.1%	2.6%	4.5%
As of and for the nine months ended September 30, 2006:			
Rentable square feet	66,468,408	32,197,497	98,665,905
Occupancy percentage at period end	96.0%	94.6%	95.5%
Same space square footage leased	9,086,641	4,329,332	13,415,973
Rent decreases on renewals and rollovers	(1.2)%	(3.1)%	(1.7)%

- (1) Owned and managed operating properties are defined as properties in which we have at least a 10% ownership interest, for which we are the property or asset manager, and which we intend to hold for the long-term.
- (2) Our principal global markets are Chicago, Northern New Jersey/New York City, Paris, the San Francisco Bay Area, Seattle, South Florida, Southern California, Tokyo and U.S. On-Tarmac.
- (3) Our other global markets in North America are Atlanta, Austin, Baltimore, Boston, Columbus, Dallas, Guadalajara, Houston, Mexico City, Minneapolis, New Orleans, Orlando, Querétaro, Tijuana and Toronto. In Europe, our other global markets are Amsterdam, Brussels, Frankfurt, Hamburg and Lyon. In Asia, our other global markets are Osaka, Shanghai and Singapore.
- (4) For the quarter ended September 30, 2007, on a consolidated basis, rent increases on renewals and rollovers were 12.2%, 3.9% and 9.9%, for our principal global markets, other global markets and total markets, respectively. For the year-to-date ended September 30, 2007, on a consolidated basis, rent increases on renewals and rollovers were 5.2%, 3.1% and 4.7%, for our principal global markets, other global markets and total markets, respectively.

We believe that higher occupancy levels in our portfolio, driven in part by strengthening fundamentals in our markets tied to global trade, are contributing to rental rate growth in our portfolio. Our operating portfolio's average occupancy rate in the third quarter of 2007 was 95.4%, on an owned and managed basis, an increase of 50 basis points from the prior quarter and from September 30, 2006. Rental rates on lease renewals and rollovers in our portfolio increased 8.9% in the third quarter of 2007, which we think reflect the generally positive trends in real

estate fundamentals in our markets. During the quarter, cash-basis same store net operating income, with and without the effect of lease termination fees, grew by 5.3% and 5.1%, respectively, on an owned and managed basis. See "Supplemental Earnings Measures" below for a discussion of cash-basis same store net operating income and a reconciliation of cash-basis same store net operating income and net income. We believe that market rents have generally recovered from their lows and, in many of our markets, are back to or above their prior peak levels of 2001.

Private Capital Business

In June 2007, we announced the formation of AMB Europe Fund I, FCP-FIS, our eleventh co-investment fund since our initial public offering in 1997. This Euro-denominated, open-end commingled fund is our tenth active fund. The fund's investment strategy focuses on acquiring stabilized industrial distribution properties, including those developed by us, near high-volume airports, seaports and transportation networks, and in the major metropolitan areas of Europe, with initial target markets in Belgium, France, Germany, Italy, the Netherlands, Spain, the United Kingdom and Central/Eastern Europe. The gross asset value of AMB Europe Fund I, FCP-FIS was approximately \$924 million at September 30, 2007.

Going forward, we think our co-investment program with private-capital investors will continue to serve as a significant source of revenues and capital for new investments. Through these co-investment joint ventures, we typically earn acquisition fees, asset management fees and priority distributions, as well as promoted interests and incentive distributions based on the performance of the co-investment joint ventures; however, we cannot assure you that we will continue to do so. Through contribution of development properties to our co-investment joint ventures, we expect to recognize value creation from our development pipeline. In anticipation of the formation of future co-investment joint ventures, we may also hold acquired and newly developed properties for later contribution to future funds.

As of September 30, 2007, we owned approximately 81.0 million square feet of our properties (57.5% of the total operating and development portfolio) through our consolidated and unconsolidated co-investment joint ventures. We may make additional investments through these co-investment joint ventures or new joint ventures in the future and presently plan to do so.

Development Business

Our development business consists of conventional development, redevelopment, land sales, and value added conversions. We generate earnings from our development business through the disposition or contribution of projects from these categories. We expect our development business to be a significant driver of our earnings growth as we expand the pipeline across each category.

We believe that customer demand for new industrial space in strategic markets tied to global trade will continue to outpace supply. To capitalize on this demand, we intend to continue to expand our development business in our existing target markets and into new markets around the world that are essential to global trade. We also will continue to redevelop existing industrial buildings opportunistically by investing significant amounts of capital to enhance the functionality of the properties to meet current industrial market demands. In addition to our committed development pipeline, we hold a total of 2,405 acres of land for future development or sale, 95% of which is located in North America. We currently estimate that these 2,405 acres of land could support approximately 42.1 million square feet of future development.

We believe that our historical investment focus on industrial real estate in some of the world's most strategic infill markets, positions us to create value through the select conversion of industrial properties to higher and better uses (value-added conversions). Generally, we expect to sell to third parties our value-added conversion projects at some point in the re-entitlement/conversion process, thus recognizing the enhanced value of the underlying land that supports the property's repurposed use. The most distinguishing characteristics of a value-added conversion project from redevelopment, sale, or other transaction is that the use of the property typically involves a significant enhancement or change in use from industrial distribution warehouse to a higher and better use, such as office, retail or residential, and that the sale price for the property is typically based on the value of the underlying land supporting the property's repurposed use, not its value as an industrial distribution warehouse.

Our long-term capital allocation goal is to have approximately 50% of our owned and managed operating portfolio invested in non-U.S. markets (based on owned and managed annualized base rent). As of September 30, 2007, our non-U.S. operating properties comprised 21.4% of our owned and managed operating portfolio (based on annualized base rent) and 2.2% of our consolidated operating portfolio (based on annualized base rent). In addition to the United States, we include Canada and Mexico as target countries in North America. In Europe, our target countries currently are Belgium, France, Germany, Italy, the Netherlands, Spain and the United Kingdom. In Asia, our target countries currently are China, India, Japan, Singapore and South Korea. We expect to add additional target countries outside the United States in the future, including countries in Central/Eastern Europe.

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

Summary of Key Transactions

During the three months ended September 30, 2007, we completed the following significant capital deployment transactions and other transactions:

- Acquired, on an owned and managed basis, nine properties in North America, Asia and Europe aggregating approximately 1.5 million square feet for \$116.3 million, including seven properties aggregating approximately 1.2 million square feet for \$97.6 million through unconsolidated joint ventures and two properties aggregating approximately 0.3 million square feet for \$18.7 million acquired directly by us;
- Committed to eleven development projects in North America and Europe totaling 2.8 million square feet with an estimated total investment of approximately \$233.0 million;
- Acquired 108 acres of land for development in North America and Asia for approximately \$71.4 million;
- Sold, on an owned and managed basis, three development projects totaling approximately 0.1 million square feet for an aggregate sale price of \$27.5 million;
- Contributed three completed development projects, aggregating approximately 0.9 million square feet, for approximately \$133.4 million to AMB Europe Fund I, FCP-FIS;
- Contributed one completed development project, aggregating approximately 0.5 million square feet, for approximately \$84.4 million to AMB Japan Fund I, L.P.; and
- Divested one 0.1 million square foot operating property for approximately \$7.5 million.

During the nine months ended September 30, 2007, we completed the following significant capital deployment transactions:

- Acquired, on an owned and managed basis, 40 properties in North America, Asia and Europe aggregating approximately 8.7 million square feet for \$752.6 million, including 34 properties aggregating approximately 8.1 million square feet for \$697.1 million through unconsolidated joint ventures and six properties aggregating approximately 0.6 million square feet for \$55.5 million acquired directly by us;
- Committed to 25 new development projects and one value-added conversion project in North America, Asia and Europe totaling 7.9 million square feet with an estimated total investment of approximately \$688.8 million;
- Acquired 1,045 acres of land for development in North America and Asia for approximately \$184.6 million;
- Sold, on an owned and managed basis, eight development projects totaling approximately 0.4 million square feet for an aggregate sale price of \$73.1 million;
- Contributed six completed development projects, aggregating approximately 1.3 million square feet, for approximately \$214.6 million to AMB Europe Fund I, FCP-FIS;

- Contributed one completed development project, aggregating approximately 0.5 million square feet, for approximately \$84.4 million to AMB Japan Fund I, L.P.;
- Contributed four completed development projects, aggregating approximately 1.0 million square feet, for approximately \$99.1 million to AMB Institutional Alliance Fund III, L.P.;
- Contributed one completed development project, aggregating approximately 0.2 million square feet, for approximately \$14.2 million to AMB-SGP Mexico, LLC;
- Contributed two land parcels to AMB DFS Fund I, LLC;
- Contributed two operating properties, aggregating approximately 0.3 million square feet, to AMB-SGP Mexico, LLC and AMB Institutional Alliance Fund III, L.P., for approximately \$22.1 million;
- Divested one 0.1 million square foot operating property for approximately \$7.5 million;
- Formed an unconsolidated open-end co-investment joint venture, AMB Europe Fund I, FCP-FIS, with the contribution to the joint venture of \$584.0 million (using the exchange rate on the date of contribution) of operating properties and completed development projects to the fund; and
- Exercised the purchase option for the remaining equity interest held by an unrelated third party of AMB Pier One, LLC, which is the location of our global headquarters.

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

During the three months ended September 30, 2007, we completed the following significant capital markets and other financing transactions:

- Increased the capacity of our multicurrency credit facility by \$250 million to \$500 million and extended the maturity date to June 2011;
- Obtained a \$70 million unsecured debt facility, which had a balance of \$60.0 million outstanding as of September 30, 2007, with a weighted average interest rate of 5.9%, for AMB Institutional Alliance Fund II, L.P., one of our co-investment joint ventures;
- Paid off \$55 million of medium term notes which matured in August 2007 and had an interest rate of 7.9%; and
- Repurchased approximately 1.1 million shares of our common stock for an aggregate price of \$53.4 million, at a weighted average price of \$49.87 per share.

During the nine months ended September 30, 2007, we completed the following significant capital markets and other financing transactions:

- Raised approximately \$472.1 million in net proceeds from the issuance of approximately 8.4 million shares of our common stock;
- Obtained long-term secured debt financings for our co-investment joint ventures of \$334.0 million with a weighted average interest rate of 5.7%;
- Obtained \$140.4 million of debt (using the exchange rates in effect at applicable quarter end dates) with a weighted average interest rate of 3.1% for international assets;
- Refinanced \$305.0 million of secured debt, with a weighted average interest rate of 5.7%, for AMB-SGP, L.P., one of our co-investment joint ventures;
- Expanded the European revolving mortgage credit facility agreement by 100.0 million Euros to 328.0 million Euros (approximately \$436.3 million in U.S. dollars, using the applicable exchange rate at the contribution date), which was assumed by AMB Europe Fund I, FCP-FIS, on June 12, 2007;

- Refinanced the Series D Cumulative Redeemable Preferred Limited Partnership 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;
- Increased the capacity of our Yen credit facility by 10.0 billion Yen from 45.0 billion Yen to 55.0 billion Yen (approximately \$497.1 million in U.S. dollars, using the exchange rate at September 30, 2007);
- Increased the capacity of our multicurrency credit facility by \$250 million to \$500 million and extended the maturity date to June 2011;
- Obtained a \$70 million unsecured debt facility, which had a balance of \$60.0 million outstanding as of September 30, 2007, with a weighted average interest rate of 5.9%, for AMB Institutional Alliance Fund II, L.P., one of our co-investment joint ventures;
- Paid off \$55 million of medium term notes which matured in August 2007 and had an interest rate of 7.9%;
- Repurchased approximately 1.1 million shares of our common stock for an aggregate price of \$53.4 million, at a weighted average price of \$49.87 per share;
- Redeemed all 800,000 of the operating partnership's outstanding 7.95% Series J Cumulative Redeemable Preferred Limited Partnership Units for an aggregate cost of \$40.0 million, plus accrued and unpaid distributions;
- Redeemed all 800,000 of the operating partnership's outstanding 7.95% Series K Cumulative Redeemable Preferred Limited Partnership Units for an aggregate cost of \$40.0 million, plus accrued and unpaid distributions; and
- Repurchased all 510,000 of AMB Property II, L.P.'s outstanding 8.00% Series I Cumulative Redeemable Preferred Limited Partnership Units for an aggregate cost of \$25.5 million, plus accrued and unpaid distributions, less applicable withholding.

See Part I, Item 1: Notes 5, 6 and 8 of the "Notes to Consolidated Financial Statements" for a more detailed discussion of our capital markets transactions.

Critical Accounting Policies

In the preparation of financial statements, we utilize certain critical accounting policies. There have been no material changes in our significant accounting policies included in the notes to our audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2006.

THE COMPANY

We acquire, develop and operate industrial properties in key distribution markets tied to global trade throughout North America, Europe and Asia. We use the terms "industrial properties" or "industrial buildings" to describe various types of industrial properties in our portfolio and use these terms interchangeably with the following: logistics facilities, centers or warehouses; distribution facilities, centers or warehouses; High Throughput Distribution® (HTD®) facilities; or any combination of these terms. We use the term "owned and managed" to describe assets in which we have at least a 10% ownership interest, for which we are the property or asset manager, and which we intend to hold for the long-term.

We commenced operations as a fully-integrated real estate company effective with the completion of our initial public offering on November 26, 1997. Our strategy focuses on providing industrial distribution warehouse space to customers who value the efficient movement of goods through the global supply chain, primarily in the world's busiest distribution markets: large, supply-constrained infill locations with dense populations and proximity to airports, seaports and major highway systems. As of September 30, 2007, we owned, or had investments in, on a consolidated basis or through unconsolidated joint ventures, properties and development projects expected to total approximately 140.8 million square feet (13.1 million square meters) and 1,168 buildings in 44 markets within

thirteen countries. Additionally, as of September 30, 2007, we managed, but did not have a significant ownership interest in, industrial and other properties totaling approximately 1.5 million rentable square feet.

We operate our business primarily through our subsidiary, AMB Property, L.P., a Delaware limited partnership, which we refer to as the “operating partnership”. As of September 30, 2007, we owned an approximate 96.0% general partnership interest in the operating partnership, excluding preferred units. As the sole general partner of the operating partnership, we have the full, exclusive and complete responsibility for and discretion in its day-to-day management and control.

Our investment strategy generally targets customers whose businesses are tied to global trade, which, according to the World Bank, has grown more than three times the world gross domestic product growth rate over the last 30 years. To serve the facility needs of these customers, we seek to invest in major global distribution markets and transportation hubs that, generally, are tied to global trade.

Our strategy is to be a leading provider of industrial properties in supply-constrained submarkets of our target markets. These infill submarkets are generally characterized by large population densities and typically offer substantial consumer concentrations, proximity to large clusters of distribution-facility users and significant labor pools, and are generally located near key international passenger and cargo airports, seaports and major highway systems. When measured by annualized base rent, on an owned and managed basis, the substantial majority of our portfolio of industrial properties is located in our target markets, and much of this is in in-fill submarkets within our target markets. In-fill locations are characterized by supply constraints on the availability of land for competing projects as well as physical, political or economic barriers to new development.

Further, in many of our target markets, we focus on HTD® facilities, which are buildings designed to facilitate the rapid distribution of our customers’ products rather than the storage of goods. Our investment focus on HTD® assets is based on what we think to be a global trend toward lower inventory levels and expedited supply chains. HTD® facilities generally have a variety of physical characteristics that allow for the rapid transport of goods from point-to-point. These physical characteristics could include numerous dock doors, shallower building depths, fewer columns, large truck courts and more space for trailer parking. We think these building characteristics represent an important success factor for time-sensitive customers such as air express, logistics and freight forwarding companies, and that these facilities function best when located in convenient proximity to transportation infrastructure, such as major airports and seaports.

Of approximately 140.8 million square feet as of September 30, 2007:

- on an owned and managed basis, which include investments held on a consolidated basis or through unconsolidated joint ventures, we owned or partially owned approximately 114.0 million square feet (principally warehouse distribution buildings) that were 95.5% leased;
- on an owned and managed basis, which include investments held on a consolidated basis or through unconsolidated joint ventures, we had investments in 51 industrial development projects, which are expected to total approximately 16.8 million square feet upon completion;
- on a consolidated basis, we owned ten development projects, totaling approximately 2.5 million square feet, which are available for sale or contribution;
- through non-managed unconsolidated joint ventures, we had investments in 46 industrial operating properties, totaling approximately 7.4 million square feet; and
- we held approximately 0.1 million square feet, which is the location of our global headquarters.

Our global headquarters are located at Pier 1, Bay 1, San Francisco, California 94111; our telephone number is (415) 394-9000. We maintain other office locations in Amsterdam, Atlanta, Baltimore, Beijing, Boston, Chicago, Dallas, Delhi, Frankfurt, Los Angeles, Menlo Park, Nagoya, Narita, New Jersey, New York, Osaka, Paris, Seoul, Shanghai, Shenzhen, Singapore, Tokyo and Vancouver. As of September 30, 2007, we employed 491 individuals: 186 in our San Francisco headquarters, 59 in our Boston office, 48 in our Tokyo office, 41 in our Amsterdam office and the remainder in our other offices. Our website address is www.amb.com. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports filed or furnished

pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 are available on our website free of charge as soon as reasonably practicable after we electronically file such material with, or furnish it to, the U.S. Securities and Exchange Commission. The public may read and copy these materials at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains a website that contains such reports, proxy and information statements and other information whose Internet address is <http://www.sec.gov>. Our Corporate Governance Principles and Code of Business Conduct are also posted on our website. Information contained on our website is not and should not be deemed a part of this report or any other report or filing filed with the U.S. Securities and Exchange Commission.

Operating Strategy

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

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

Growth Strategies

Growth through Operations

We seek to generate long-term internal growth through rent increases on existing space and renewals on rollover space, working to maintain a high occupancy rate at our properties and to control expenses by capitalizing on the economies of scale inherent in owning, operating and growing a large, global portfolio. During the three months ended September 30, 2007, rent on renewed and re-leased space in our operating portfolio increased 8.9%, on an owned and managed basis. This amount excludes expense reimbursements, rental abatements, percentage rents and straight-line rents. During the three months ended September 30, 2007, cash-basis same store net operating income, including lease termination fees, increased by 5.3%, on an owned and managed basis, and 5.1% excluding lease termination fees. While we think that it is important to view real estate as a long-term investment, past results are not necessarily an indication of future performance. See "Supplemental Earnings Measures" for a discussion of cash-basis same store net operating income and a reconciliation of cash-basis same store net operating income and net income and Part I, Item 1: Note 10 of the "Notes to Consolidated Financial Statements" for detailed segment information, including revenue attributable to each segment, gross investment in each segment and total assets.

Growth through Development, Redevelopment and Value-Added Conversions

We think that the development, redevelopment and expansion of well-located, high-quality industrial properties generally provide us with attractive investment opportunities at higher rates of return than may be obtained from the purchase of existing properties. Through the deployment of our in-house development and redevelopment expertise, we seek to create value both through new construction and the acquisition and management of redevelopment opportunities. We believe that our historical focus on infill locations creates a unique opportunity to enhance stockholder value through the select conversion of industrial properties to higher and better uses, through our value-added conversion business. Value-added conversion projects generally involve a significant enhancement or a change in use of the property from industrial distribution warehouse to a higher and better use, such as office, retail or residential. New developments, redevelopments and value-added conversions require significant management attention, and development and redevelopment require significant capital investment, to maximize their

returns. Completed development and redevelopment properties are generally contributed to our co-investment joint ventures and held in our owned and managed portfolio or sold to third parties. Value-added conversion properties are generally sold to third parties at some point in the re-entitlement/conversion process, thus recognizing the enhanced value of the underlying land that supports the property's repurposed use. We think our global market presence and expertise will enable us to continue to generate and capitalize on a diverse range of development opportunities.

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

Growth through Acquisitions and Capital Redeployment

Our acquisition experience and our network of property management, leasing and acquisition resources should continue to provide opportunities for growth. In addition to our internal resources, we have long-term relationships with third-party local property management firms, which may give us access to additional acquisition opportunities because such managers frequently market properties on behalf of sellers. In addition, we seek to redeploy capital from non-strategic assets into properties that better fit our current investment focus. Since 2002, we have sold more than \$2 billion of operating properties, recognizing a gain of approximately \$256 million, in an effort to exit non-target markets and dispose of assets that no longer fit our investment criteria.

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

Growth through Global Expansion

Our long-term capital allocation goal is to have approximately 50% of our owned and managed operating portfolio invested in non-U.S. markets (based on annualized base rent). As of September 30, 2007, our non-U.S. operating properties comprised 21.4% of our owned and managed operating portfolio (based on annualized base rent) and 2.2% of our consolidated operating portfolio (based on annualized base rent). In addition to the United States, we include Canada and Mexico as target countries in North America. In Europe, our target countries currently are Belgium, France, Germany, Italy, the Netherlands, Spain and the United Kingdom. In Asia, our target countries currently are China, India, Japan, Singapore and South Korea. We expect to add additional target countries outside the United States in the future, including countries in Central/Eastern Europe.

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

will assist us in competing internationally. For a discussion of the amount of our revenues attributable to the United States and international markets, please see Part I, Item 1: Note 10 of the “Notes to Consolidated Financial Statements.”

Growth through Co-Investments

We co-invest in properties with private capital investors through partnerships, limited liability companies or joint ventures. Our co-investment joint ventures are managed by our private capital group and typically operate under the same investment strategy that we apply to our other operations. Generally, we will own a 15-50% interest in our co-investment joint ventures. We expect our co-investment program will continue to serve as a source of capital for acquisitions and developments; however, we cannot assure you that it will continue to do so. In addition, our co-investment joint ventures typically allow us to earn acquisition and development fees, asset management fees or priority distributions, as well as promoted interests or incentive distributions based on the performance of the co-investment joint ventures. As of September 30, 2007, we owned approximately 81.0 million square feet of our properties (57.5% of the total operating and development portfolio) through our consolidated and unconsolidated joint ventures.

CONSOLIDATED RESULTS OF OPERATIONS

Effective October 1, 2006, we deconsolidated AMB Institutional Alliance Fund III, L.P. on a prospective basis due to the re-evaluation of the accounting for our investment in the fund because of changes to the partnership agreement regarding the general partner’s rights effective October 1, 2006. As a result, our results of operations presented below are not comparable between years presented.

The analysis below includes changes attributable to same store growth, acquisitions, development activity and divestitures. Same store properties are those that we owned during both the current and prior year reporting periods, excluding development properties stabilized after December 31, 2005 (generally defined as properties that are 90% leased or properties for which we have held a certificate of occupancy or where building has been substantially complete for at least 12 months).

As of September 30, 2007, same store industrial properties consisted of properties aggregating approximately 73.2 million square feet. The properties acquired during the three months ended September 30, 2007 consisted of two properties, aggregating approximately 0.3 million square feet. During the three months ended September 30, 2006, our acquisitions consisted of nine properties, aggregating approximately 1.3 million square feet. During the three months ended September 30, 2007, property divestitures and contributions consisted of seven properties, aggregating approximately 1.4 million square feet. During the three months ended September 30, 2006, property divestitures and contributions consisted of two properties, aggregating approximately 0.7 million square feet. The properties acquired during the nine months ended September 30, 2007, consisted of six properties, aggregating approximately 0.7 million square feet. During the nine months ended September 30, 2006, our acquisitions consisted of 23 properties, aggregating approximately 5.9 million square feet. During the nine months ended September 30, 2007, property divestitures and contributions consisted of 21 properties, aggregating approximately 7.8 million square feet. During the nine months ended September 30, 2006, property divestitures and contributions consisted of 11 properties, aggregating approximately 3.0 million square feet. Our future financial condition and results of operations, including rental revenues, may be impacted by the acquisition of additional properties and dispositions. Our future revenues and expenses may vary materially from historical results.

For the Three Months Ended September 30, 2007 and 2006 (dollars in millions):

Revenues	For the Three Months Ended September 30,			
	2007	2006	\$ Change	% Change
Rental revenues				
U.S. industrial:				
Same store	\$ 138.5	\$ 149.3	\$ (10.8)	(7.2)%
2007 acquisitions	0.2	—	0.2	100.0%
2006 acquisitions	2.5	5.8	(3.3)	(56.9)%
Development	2.7	0.9	1.8	200.0%
Other industrial	3.6	3.0	0.6	20.0%
Non U.S. industrial	11.2	13.8	(2.6)	(18.8)%
Total rental revenues	158.7	172.8	(14.1)	(8.2)%
Private capital income	7.6	7.5	0.1	1.3%
Total revenues	\$ 166.3	\$ 180.3	\$ (14.0)	(7.8)%

U.S. industrial same store rental revenues decreased \$10.8 million from the prior year for the three-month period due primarily to the deconsolidation of AMB Institutional Alliance Fund III, L.P., partially offset by an increase in average occupancy and rent increases on renewals and rollovers. Same store rental revenues for the quarter ended September 30, 2006 would have been \$133.2 million if AMB Institutional Alliance Fund III, L.P. had been deconsolidated as of January 1, 2006. The properties acquired during the fiscal year ended December 31, 2006 consisted of 27 properties, aggregating approximately 6.6 million square feet. The properties acquired during the three months ended September 30, 2007, consisted of two properties, aggregating approximately 0.3 million square feet. The increase in rental revenues from development was primarily due to increased occupancy at several of our development projects where development activities have been substantially completed as well as an increase in the number of development projects. Other industrial revenues include rental revenues from development projects that have reached certain levels of operation but are not yet part of the same store operating pool of properties. The decrease in revenues from non-U.S. industrial properties was primarily due to the contribution of 4.2 million square feet of operating properties and approximately 0.5 million square feet of completed development projects into AMB Europe Fund I, FCP-FIS. The increase in private capital income of \$0.1 million was primarily due to an increase in acquisition fees and asset management fees as a result of an increase in total assets under management.

Costs and Expenses	For the Three Months Ended September 30,		\$ Change	% Change
	2007	2006		
Property operating costs:				
Rental expenses	\$ 23.8	\$ 24.8	\$ (1.0)	(4.0)%
Real estate taxes	19.2	19.8	(0.6)	(3.0)%
Total property operating costs	\$ 43.0	\$ 44.6	\$ (1.6)	(3.6)%
Property operating costs				
U.S. industrial:				
Same store	\$ 37.8	\$ 38.8	\$ (1.0)	(2.6)%
2007 acquisitions	0.1	—	0.1	100.0%
2006 acquisitions	0.7	1.4	(0.7)	(50.0)%
Development	0.8	0.9	(0.1)	(11.1)%
Other industrial	1.1	0.4	0.7	175.0%
Non-U.S. industrial	2.5	3.1	(0.6)	(19.4)%
Total property operating costs	43.0	44.6	(1.6)	(3.6)%
Depreciation and amortization	40.9	46.9	(6.0)	(12.8)%
General and administrative	35.1	25.6	9.5	37.1%
Other expenses	0.9	0.9	—	—%
Fund costs	0.3	0.5	(0.2)	(40.0)%
Total costs and expenses	\$ 120.2	\$ 118.5	\$ 1.7	1.4%

Same store properties' operating expenses decreased \$1.0 million from the prior year for the three-month period due primarily to the deconsolidation of AMB Institutional Alliance Fund III, L.P. Same store operating expenses for the quarter ended September 30, 2006 would have been \$35.6 million if AMB Institutional Alliance Fund III, L.P. had been deconsolidated as of January 1, 2006. The increase of approximately \$2.2 million, had AMB Institutional Alliance Fund III, L.P. been deconsolidated as of January 1, 2006, was due primarily to an increase in real estate taxes and insurance expenses. The 2006 acquisitions consisted of 27 properties, aggregating approximately 6.6 million square feet. The 2007 acquisitions consisted of two properties, aggregating approximately 0.3 million square feet. Other industrial expenses include expenses from development properties that have reached certain levels of operation and are not yet part of the same store operating pool of properties. In 2006 and 2007, we continued to contribute non-U.S. properties to our unconsolidated co-investment joint ventures resulting in a decrease in non-U.S. industrial operating costs. The decrease in property operating costs for non-U.S. industrial properties was primarily due to the contribution of 4.2 million square feet of operating properties and approximately 0.5 million square feet of completed development projects into AMB Europe Fund I, FCP-FIS. The decrease in depreciation and amortization expense was due to the deconsolidation of AMB Institutional Alliance Fund III, L.P. The increase in general and administrative expenses was primarily due to additional staffing and the opening of new offices both domestically and internationally. Other expenses include gains and losses on the non-qualified deferred compensation plan and certain deal costs. Fund costs represent general and administrative costs paid to third parties associated with our co-investment joint ventures.

	For the Three			
	Months Ended September 30,		\$ Change	% Change
	2007	2006		
Other Income and (Expenses)				
Equity in earnings of unconsolidated joint ventures, net	\$ 3.4	\$ 2.2	\$ 1.2	54.5%
Other income	8.0	2.9	5.1	175.9%
Development profits, net of taxes	48.3	23.5	24.8	105.5%
Interest expense, including amortization	(28.9)	(43.9)	(15.0)	(34.2)%
Total other income and (expenses), net	\$ 30.8	\$ (15.3)	\$ (46.1)	(301.3)%

The increase in equity in earnings of unconsolidated joint ventures of approximately \$1.2 million as compared to the three months ended September 30, 2006 was primarily due to an increase in asset management fees due to the formation of AMB Europe Fund I, FCP-FIS in June 2007 and the deconsolidation of AMB Institutional Alliance Fund III, L.P. Other income increased approximately \$5.1 million from the prior year for the three-month period due primarily to an increase in gains on currency remeasurement of \$4.7 million. Development profits represent gains from the sale or contribution of development projects including land. During the three months ended September 30, 2007, we sold two completed development projects totaling 0.1 million square feet for approximately \$26.3 million, resulting in an after-tax gain of \$8.5 million. In addition, we contributed three completed development projects totaling 0.9 million square feet into AMB Europe Fund I, FCP-FIS, and one completed development project totaling 0.5 million square feet into AMB Japan Fund I, L.P., both unconsolidated joint ventures, for a total of \$217.9 million. As a result of these contributions, we recognized an aggregate after-tax gain of \$39.8 million representing the portion of our interest in the contributed properties acquired by the third-party co-investors for cash. During the three months ended September 30, 2006, we sold three development projects, totaling approximately 0.8 million square feet for \$38.4 million, resulting in an after-tax gain of \$7.0 million. During the three months ended September 30, 2006, we contributed one completed development project totaling approximately 0.7 million square feet into AMB Japan Fund I, L.P., an unconsolidated joint venture. As a result of this contribution, we recognized an aggregate after-tax gain of \$16.5 million representing the portion of our interest in the contributed property acquired by the third-party co-investors for cash. The decrease in interest expense, including amortization, was due primarily to decreased borrowings on unsecured credit facilities and the deconsolidation of AMB Institutional Alliance Fund III, L.P.

	For the Three			
	Months Ended September 30,		\$ Change	% Change
	2007	2006		
Discontinued Operations				
Income attributable to discontinued operations, net of minority interests	\$ 2.4	\$ 3.6	\$ (1.2)	(33.3)%
Gains from dispositions of real estate, net of minority interests	3.9	0.2	3.7	1,850.0%
Total discontinued operations	\$ 6.3	\$ 3.8	\$ 2.5	65.8%

During the three months ended September 30, 2007, we divested ourselves of one industrial building, aggregating approximately 0.1 million square feet for \$7.5 million, with a resulting gain of approximately \$1.9 million and a gain of approximately \$2.0 million associated with the sale of one re-development project. During the three months ended September 30, 2006, we divested ourselves of one industrial building, aggregating approximately 0.1 million square feet for \$5.2 million, with a resulting net gain of approximately \$0.2 million.

	For the Three			
	Months Ended September 30,		\$ Change	% Change
	2007	2006		
Preferred Stock				
Preferred stock dividends	\$ (4.0)	\$ (3.4)	\$ 0.6	17.6%
Total preferred stock	\$ (4.0)	\$ (3.4)	\$ 0.6	17.6%

In August 2006, we issued 2,000,000 shares of 6.85% Series P Cumulative Redeemable Preferred Stock. The increase in preferred stock dividends is due to the then newly issued shares. On April 17, 2007, the operating partnership redeemed all 800,000 of its outstanding 7.95% Series J Cumulative Redeemable Preferred Limited Partnership Units and all 800,000 of its outstanding 7.95% Series K Cumulative Redeemable Preferred Limited Partnership Units.

For the Nine Months Ended September 30, 2007 and 2006 (dollars in millions):

Revenues	For the Nine Months Ended September 30,		S Change	% Change
	2007	2006		
Rental revenues				
U.S. industrial:				
Same store	\$ 411.3	\$ 445.6	\$ (34.3)	(7.7)%
2007 acquisitions	0.2	—	0.2	100.0%
2006 acquisitions	7.4	8.2	(0.8)	(9.8)%
Development	7.5	2.6	4.9	188.5%
Other industrial	9.6	7.4	2.2	29.7%
Non U.S. industrial	41.8	46.2	(4.4)	(9.5)%
Total rental revenues	477.8	510.0	(32.2)	(6.3)%
Private capital income	22.0	17.6	4.4	25.0%
Total revenues	\$ 499.8	\$ 527.6	\$ (27.8)	(5.3)%

U.S. industrial same store rental revenues decreased \$34.3 million from the prior year for the nine-month period due primarily to the deconsolidation of AMB Institutional Alliance Fund III, L.P., partially offset by an increase in average occupancy and rent increases on renewals and rollovers. Same store rental revenues for the nine months ended September 30, 2006 would have been \$397.2 million if AMB Institutional Alliance Fund III, L.P. had been deconsolidated as of January 1, 2006. The 2006 acquisitions consisted of 27 properties, aggregating approximately 6.6 million square feet. The 2007 acquisitions consisted of six properties, aggregating approximately 0.7 million square feet. The increase in rental revenues from development was primarily due to increased occupancy at several of our development projects where development activities have been substantially completed as well as an increase in the number of development projects. The decrease in revenues from non-U.S. industrial properties was primarily due to the contribution of 4.2 million square feet of operating properties and approximately 0.5 million square feet of completed development projects into AMB Europe Fund I, FCP-FIS. The increase in private capital income of \$4.4 million was primarily due to an increase in acquisition fees and asset management fees as a result of an increase in total assets under management.

Costs and Expenses	For the Nine Months Ended September 30,		\$ Change	% Change
	2007	2006		
Property operating costs:				
Rental expenses	\$ 73.2	\$ 72.6	\$ 0.6	0.8%
Real estate taxes	56.7	59.1	(2.4)	(4.1)%
Total property operating costs	\$ 129.9	\$ 131.7	\$ (1.8)	(1.4)%
Property operating costs				
U.S. industrial:				
Same store	\$ 113.7	\$ 118.5	\$ (4.8)	(4.1)%
2007 acquisitions	0.1	—	0.1	100.0%
2006 acquisitions	2.0	1.9	0.1	5.3%
Development	2.7	2.2	0.5	22.7%
Other industrial	2.5	0.5	2.0	400.0%
Non-U.S. industrial	8.9	8.6	0.3	3.5%
Total property operating costs	129.9	131.7	(1.8)	(1.4)%
Depreciation and amortization	122.4	133.5	(11.1)	(8.3)%
General and administrative	95.2	73.8	21.4	29.0%
Impairment losses	0.3	5.4	(5.1)	(94.4)%
Other expenses	3.0	1.1	1.9	172.7%
Fund costs	0.8	1.6	(0.8)	(50.0)%
Total costs and expenses	\$ 351.6	\$ 347.1	\$ 4.5	1.3%

Same store properties' operating expenses showed a decrease of \$4.8 million from the prior year for the nine-month period due primarily to the deconsolidation of AMB Institutional Alliance Fund III, L.P. Same store operating expenses for the nine months ended September 30, 2006 would have been \$107.8 million if AMB Institutional Alliance Fund III, L.P. had been deconsolidated as of January 1, 2006. The increase of approximately \$5.9 million, had AMB Institutional Alliance Fund III, L.P. been deconsolidated as of January 1, 2006, was primarily due to an increase in real estate taxes and insurance expenses. The 2006 acquisitions consisted of 27 properties, aggregating approximately 6.6 million square feet. The 2007 acquisitions consisted of six properties, aggregating approximately 0.7 million square feet. The increase in development operating costs was primarily due to increased operations in certain development projects which have been substantially completed. The increase in property operating costs from non-U.S. industrial properties is primarily due to the acquisition of properties in France, Germany, Mexico, the Netherlands and Singapore during 2006 and 2007. The decrease in depreciation and amortization expense was due to the deconsolidation of AMB Institutional Alliance Fund III, L.P. The increase in general and administrative expenses was primarily due to additional staffing and the opening of new offices both domestically and internationally. The impairment losses during the nine months ended September 30, 2007 were taken on a non-core asset as a result of leasing activities and changes in the economic environment. The impairment losses during the nine months ended September 30, 2006 were taken on several non-core assets as a result of leasing activities and changes in the economic environment and the holding period of certain assets. Other expenses increased approximately \$1.9 million from the prior year for the nine-month period due primarily to an increase in losses on the non-qualified deferred compensation plan. The decrease of fund costs from the prior year for the nine-month period is due primarily to the deconsolidation of AMB Institutional Alliance Fund III, L.P.

Other Income and (Expenses)	For the Nine Months Ended September 30,		\$ Change	% Change
	2007	2006		
Equity in earnings of unconsolidated joint ventures, net	\$ 7.3	\$ 12.6	\$ (5.3)	(42.1)%
Other income	20.0	8.7	11.3	129.9%
Gains from sale or contribution of real estate interests, net	74.8	—	74.8	100.0%
Development profits, net of taxes	89.5	69.9	19.6	28.0%
Interest expense, including amortization	(96.4)	(127.5)	(31.1)	(24.4)%
Total other income and (expenses), net	<u>\$ 95.2</u>	<u>\$ (36.3)</u>	<u>\$ (131.5)</u>	<u>(362.3)%</u>

The decrease in equity in earnings of unconsolidated joint ventures of approximately \$5.3 million as compared to the nine months ended September 30, 2006 was primarily due to a decrease in gains from the disposition of real estate by our unconsolidated joint ventures, partially offset by increased earnings from the formation of AMB Europe Fund I, FCP-FIS in June 2007 and the deconsolidation of AMB Institutional Alliance Fund III, L.P. Other income increased approximately \$11.3 million from the prior year for the nine-month period due primarily to an increase in the gain on currency remeasurement of approximately \$5.5 million, an increase in insurance proceeds of approximately \$2.9 million related to losses from Hurricanes Katrina and Wilma and an increase in interest income of \$1.3 million. During the nine months ended September 30, 2007, we contributed 4.2 million square feet in operating properties into AMB Europe Fund I, FCP-FIS, contributed a 0.2 million square foot operating property into AMB Institutional Alliance Fund III, L.P., and contributed an operating property aggregating approximately 0.1 million square feet into AMB-SGP Mexico, LLC, for a total of approximately \$524.9 million. As a result of these contributions, we recognized gains from contribution of real estate interests of approximately \$74.8 million, representing the portion of our interest in the contributed properties acquired by the third-party investors for cash. Development profits represent gains from the sale or contribution of development projects including land. During the nine months ended September 30, 2007, we sold seven completed development projects totaling 0.4 million square feet for approximately \$71.9 million, resulting in an after-tax gain of \$14.7 million. In addition, we contributed twelve completed development projects totaling 3.0 million square feet and two land parcels into AMB Institutional Alliance Fund III, L.P., AMB-SGP Mexico, LLC, AMB Europe Fund I, FCP-FIS, AMB DFS Fund I, LLC, and AMB Japan Fund I, L.P., five of our unconsolidated joint ventures. As a result of these contributions, we recognized an aggregate after-tax gain of \$74.8 million representing the portion of our interest in the contributed assets acquired by the third-party co-investors for cash. During the nine months ended September 30, 2006, we sold one land parcel and four development projects, totaling approximately 0.8 million square feet for an aggregate sale price of \$46.0 million, resulting in an after-tax gain of \$7.8 million and contributed two completed development projects totaling approximately 1.5 million square feet into AMB Japan Fund I, L.P., and one completed development project totaling approximately 0.6 million square feet into AMB-SGP Mexico, LLC. As a result of these contributions, we recognized an aggregate after-tax gain of \$63.1 million representing the portion of our interest in the contributed properties acquired by the third-party co-investors for cash. In addition, we received approximately \$0.4 million in connection with the condemnation of a parcel of land resulting in a loss of \$1.0 million, \$0.8 million of which was the joint venture partner's share. The decrease in interest expense, including amortization, was due primarily to decreased borrowings on unsecured credit facilities and the deconsolidation of AMB Institutional Alliance Fund III, L.P.

Discontinued Operations	For the Nine			
	Months Ended September 30,		S Change	% Change
	2007	2006		
Income attributable to discontinued operations, net of minority interests	\$ 7.3	\$ 13.5	\$ (6.2)	(45.9)%
Gains from dispositions of real estate, net of minority interests	4.3	24.3	(20.0)	(82.3)%
Total discontinued operations	\$ 11.6	\$ 37.8	\$ (26.2)	(69.3)%

During the nine months ended September 30, 2007, we divested ourselves of one industrial building, aggregating approximately 0.1 million square feet for \$7.5 million, with a resulting gain of approximately \$1.9 million and a gain of approximately \$2.0 million associated with the sale of one re-development project. The additional gain of \$0.4 million during the nine months ended September 30, 2007 resulted primarily from the additional value received from the disposition of properties in 2006. During the nine months ended September 30, 2006, we divested ourselves of 13 industrial buildings, aggregating approximately 0.9 million square feet, for an aggregate price of \$59.1 million, with a resulting net gain of \$24.3 million.

Preferred Stock	For the Nine			
	Months Ended September 30,		S Change	% Change
	2007	2006		
Preferred stock dividends	\$ (11.9)	\$ (9.6)	\$ 2.3	24.0%
Preferred unit redemption (issuance costs) discount	(2.9)	(1.0)	1.9	190.0%
Total preferred stock	\$ (14.8)	\$ (10.6)	\$ 4.2	39.6%

In August 2006, we issued 2,000,000 shares of 6.85% Series P Cumulative Redeemable Preferred Stock. The increase in preferred stock dividends is due to the then newly issued shares. On April 17, 2007, the operating partnership redeemed all 800,000 of its outstanding 7.95% Series J Cumulative Redeemable Preferred Limited Partnership Units and all 800,000 of its outstanding 7.95% Series K Cumulative Redeemable Preferred Limited Partnership Units. In addition, on April 17, 2007, AMB Property II, L.P., one of our subsidiaries, repurchased all 510,000 of its outstanding 8.00% Series I Cumulative Redeemable Preferred Limited Partnership Units. As a result of the redemptions and repurchase, we recognized a reduction of income available to common stockholders of \$2.9 million for the original issuance costs during the nine months ended September 30, 2007. During the nine months ended September 30, 2006, AMB Property II, L.P., one of our subsidiaries, redeemed all 840,000 of its outstanding 8.125% Series H Cumulative Redeemable Preferred Limited Partnership Units, all 220,440 of its outstanding 7.75% Series E Cumulative Redeemable Preferred Limited Partnership Units and all 201,139 of its outstanding 7.95% Series F Cumulative Redeemable Preferred Limited Partnership Units. As a result, we recognized a decrease in income available to common stockholders of \$1.0 million for the original issuance costs, net of discount on repurchase.

LIQUIDITY AND CAPITAL RESOURCES

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

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

- retained earnings and cash flow from operations;
- private capital from co-investment partners;

- net proceeds from contribution of properties and completed development projects to our co-investment joint ventures;
- net proceeds from the sales of development projects, value-added conversion projects and land to third parties;
- net proceeds from divestitures of properties;
- proceeds from equity (common and preferred) or debt securities offerings;
- borrowings under our unsecured credit facilities;
- other forms of secured or unsecured financing; and
- proceeds from limited partnership unit offerings (including issuances of limited partnership units by our subsidiaries).

We currently expect that our principal funding requirements will include:

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

Cash flows. For the nine months ended September 30, 2007, cash provided by operating activities was \$216.9 million as compared to \$221.1 million for the same period in 2006. This change is primarily due to gains from sales and contributions of real estate interests, net and changes in our assets and liabilities offset by an increase in operating distributions received by unconsolidated joint ventures. Cash used in investing activities was \$437.2 million for the nine months ended September 30, 2007, as compared to cash used for investing activities of \$924.8 million for the same period in 2006. This change is primarily due to an increase in proceeds from divestitures of real estate due largely to the formation of AMB Europe Fund I, FCP-FIS, offset by a decrease in funds used for property acquisitions and an increase in additions to interests in unconsolidated joint ventures. Cash provided by financing activities was \$331.4 million for the nine months ended September 30, 2007, as compared to cash provided by financing activities of \$622.1 million for the same period in 2006. This change is due primarily to an increase in payments on secured debt, other debt, credit facilities, senior debt, the cost of repurchase of preferred units, and a decrease in proceeds from issuances of senior debt, and contributions from co-investment partners. This activity was partially offset by the issuance of common stock and increased borrowings on secured debt and credit facilities.

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

Capital Resources

Development sales activity during the three and nine months ended September 30, 2007 and 2006 was as follows (dollars in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2007	2006	2007	2006
Number of completed development projects	1	3	6	4
Number of value-added conversions	1	—	1	—
Number of land parcels	—	—	—	2
Square feet	42,585	766,547	368,492	798,699
Gross sales price	\$ 26,280	\$ 38,421	\$ 71,894	\$ 46,426
Development profits, net of taxes	\$ 8,479	\$ 6,983	\$ 14,686	\$ 6,789

Development contribution activity during the three and nine months ended September 30, 2007 and 2006 was as follows (dollars in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2007	2006	2007	2006
Number of projects contributed to AMB Institutional Alliance Fund III, L.P.	—	—	4	—
Square feet	—	—	1,006,164	—
Number of projects contributed to AMB-SGP Mexico, LLC	—	—	1	1
Square feet	—	—	217,514	580,669
Number of land parcels contributed to AMB DFS Fund I, LLC	—	—	2	—
Square feet	—	—	—	—
Number of projects contributed to AMB Europe Fund I, FCP-FIS	3	—	6	—
Square feet	864,804	—	1,312,614	—
Number of projects contributed to AMB Japan Fund I, L.P.	1	1	1	2
Square feet	469,627	667,978	469,627	1,457,943
Total number of contributed development assets	4	1	14	3
Total square feet	1,334,431	667,978	3,005,919	2,038,612
Development profits, net of taxes	\$ 39,819	\$ 16,534	\$ 74,800	\$ 63,100

Property Divestitures. During the three and nine months ended September 30, 2007, we divested ourselves of one industrial building aggregating 0.1 million square feet, for an aggregate price of \$7.5 million, with a resulting net gain of \$1.9 million and accumulated depreciation re-capture of approximately \$2.0 million associated with the sale of one re-development project. During the three months ended September 30, 2006, we divested ourselves of one industrial building, aggregating approximately 0.1 million square feet, for an aggregate price of \$5.2 million, with a resulting net gain of \$0.2 million. During the nine months ended September 30, 2006, we divested ourselves of 13 industrial buildings, aggregating approximately 0.9 million square feet, for an aggregate price of \$59.1 million, with a resulting net gain of \$24.3 million.

Gains from Sale or Contribution of Real Estate Interests. During the nine months ended September 30, 2007, we contributed operating properties for approximately \$524.9 million, aggregating approximately 4.5 million square feet, into AMB Europe Fund I, FCP-FIS, AMB Institutional Alliance Fund III, L.P. and AMB-SGP Mexico, LLC. We recognized a gain of \$74.8 million on the contributions, representing the portion of our interest in the

contributed properties acquired by the third-party investors for cash. During the three and nine months ended September 30, 2006, there were no comparable events.

Properties Held for Contribution. As of September 30, 2007, we held for contribution to co-investment joint ventures 16 industrial projects with an aggregate net book value of \$258.6 million, which, when contributed to a joint venture, will reduce our average ownership interest in these projects from approximately 90% currently to an expected range of 15-20%.

Properties Held for Divestiture. As of September 30, 2007, we held for divestiture six industrial projects with an aggregate net book value of \$63.7 million. These properties either are not in our core markets or do not meet our current investment objectives, or are included as part of our development-for-sale or value-added conversion programs. 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.

Co-Investment Joint Ventures. Through the operating partnership, we enter into co-investment joint ventures with institutional investors. These co-investment joint ventures are managed by our private capital group and provide us with an additional source of capital to fund certain acquisitions, development projects and renovation projects, as well as private capital income. We consolidate these joint ventures for financial reporting purposes when they are not variable interest entities and when we are the sole managing general partner and control all major operating decisions. However, in certain cases, our co-investment joint ventures are unconsolidated because we do not control all major operating decisions and the general partners do not have significant rights under the Emerging Issue Task Force Issue No. 04-5, *Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights*.

Third-party equity interests in the joint ventures are reflected as minority interests in the consolidated financial statements. As of September 30, 2007, we owned approximately 81.0 million square feet of our properties (57.5% of the total operating and development portfolio) through our consolidated and unconsolidated joint ventures. We may make additional investments through these joint ventures or new joint ventures in the future and presently plan to do so. The following table summarizes our unconsolidated co-investment joint ventures at September 30, 2007 (dollars in thousands):

Unconsolidated Co-Investment Joint Venture	Joint Venture Partner	Approximate Ownership Percentage	Planned Capitalization(1)
AMB-SGP Mexico, LLC(2)	Industrial (Mexico) JV Pte Ltd	20 %	\$ 704,538
AMB Japan Fund I, L.P.(3)	Institutional investors	20 %	\$ 2,183,387
AMB Europe Fund I, FCP-FIS(4)(6)	Institutional investors	21 %	\$ 1,159,376
AMB Institutional Alliance Fund III, L.P.(5)(6)	AMB Institutional Alliance REIT III, Inc.	19 %	\$ 2,101,192
AMB DFS Fund I, LLC(7)	Strategic Realty Ventures, LLC	15 %	\$ 407,680

- (1) Planned capitalization includes anticipated debt and all partners' expected equity contributions.
- (2) 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.
- (3) AMB Japan Fund I, L.P. is a co-investment partnership formed in 2005 with 13 institutional investors. The fund is Yen-denominated. U.S. dollar amounts are converted at the exchange rate in effect at September 30, 2007.
- (4) AMB Europe Fund I, FCP-FIS, is an open-ended co-investment venture formed in 2007 with institutional investors. The fund is Euro-denominated. U.S. dollar amounts are converted at the exchange rate in effect at September 30, 2007.
- (5) AMB Institutional Alliance Fund III, L.P. is an open-ended co-investment partnership formed in 2004 with institutional investors, which invests through a private real estate investment trust. Prior to October 1, 2006, we accounted for AMB Institutional Alliance Fund III, L.P. as a consolidated joint venture.
- (6) The planned gross capitalization and investment capacity of AMB Europe Fund I, FCP-FIS, and AMB Institutional Alliance Fund III, L.P. as open-ended funds are not limited. The planned gross capitalization

represents the gross book value of real estate assets plus estimated investment capacity, as of the most recent quarter end.

(7) 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 June 30, 2007, we exercised our option to purchase the remaining equity interest held by an unrelated third party, based on the fair market value as stipulated in the joint venture agreement, in AMB Pier One, LLC, for a nominal amount. AMB Pier One, LLC, is a joint venture related to the 2000 redevelopment of the pier that houses our global headquarters in San Francisco, California. As a result, the investment was consolidated as of June 30, 2007.

As of September 30, 2007, we 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 September 30, 2007, one of our subsidiaries 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 \$2.7 million and \$2.7 million, respectively, is included in other assets on the consolidated balance sheets as of September 30, 2007 and December 31, 2006.

Common and Preferred Equity. We have authorized for issuance 100,000,000 shares of preferred stock, of which the following series were designated as of September 30, 2007: 1,595,337 shares of series D 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.

We have a shelf registration statement filed with the U.S. Securities and Exchange Commission under which we may issue an unspecified number of shares of our common stock and preferred stock. During the nine months ended September 30, 2007, we issued approximately 8.4 million shares of our common stock under this shelf registration statement 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 our stock price at issuance as compared to the book value per share at the time of issuance. We intend to use the proceeds from the offering for general corporate purposes and, over the long term, to expand our global development business.

During the three and nine months ended September 30, 2007, we repurchased approximately 1.1 million shares of our common stock for an aggregate price of \$53.4 million at a weighted average price of \$49.87 per share. We may still repurchase up to \$146.6 million of our common stock under this program.

Debt. In order to maintain financial flexibility and facilitate the deployment of capital through market cycles, we presently intend over the long term to operate with an our share of total debt-to-our share of total market capitalization ratio of approximately 45% or less. As of September 30, 2007, our share of total debt-to-our share of total market capitalization ratio was 32.0%. (See footnote 1 to the Capitalization Ratios table below for our definitions of "our share of total market capitalization," "market equity" and "our share of total debt.") However, we typically finance our co-investment joint ventures with secured debt at a loan-to-value ratio of 50-65% per our joint venture agreements. Additionally, we currently intend to manage our capitalization in order to maintain an investment grade rating on our senior unsecured debt. Regardless of these policies, however, our organizational documents do not limit the amount of indebtedness that we may incur. Accordingly, our management could alter or eliminate these policies without stockholder approval or circumstances could arise that could render us unable to comply with these policies.

As of September 30, 2007, the aggregate principal amount of our secured debt was \$1.4 billion, excluding unamortized debt premiums of \$4.6 million. Of the \$1.4 billion of secured debt, \$1.1 billion is secured by properties in our joint ventures. The secured debt is generally non-recourse and bears interest at rates varying from 1.1% to 9.4% per annum (with a weighted average rate of 6.0%) and final maturity dates ranging from October 2007 to

February 2024. As of September 30, 2007, \$1.1 billion of the secured debt obligations bear interest at fixed rates with a weighted average interest rate of 6.3%, while the remaining \$254.2 million bear interest at variable rates (with a weighted average interest rate of 4.9%).

On February 14, 2007, seven subsidiaries of AMB-SGP, L.P., a Delaware limited partnership, which is one of our subsidiaries, 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%. The fourth 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 September 30, 2007, the operating partnership had outstanding an aggregate of \$1.0 billion in unsecured senior debt securities, which bore a weighted average interest rate of 6.1% and had an average term of 4.5 years. The unsecured senior debt securities are subject to various covenants. The covenants contain affirmative covenants, including compliance with financial reporting requirements and maintenance of specified financial ratios, and negative covenants, including limitations on the incurrence of liens and limitations on mergers or consolidations.

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

Credit Facilities. The operating partnership has a \$550.0 million (includes Euros, Yen, British pounds sterling or U.S. dollar denominated borrowings) unsecured revolving credit facility, which bore a weighted average interest rate of 5.1% at September 30, 2007. This facility matures on June 1, 2010. We are a guarantor of the operating partnership's obligations under the credit facility. The line 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 September 30, 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 September 30, 2007, the outstanding balance on this credit facility, using the exchange rate in effect on September 30, 2007, was \$231.8 million and the remaining amount available was \$301.0 million, net of outstanding letters of credit of \$17.2 million.

AMB Japan Finance Y.K., a subsidiary of the operating partnership, has a Yen-denominated unsecured revolving credit facility with an initial borrowing limit of 55.0 billion Yen, which, using the exchange rate in effect at September 30, 2007, equaled approximately \$479.1 million U.S. dollars and bore a weighted average interest rate of 1.2%. We, along with the operating partnership, guarantee the obligations of AMB Japan Finance Y.K. under the credit facility, as well as the obligations of any other entity in which the operating partnership directly or indirectly own 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 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 September 30, 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 September 30, 2007. As of September 30, 2007, the outstanding balance on this credit facility, using the exchange rate in effect on September 30, 2007, was \$373.1 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.

On July 16, 2007, certain of our wholly-owned subsidiaries and the operating partnership, each acting as a borrower, with us and the operating partnership as guarantors, entered into a fifth amended and restated revolving credit agreement for a \$500 million unsecured revolving credit facility that replaced the existing \$250 million unsecured revolving credit facility. The fifth amended and restated credit facility amends the fourth amended and restated credit facility to, among other things, increase the facility amount to \$500 million with an option to further increase the facility to \$750 million, to extend the maturity date to June 2011 and to allow for future borrowing in Indian Rupees. We along with the operating partnership guarantee the obligations for such subsidiaries and other entities controlled by the operating partnership that are selected by the operating partnership from time to time to be borrowers under and pursuant to our credit facility. Generally, borrowers under the credit facility have the option to secure all or a portion of the borrowings under the credit facility. The credit facility includes a multi-currency component under which up to \$500.0 million can be drawn in U.S. dollars, Hong Kong dollars, Singapore dollars, Canadian dollars, pounds sterling, Euros and Indian Rupees. The line, which matures in June 2011 and carries a one-year extension option, can be increased to up to \$750.0 million upon certain conditions and the payment of an extension fee equal to 0.15% of the outstanding commitments. The rate on the borrowings is generally LIBOR plus a margin, based on the credit rating of the operating partnership's senior unsecured long-term debt, which was 60 basis points as of September 30, 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 September 30, 2007, the outstanding balance on this credit facility was approximately \$213.4 million and bore a weighted average interest rate of 5.6%. 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.

On December 8, 2006, we executed a 228.0 million Euros facility agreement (approximately \$303.3 million in U.S. dollars, using the exchange rate at June 12, 2007, the date the facility was assumed by AMB Europe Fund I, FCP-FIS, as discussed below), which provides that certain of our affiliates may borrow either acquisition loans, up to a 100.0 million Euros sub-limit (approximately \$133.0 million in U.S. dollars, using the exchange rate at June 12, 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, we increased the facility amount limit from 228.0 million Euros to 328.0 million Euros. 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. We initially guaranteed the acquisition loan facility and were the carve-out indemnitor in respect of the term loans. In accordance with the facility agreement, these responsibilities were transferred and we were fully discharged from all such obligations when, on June 12, 2007, AMB Europe Fund I, FCP-FIS assumed, and we were released from, all of our obligations and liabilities under the facility agreement. On June 12, 2007, there were 200.7 million Euros (approximately \$267.0 million in U.S. dollars, using the exchange rate at June 12, 2007) of term loans and no acquisition loans outstanding under the facility agreement.

The tables below summarize our debt maturities and capitalization as of September 30, 2007 (dollars in thousands):

	Debt					
	Our Secured Debt(1)	Joint Venture Debt(1)	Unsecured Senior Debt Securities	Credit Facilities(2)	Other Debt	Total Debt
2007	\$ 57,564	\$ 11,256	\$ —	\$ —	\$ 13,173	\$ 81,993
2008	90,800	72,774	175,000	—	810	339,384
2009	25,799	146,333	100,000	—	873	273,005
2010	65,905	95,365	250,000	604,873	941	1,017,084
2011	115	189,640	75,000	213,452	1,014	479,221
2012	2,044	459,082	—	—	61,093(5)	522,219
2013	—	46,366	175,000	—	65,920(6)	287,286
2014	—	4,076	—	—	616	4,692
2015	—	18,780	112,491	—	664	131,935
2016	—	54,995	—	—	—	54,995
Thereafter	—	19,091	125,000	—	—	144,091
Subtotal	242,227	1,117,758	1,012,491	818,325	145,104	3,335,905
Unamortized premiums (discounts)	1,129	3,443	(9,681)	—	—	(5,109)
Total consolidated debt	243,356	1,121,201	1,002,810	818,325	145,104	3,330,796
Our share of unconsolidated joint venture debt(3)	—	505,285	—	—	31,478	536,763
Total debt(4)	243,356	1,626,486	1,002,810	818,325	176,582	3,867,559
Joint venture partners' share of consolidated joint venture debt	—	(718,461)	—	—	(100,000)	(818,461)
Our share of total debt(4)	\$ 243,356	\$ 908,025	\$ 1,002,810	\$ 818,325	\$ 76,582	\$ 3,049,098
Weighted average interest rate	5.6%	6.2%	6.1%	3.4%	6.2%	5.4%
Weighted average maturity (in years)	1.2	4.4	4.5	2.9	4.8	3.8

- (1) Our secured debt and joint venture debt include debt related to European and Asian assets in the amount of \$63.7 million and \$67.1 million, respectively, translated to U.S. dollars using the exchange rate in effect on September 30, 2007.
- (2) Represents three credit facilities with total capacity of approximately \$1.5 billion. Includes \$402.7 million, \$194.2 million, \$102.6 million, \$84.6 million and \$19.3 million in Yen, Canadian dollar, Euros, British pounds sterling and Singapore dollar-based borrowings, respectively, translated to U.S. dollars using the foreign exchange rates in effect on September 30, 2007.
- (3) The weighted average interest and average maturity for the unconsolidated joint venture debt were 4.7% and 5.3 years, respectively.
- (4) Our share of total debt represents the pro rata portion of the total debt based on our percentage of equity interest in each of the consolidated or unconsolidated joint ventures holding the debt. We believe that our share of total debt is a meaningful supplemental measure, which enables both management and investors to analyze our leverage and to compare our leverage to that of other companies. In addition, it allows for a more meaningful comparison of our debt to that of other companies that do not consolidate their joint ventures. Our share of total debt is not intended to reflect our actual liability should there be a default under any or all of such loans or a

liquidation of the joint ventures. The above table reconciles our share of total debt to total consolidated debt, a GAAP financial measure.

- (5) Maturity includes \$60.0 million balance outstanding on a \$70.0 million non-recourse credit facility obtained by AMB Institutional Alliance Fund II, L.P.
 (6) Maturity includes \$65.0 million balance outstanding on a \$65.0 million non-recourse credit facility obtained by AMB Partners II, L.P.

Market Equity as of September 30, 2007

Security	Shares/Units Outstanding	Market Price	Market Value
Common stock	98,910,419	\$ 59.81	\$ 5,915,832
Common limited partnership units(1)	4,144,783	59.81	247,899
Total	103,055,202		\$ 6,163,731

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

Preferred Stock and Units as of September 30, 2007

Security	Dividend Rate	Liquidation Preference	Redemption/Callable Date
Series D preferred units(1)	7.18%	\$ 79,767	February 2012
Series L preferred stock	6.50%	50,000	June 2008
Series M preferred stock	6.75%	57,500	November 2008
Series O preferred stock	7.00%	75,000	December 2010
Series P preferred stock	6.85%	50,000	August 2011
Weighted average/total	6.90%	\$ 312,267	

- (1) On January 29, 2007, all of the outstanding 7.75% Series D Cumulative Redeemable Preferred Limited Partnership 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 Cumulative Redeemable Preferred Limited Partnership Units to, among other things, change the rate applicable to the Series D Cumulative Redeemable Preferred Limited Partnership Units from 7.75% to 7.18% and change the date prior to which the Series D Cumulative Redeemable Preferred Limited Partnership Units may not be redeemed from May 5, 2004 to February 22, 2012.

Capitalization Ratios as of September 30, 2007

Total debt-to-total market capitalization(1)	37.4%
Our share of total debt-to-our share of total market capitalization(1)	32.0%
Total debt plus preferred-to-total market capitalization(1)	40.4%
Our share of total debt plus preferred-to-our share of total market capitalization(1)	35.3%
Our share of total debt-to-our share of total book capitalization(1)	51.4%

- (1) Our definition of "total market capitalization" is total debt plus preferred equity liquidation preferences plus market equity. Our definition of "our share of total market capitalization" is our share of total debt plus preferred equity liquidation preferences plus market equity. Our definition of "market equity" is the total number of outstanding shares of our common stock and common limited partnership units multiplied by the closing price per share of our common stock as of September 30, 2007. Our definition of "preferred" is preferred equity liquidation preferences. Our share of total book capitalization is defined as our share of total debt plus minority interests to preferred unitholders and limited partnership unitholders plus stockholders' equity. Our share of total debt is the pro rata portion of the total debt based on our percentage of equity interest in each of the consolidated or unconsolidated ventures holding the debt. We believe that our share of total debt is a meaningful supplemental measure, which enables both management and investors to analyze our leverage and to compare our leverage to that of other companies. In addition, it allows for a more meaningful comparison of

our debt to that of other companies that do not consolidate their joint ventures. Our share of total debt is not intended to reflect our actual liability should there be a default under any or all of such loans or a liquidation of the joint ventures. For a reconciliation of our share of total debt to total consolidated debt, a GAAP financial measure, please see the table of debt maturities and capitalization above.

Liquidity

As of September 30, 2007, we had \$296.8 million in cash and cash equivalents and \$693.6 million of additional available borrowings under our credit facilities. As of September 30, 2007, we had \$103.2 million in restricted cash.

Our board of directors declared a regular cash dividend for the quarter ended September 30, 2007 of \$0.50 per share of common stock, and the operating partnership announced its intention to pay a regular cash distribution for the quarter ended September 30, 2007 of \$0.50 per common unit. The dividends and distributions were payable on October 15, 2007 to stockholders and unitholders of record on October 5, 2007. The series L, M, O and P preferred stock dividends were payable on October 15, 2007 to stockholders of record on October 5, 2007. The series D preferred unit quarterly distributions were paid on September 25, 2007. The following table sets forth the dividends and distributions paid or payable per share or unit for the three and nine months ended September 30, 2007 and 2006:

Paying Entity	Security	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
		2007	2006	2007	2006
		AMB Property Corporation	Common stock	\$ 0.500	\$ 0.460
AMB Property Corporation	Series L preferred stock	\$ 0.406	\$ 0.406	\$ 1.219	\$ 1.219
AMB Property Corporation	Series M preferred stock	\$ 0.422	\$ 0.422	\$ 1.266	\$ 1.266
AMB Property Corporation	Series O preferred stock	\$ 0.438	\$ 0.438	\$ 1.313	\$ 1.313
AMB Property Corporation	Series P preferred stock	\$ 0.428	\$ 0.172	\$ 1.284	\$ 0.172
Operating Partnership	Common limited partnership units	\$ 0.500	\$ 0.460	\$ 1.500	\$ 1.380
Operating Partnership	Series J preferred units(1)	n/a	\$ 0.994	\$ 1.005	\$ 2.981
Operating Partnership	Series K preferred units(1)	n/a	\$ 0.994	\$ 1.005	\$ 2.981
AMB Property II, L.P.	Class B common limited partnership units	\$ 0.500	\$ 0.460	\$ 1.500	\$ 1.380
AMB Property II, L.P.	Series D preferred units	\$ 0.898	\$ 0.969	\$ 2.738	\$ 2.906
AMB Property II, L.P.	Series E preferred units(2)	n/a	n/a	n/a	\$ 1.776
AMB Property II, L.P.	Series F preferred units(3)	n/a	\$ 0.729	n/a	\$ 2.716
AMB Property II, L.P.	Series H preferred units(4)	n/a	n/a	n/a	\$ 0.970
AMB Property II, L.P.	Series I preferred units(5)	n/a	\$ 1.000	\$ 1.244	\$ 3.000
AMB Property II, L.P.	Series N preferred units(6)	n/a	n/a	n/a	\$ 0.215

- (1) In April 2007, the operating partnership redeemed all of its series J and series K preferred units.
- (2) In June 2006, AMB Property II, L.P. repurchased all of its outstanding series E preferred units.
- (3) In September 2006, AMB Property II, L.P. repurchased all of its outstanding series F preferred units.
- (4) In March 2006, AMB Property II, L.P. repurchased all of its outstanding series H preferred units.
- (5) In April 2007, AMB Property II, L.P. repurchased all of its series I preferred units.
- (6) 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.

The anticipated size of our distributions, using only cash from operations, will not allow us to pay all of our debt as it comes due. Therefore, we intend to also repay maturing debt with net proceeds from future debt or equity

financings, as well as property divestitures. However, we may not be able to obtain future financings on favorable terms or at all. Our inability to obtain future financings on favorable terms or at all would adversely affect our financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, our stock.

Capital Commitments

Development starts, generally defined as projects where we have obtained building permits and have begun physical construction, during the three and nine months ended September 30, 2007 and 2006 were as follows (dollars in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2007	2006	2007	2006
North America:				
Number of new development projects	9	5	20	12
Number of value-added conversion projects	—	—	1	—
Square feet	2,327,175	2,055,118	5,415,497	4,333,307
Estimated total investment(1)	\$ 181,345	\$ 112,316	\$ 407,670	\$ 250,627
Europe:				
Number of new development projects	2	1	2	1
Square feet	504,288	37,954	504,288	37,954
Estimated total investment(1)	\$ 51,652	\$ 4,405	\$ 51,652	\$ 4,405
Asia:				
Number of new development projects	—	2	3	6
Square feet	—	677,655	2,027,859	3,338,203
Estimated total investment(1)	\$ —	\$ 134,486	\$ 229,553	\$ 349,592
Total:				
Number of new development projects	11	8	25	19
Number of value-added conversion projects	—	—	1	—
Square feet	2,831,463	2,770,727	7,947,644	7,709,464
Estimated total investment(1)	\$ 232,997	\$ 251,207	\$ 688,875	\$ 604,624

Land acquisitions during the three and nine months ended September 30, 2007 and 2006 were as follows (dollars in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2007	2006	2007	2006
North America:				
Acres	92	253	1,026	579
Estimated build out potential (square feet)	1,444,220	3,233,229	17,996,473	8,618,394
Investment(2)	\$ 65,755	\$ 54,078	\$ 165,951	\$ 183,722
Asia:				
Acres	16	19	19	33
Estimated build out potential (square feet)	398,264	799,634	787,264	1,984,430
Investment(2)	\$ 5,645	\$ 11,446	\$ 18,645	\$ 47,382
Total:				
Acres	108	272	1,045	612
Estimated build out potential (square feet)	1,842,484	4,032,863	18,783,737	10,602,824
Investment(2)	\$ 71,400	\$ 65,524	\$ 184,596	\$ 231,104

(1) Includes total estimated cost of development, renovation, or expansion, including initial acquisition costs, prepaid ground leases and associated carry costs. Estimated total investments are based on current forecasts and are subject to change.

(2) Includes acquisition cost and associated carry costs.

Acquisition activity during the three and nine months ended September 30, 2007 and 2006 was as follows (dollars in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2007	2006	2007	2006
Number of properties acquired by AMB Institutional Alliance Fund III, L.P.	5	6	18	14
Square feet	986,161	1,034,080	3,815,577	3,385,077
Expected investment	\$ 83,284	\$ 97,315	\$ 311,803	\$ 274,201
Number of properties acquired by AMB Europe Fund I, FCP-FIS	1	—	5	—
Square Feet	122,924	—	1,468,239	—
Expected investment	\$ 9,384	\$ —	\$ 134,779	\$ —
Number of properties acquired by AMB Japan Fund I, L.P.	1	—	8	—
Square feet	44,566	—	1,107,261	—
Expected investment	\$ 4,957	\$ —	\$ 180,901	\$ —
Number of properties acquired by AMB-SGP Mexico, LLC	—	—	3	—
Square Feet	—	—	1,739,976	—
Expected investment	\$ —	\$ —	\$ 69,688	\$ —
Number of properties acquired by AMB Partners II, L.P.	—	—	—	2
Square feet	—	—	—	616,437
Expected investment	—	—	—	60,602
Number of properties acquired by AMB Property, L.P.	2	3	6	7
Square feet	304,777	248,257	665,829	1,901,813
Expected investment	\$ 18,635	\$ 18,280	\$ 55,459	\$ 180,933
Total number of properties acquired	9	9	40	23
Total square feet	1,458,428	1,282,337	8,796,882	5,903,327
Total acquisition cost	\$ 113,601	\$ 112,828	\$ 738,158	\$ 504,953
Total acquisition capital	\$ 2,659	\$ 2,767	\$ 14,472	\$ 10,783
Total expected investment	\$ 116,260	\$ 115,595	\$ 752,630	\$ 515,736

Development Pipeline. As of September 30, 2007, we had 51 industrial projects in our development pipeline, which are expected to total approximately 16.8 million square feet and have an aggregate estimated investment of \$1.6 billion upon completion. We have an additional ten development projects available for sale or contribution totaling approximately 2.5 million square feet, with an aggregate estimated investment of \$232.8 million. As of September 30, 2007, we and our joint venture partners have funded an aggregate of \$1.1 billion and needed to fund an estimated additional \$520.4 million in order to complete our development pipeline. The development pipeline, at September 30, 2007, included projects expected to be completed through the fourth quarter of 2009. In addition to our committed development pipeline, we hold a total of 2,405 acres of land for future development or sale, 95% of which is located in North America. We currently estimate that these 2,405 acres of land could support approximately 42.1 million square feet of future development.

Lease Commitments. We have entered into operating ground leases on certain land parcels, primarily on-tarmac facilities and office space with remaining lease terms from one to 55 years. These buildings and improvements subject to ground leases are amortized ratably over the lesser of the terms of the related leases or 40 years.

Co-Investment Joint Ventures. Through the operating partnership, we enter into co-investment joint ventures with institutional investors. These co-investment joint ventures are managed by our private capital group and provide us with an additional source of capital to fund acquisitions, development projects and renovation projects, as well as private capital income. As of September 30, 2007, we had investments in co-investment joint ventures with a gross book value of \$1.9 billion, which are consolidated for financial reporting purposes, and net equity investments in five unconsolidated co-investment joint ventures of \$275.1 million and a gross book value of \$4.0 billion. As of September 30, 2007, we may make additional capital contributions to current and planned co-investment joint ventures of up to \$154.0 million (using the exchange rates at September 30, 2007) pursuant to the terms of the joint venture agreements. From time to time, we may raise additional equity commitments for AMB Institutional Alliance Fund III, L.P., an open-ended unconsolidated co-investment joint venture formed in 2004 with institutional investors, which invests through a private real estate investment partnership, and for AMB Europe Fund I, FCP-FIS, an open-ended unconsolidated co-investment joint venture formed in 2007 with institutional investors. This would increase our obligation to make additional capital commitments to these funds. Pursuant to the terms of the partnership agreement of AMB Institutional Alliance Fund III, L.P., and the management regulations of AMB Europe Fund I, FCP-FIS, we are obligated to contribute 20% of the total equity commitments until such time when our total equity commitment is greater than \$150.0 million or 150.0 million Euros, respectively, at which time, our obligation is reduced to 10% of the total equity commitments. We expect to fund these contributions with cash from operations, borrowings under our credit facilities, debt or equity issuances or net proceeds from property divestitures, which could adversely affect our cash flow.

Captive Insurance Company. In December 2001, we 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 our third-party policies. The captive insurance company is one element of our overall risk management program. We capitalized Arcata in accordance with the applicable regulatory requirements. Arcata established annual premiums based on projections derived from the past loss experience of our properties. Annually, we engage an independent third party to perform an actuarial estimate of future projected claims, related deductibles and projected expenses necessary to fund associated risk management programs. Premiums paid to Arcata 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, we think that we have more comprehensive insurance coverage at an overall lower cost than would otherwise be available in the market.

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

- liabilities for environmental conditions;
- claims of customers, vendors or other persons dealing with our acquisition transactions that had not been asserted prior to our formation or acquisition transactions;
- accrued but unpaid liabilities incurred in the ordinary course of business; and
- tax liabilities;

OFF-BALANCE SHEET ARRANGEMENTS

Standby Letters of Credit. As of September 30, 2007, we had provided approximately \$24.5 million in letters of credit, of which \$17.2 million was provided under the operating partnership's \$550.0 million unsecured credit facility. The letters of credit were required to be issued under certain ground lease provisions, bank guarantees and other commitments.

Guarantees and Contribution Obligations. Excluding parent guarantees associated with unsecured debt or contribution obligations as discussed in Part I, Item 1: Notes 5 and 7 of the "Notes to Consolidated Financial

Statements,” as of September 30, 2007, we had outstanding guarantees and contribution obligations in the aggregate amount of \$380.7 million as described below.

As of September 30, 2007, we had outstanding guarantees in the amount of \$86.3 million in connection with certain acquisitions. As of September 30, 2007, we also guaranteed \$29.1 million and \$105.1 million on outstanding loans on three of our consolidated joint ventures and two of our unconsolidated joint ventures, respectively.

Also, we have entered into contribution agreements with certain of our unconsolidated joint venture funds. These contribution agreements require us to make additional capital contributions to the applicable joint venture fund upon certain defaults by the joint venture of certain of its debt obligations to the lenders. Such additional capital contributions will cover all or part of the applicable joint venture's debt obligation and may be greater than our share of the joint venture's debt obligation or the value of our share of any property securing such debt. Our contribution obligations under these agreements will be reduced by the amounts recovered by the lender and the fair market value of the property, if any, used to secure the debt and obtained by the lender upon default. Our potential obligations under these contribution agreements are \$160.2 million as of September 30, 2007.

Performance and Surety Bonds. As of September 30, 2007, we had outstanding performance and surety bonds in an aggregate amount of \$15.2 million. These bonds were issued in connection with certain of our development projects and were posted to guarantee certain tax obligations and the construction of certain real property improvements and infrastructure. Performance and surety bonds are renewable and expire upon the payment of the taxes due or the completion of the improvements and infrastructure.

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

SUPPLEMENTAL EARNINGS MEASURES

Funds From Operations and Funds From Operations Per Share and Unit. We believe that net income, as defined by accounting principles generally accepted in the United States, or GAAP, is the most appropriate earnings measure. However, we consider funds from operations, or FFO, and FFO per share and unit, or FFOPS, to be useful supplemental measures of our operating performance. Currently and historically, we calculate FFO as defined by the National Association of Real Estate Investment Trusts, or NAREIT, as net income, calculated in accordance with GAAP, less gains (or losses) from dispositions of real estate held for investment purposes and real estate-related depreciation, and adjustments to derive our pro rata share of FFO of consolidated and unconsolidated joint ventures. However, if the circumstance arises, we intend to include in our calculation of FFO gains or losses related to sales of previously depreciated real estate held for contribution to our joint ventures. Although such a change, if instituted, will be a departure from the current NAREIT definition, we believe such a calculation of FFO will better reflect the value created as a result of the contributions. We define FFOPS as FFO per fully diluted weighted average share of our common stock and operating partnership unit. We do not adjust FFO to eliminate the effects of non-recurring charges. We believe that FFO and FFOPS are meaningful supplemental measures of our operating performance because historical cost accounting for real estate assets in accordance with GAAP implicitly assumes that the value of real estate assets diminishes predictably over time, as reflected through depreciation and amortization expenses. However, since real estate values have historically risen or fallen with market and other conditions, many industry investors and analysts have considered presentation of operating results for real estate companies that use historical cost accounting to be insufficient. Thus, FFO and FFOPS are supplemental measures of operating performance for real estate investment trusts that exclude historical cost depreciation and amortization, among other items, from net income, as defined by GAAP. We believe that the use of FFO and FFOPS, combined with the required GAAP presentations, has been beneficial in improving the understanding of operating results of real estate investment trusts among the investing public and making comparisons of operating results among such companies more meaningful. We consider FFO and FFOPS to be useful measures for reviewing comparative operating and financial performance because, by excluding gains or losses related to sales of previously depreciated operating real estate assets and real estate depreciation and amortization, FFO and FFOPS can help the investing

public compare the operating performance of a company's real estate between periods or as compared to other companies. While FFO and FFOPS are relevant and widely used measures of operating performance of real estate investment trusts, these measures do not represent cash flow from operations or net income as defined by GAAP and should not be considered as alternatives to those measures in evaluating our liquidity or operating performance. FFO and FFOPS also do not consider the costs associated with capital expenditures related to our real estate assets nor are FFO or FFOPS necessarily indicative of cash available to fund our future cash requirements. Further, our computation of FFO or FFOPS may not be comparable to FFO or FFOPS reported by other real estate investment trusts that do not define FFO or FFOPS in accordance with the current NAREIT definition or that interpret the current NAREIT definition differently than we do.

The following table reflects the calculation of FFO reconciled from net income for the three and nine months ended September 30, 2007 and 2006 (dollars in thousands, except per share and unit amounts):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2007	2006	2007	2006
Net income available to common stockholders(1)	\$ 69,155	\$ 29,963	\$ 202,275	\$ 125,682
Gains from sale or contribution of real estate, net of minority interests	(3,912)	(213)	(79,172)	(24,335)
Depreciation and amortization:				
Total depreciation and amortization	40,865	46,914	122,433	133,514
Discontinued operations' depreciation	117	1,810	1,061	2,916
Non-real estate depreciation	(1,387)	(1,001)	(3,965)	(3,069)
Adjustments to derive FFO from consolidated joint ventures:				
Joint venture partners' minority interests (Net income)	5,889	12,014	21,149	29,310
Limited partnership unitholders' minority interests (Net income)	614	(17)	4,998	994
Limited partnership unitholders' minority interests (Development profits)	2,115	1,086	3,861	3,260
Discontinued operations' minority interests (Net income)	107	410	267	1,032
FFO attributable to minority interests	(15,731)	(24,471)	(47,347)	(66,654)
Adjustments to derive FFO from unconsolidated joint ventures:				
Our share of net income	(3,425)	(2,239)	(7,286)	(12,605)
Our share of FFO	9,828	4,030	21,308	9,335
Funds from operations	\$ 104,235	\$ 68,286	\$ 239,582	\$ 199,380
Basic FFO per common share and unit	\$ 1.01	\$ 0.74	\$ 2.37	\$ 2.18
Diluted FFO per common share and unit	\$ 0.99	\$ 0.72	\$ 2.31	\$ 2.10
Weighted average common shares and units:				
Basic	102,917,908	92,088,600	101,229,730	91,569,011
Diluted	105,109,868	95,117,597	103,777,347	94,734,736

(1) Includes gains from undepreciated land sales of \$4.8 million for the three months ended September 30, 2006. Includes gains from undepreciated land sales of \$0.2 million and \$5.3 million for the nine months ended September 30, 2007 and 2006, respectively.

SS NOI. We believe that net income, as defined by GAAP, is the most appropriate earnings measure. However, we consider same-store net operating income, or SS NOI, and cash-basis SS NOI to be useful supplemental measures of our operating performance. Properties that are considered part of the same store pool include all properties that were owned, or owned and managed, as the case may be, as of the end of both the current and prior year reporting periods and exclude development properties for both the current and prior reporting periods. The same store pool is set annually and excludes properties purchased and developments stabilized after December 31, 2005 (generally defined as properties that are 90% leased or properties for which we have held a certificate of occupancy or where building has been substantially complete for at least 12 months). In deriving SS NOI, we define net operating income as rental revenues (as calculated in accordance with GAAP), including reimbursements, less property operating expenses, which excludes depreciation, amortization, general and administrative expenses and interest expense. In calculating cash-basis SS NOI, we exclude straight-line rents and amortization of lease intangibles from the calculation of SS NOI. We consider cash-basis SS NOI to be an appropriate and useful supplemental performance measure because it reflects the operating performance of our real estate portfolio excluding effects of non-cash adjustments and provides a better measure of actual cash-basis rental growth for a year-over-year comparison. In addition, we believe that SS NOI and cash-basis SS NOI helps the investing public compare our operating performance with that of other companies. While SS NOI and cash-basis SS NOI are relevant and widely used measures of operating performance of real estate investment trusts, they do not represent cash flow from operations or net income as defined by GAAP and should not be considered as alternatives to those measures in evaluating our liquidity or operating performance. SS NOI and cash-basis SS NOI also do 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 our results from operations. Further, our computation of SS NOI and cash-basis SS NOI may not be comparable to that of other real estate companies, as they may use different methodologies for calculating these measures.

The following table reconciles SS NOI and cash-basis SS NOI from net income for the three and nine months ended September 30, 2007 and 2006 (dollars in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2007	2006	2007	2006
Net income	\$ 73,110	\$ 33,387	\$ 217,061	\$ 136,317
Private capital income	(7,564)	(7,490)	(22,007)	(17,539)
Depreciation and amortization	40,865	46,914	122,433	133,514
Impairment losses	—	—	257	5,394
General and administrative	35,145	25,641	95,259	73,831
Other expenses	944	893	2,995	1,134
Fund costs	261	495	779	1,588
Total other income and expenses	(30,783)	15,299	(95,233)	36,277
Total minority interests' share of income	10,049	16,938	37,953	45,855
Total discontinued operations	(6,315)	(3,772)	(11,600)	(37,811)
Cumulative effect of change in accounting principle	—	—	—	(193)
Net Operating Income (NOI)	115,712	128,305	347,897	378,367
Less non same store NOI	(13,932)	(30,631)	(48,372)	(89,011)
Less non-cash adjustments(1)	(261)	(2,384)	(2,596)	(8,445)
Cash-basis same store NOI	\$ 101,519	\$ 95,290	\$ 296,929	\$ 280,911

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

OWNED AND MANAGED OPERATING AND LEASING STATISTICS

Owned and Managed Operating and Leasing Statistics (1)

The following table summarizes key operating and leasing statistics for all of our owned and managed operating properties for the three and nine months ended September 30, 2007:

	For the Three Months Ended September 30, 2007	For the Nine Months Ended September 30, 2007
Operating Portfolio(1)		
Square feet owned(2)(3)	114,030,439	114,030,439
Occupancy percentage(3)	95.5%	95.5%
Average occupancy percentage	95.4%	95.4%
Weighted average lease terms (years)		
Original	6.1	6.1
Remaining	3.5	3.5
Trailing four quarter tenant retention	72.8%	72.8%
Same Space Leasing Activity(4):		
Rent increases on renewals and rollovers	8.9%	4.5%
Same space square footage commencing (millions)	4.0	14.4
Second Generation Leasing Activity(5):		
Tenant improvements and leasing commissions per sq. ft.:		
Retained	\$ 0.94	\$ 1.06
Re-tenanted	4.23	3.42
Weighted average	\$ 2.22	\$ 2.03
Square footage commencing (millions)	5.5	17.2

- (1) Schedule includes owned and managed operating properties which we define as properties in which we have at least a 10% ownership interest, for which we are the property or asset manager, and which we intend to hold for the long-term. This excludes development and renovation projects and recently completed development projects available for sale or contribution which have not reached 90% economic occupancy.
- (2) In addition to owned square feet as of September 30, 2007, we managed, but did not have an ownership interest in, approximately 0.4 million additional square feet of properties. As of September 30, 2007, one of our subsidiaries also managed approximately 1.1 million additional square feet of properties representing the IAT portfolio on behalf of the IAT Air Cargo Facilities Income Fund. As of September 30, 2007, we also had investments in 7.5 million square feet of operating properties through our investments in non-managed unconsolidated joint ventures.
- (3) On a consolidated basis, we had approximately 77.5 million rentable square feet with an occupancy rate of 96.1% at September 30, 2007.
- (4) Consists of second generation leases renewing or re-tenanting with current and prior lease terms greater than one year.
- (5) Second generation tenant improvements and leasing commissions per square foot are the total cost of tenant improvements, leasing commissions and other leasing costs incurred during leasing of second generation space divided by the total square feet leased. Costs incurred prior to leasing available space are not included until such space is leased. Second generation space excludes newly developed square footage or square footage vacant at acquisition.

Owned and Managed Same Store Operating Statistics (1)

The following table summarizes key operating and leasing statistics for our owned and managed same store operating properties for the three and nine months ended September 30, 2007:

Same Store Pool(1)	For the Three Months Ended September 30, 2007	For the Nine Months Ended September 30, 2007
Square feet in same store pool(2)(3)	85,480,766	85,480,766
% of total square feet	75.0%	75.0%
Occupancy percentage(3)		
September 30, 2007	96.2%	96.2%
September 30, 2006	96.1%	96.1%
Weighted average lease terms (years)		
Original	6.1	6.1
Remaining	3.1	3.1
Trailing four quarter tenant retention	72.3%	72.3%
Same Space Leasing Activity(4):		
Rent increases on renewals and rollovers	9.2%	4.5%
Same space square footage commencing (millions)	3.7	12.9
Growth % increase (decrease) (including straight-line rents and amortization of lease intangibles):		
Revenues(5)	5.0%	4.4%
Expenses(5)	9.3%	6.3%
Net operating income(5)(6)	3.5%	3.7%
Growth % increase (decrease) (excluding straight-line rents and amortization of lease intangibles):		
Revenues(5)	6.3%	5.9%
Expenses(5)	9.3%	6.3%
Net operating income(5)(6)	5.3%	5.8%

- (1) Same store properties are those properties that we owned and managed during both the current and prior year reporting periods, excluding properties purchased and development properties stabilized after December 31, 2005 (generally defined as properties that are 90% leased or properties for which we have held a certificate of occupancy or where building has been substantially complete for at least 12 months).
- (2) Schedule includes owned and managed operating properties which we define as properties in which we have at least a 10% ownership interest, for which we are the property or asset manager, and which we intend to hold for the long-term. This excludes development and renovation projects and recently completed development projects available for sale or contribution.
- (3) On a consolidated basis, we had approximately 73.2 million square feet with an occupancy rate of 96.3% at September 30, 2007.
- (4) Consists of second generation leases renewing or re-tenanting with current and prior lease terms greater than one year.
- (5) For the three months ended September 30, 2007, on a consolidated basis, the percentage change was 4.7%, 6.5% and 4.1%, respectively, for revenues, expenses and net operating income (including straight-line rents and amortization of lease intangibles) and 6.5%, 6.5% and 6.5%, respectively, for the revenues, expenses and net operating income (excluding straight line rents and amortization of lease intangibles). For the nine months ended September 30, 2007, on a consolidated basis, the percentage change was 4.3%, 6.1% and 3.7%, respectively, for revenues, expenses and net operating income (including straight-line rents and amortization of lease intangibles) and 5.8%, 6.1% and 5.7%, respectively, for the revenues, expenses and net operating income (excluding straight line rents and amortization of lease intangibles).

- (6) See Part I, Item 2: "Management's Discussion and Analysis of Financial Condition and Results of Operations — Supplemental Earnings Measures" for a discussion of same store net operating income and cash-basis same store net operating income and a reconciliation of same store net operating income and cash-basis same store net operating income and net income.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market risk is the risk of loss from adverse changes in market prices, interest rates and international exchange rates. Our future earnings and cash flows are dependent upon prevailing market rates. Accordingly, we manage our market risk by matching projected cash inflows from operating, investing and financing activities with projected cash outflows for debt service, acquisitions, capital expenditures, distributions to stockholders and unitholders, and other cash requirements. The majority of our outstanding debt has fixed interest rates, which minimize the risk of fluctuating interest rates. Our exposure to market risk includes interest rate fluctuations in connection with our credit facilities and other variable rate borrowings and our ability to incur more debt without stockholder approval, thereby increasing our debt service obligations, which could adversely affect our cash flows. As of September 30, 2007, we had one outstanding interest rate swap with a notional amount of \$25.0 million. See "Financial Instruments" below.

The table below summarizes the maturities and interest rates associated with our fixed and variable rate debt outstanding before net unamortized debt discounts of \$5.1 million as of September 30, 2007 (dollars in thousands):

	2007	2008	2009	2010	2011	Thereafter	Total
Fixed rate debt(1)	\$ 62,150	\$ 251,703	\$ 200,043	\$ 411,731	\$ 248,462	\$ 1,026,343	\$ 2,200,432
Average interest rate	5.8%	7.0%	4.9%	6.6%	6.7%	6.1%	6.2%
Variable rate debt(2)	\$ 19,843	\$ 87,681	\$ 72,962	\$ 605,353	\$ 230,759	\$ 118,875	\$ 1,135,473
Average interest rate	4.6%	2.5%	6.1%	2.7%	5.7%	6.4%	3.9%
Interest Payments	\$ 4,503	\$ 19,833	\$ 14,161	\$ 43,301	\$ 29,730	\$ 69,888	\$ 181,416

- (1) Represents 66.0% of all outstanding debt.
(2) Represents 34.0% of all outstanding debt.

If market rates of interest on our variable rate debt increased or decreased by 10%, then the increase or decrease in interest cost on the variable rate debt would be \$4.4 million (net of swaps) annually. As of September 30, 2007, the book value and the estimated fair value of our total consolidated debt (both secured and unsecured) was \$3.3 billion and \$3.4 billion, respectively, based on our estimate of current market interest rates.

As of September 30, 2007 and December 31, 2006, variable rate debt comprised 34.0% and 37.1%, respectively, of all our outstanding debt. Variable rate debt was \$1.1 billion and \$1.3 billion, respectively, as of September 30, 2007 and December 31, 2006.

Financial Instruments. We record all derivatives on the balance sheet at fair value as an asset or liability, with an offset to accumulated other comprehensive income or income. For revenues or expenses denominated in non-functional currencies, we may use derivative financial instruments to manage foreign currency exchange rate risk. Our derivative financial instruments in effect at September 30, 2007 was one interest rate swap hedging cash flows of variable rate borrowings based on U.S. Libor (USD).

The following table summarizes our financial instruments as of September 30, 2007 (dollars in thousands):

Related Derivatives (In thousands)	Maturity Dates	Notional Amount	Fair Value
	June 9, 2010		
Notional Amount (U.S. Dollars)	\$ 25,000	\$ 25,000	
Receive Floating (%)	US LIBOR		
Pay Fixed Rate (%)	5.17%		
Fair Market Value	\$ (320)		\$ (320)
Total		\$ 25,000	\$ (320)

International Operations. Our exposure to market risk also includes foreign currency exchange rate risk. The U.S. dollar is the functional currency for our subsidiaries operating in the United States and Mexico. The functional currency for our subsidiaries operating outside the United States, other than Mexico, is generally the local currency of the country in which the entity or property is located, mitigating the effect of foreign exchange gains and losses. Our subsidiaries whose functional currency is not the U.S. dollar translate their financial statements into U.S. dollars. Assets and liabilities are translated at the exchange rate in effect as of the financial statement date. We translate income statement accounts using the average exchange rate for the period and significant nonrecurring transactions using the rate on the transaction date. The gains resulting from the translation are included in accumulated other comprehensive income (loss) as a separate component of stockholders' equity and totaled \$8.6 million for the nine months ended September 30, 2007.

Our international subsidiaries may have transactions denominated in currencies other than their functional currency. In these instances, non-monetary assets and liabilities are reflected at the historical exchange rate, monetary assets and liabilities are remeasured at the exchange rate in effect at the end of the period and income statement accounts are remeasured at the average exchange rate for the period. For the three and nine months ended September 30, 2007, gains from remeasurement included in our results of operations were \$4.7 million and \$4.9 million, respectively.

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

Item 4. *Controls and Procedures*

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

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

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

PART II**Item 1. Legal Proceedings**

As of September 30, 2007, there were no pending legal proceedings to which we are a party or of which any of our properties is the subject, the determination of which we anticipate would have a material effect upon our financial condition and results of operations.

Item 1A. Risk Factors

There have been no material changes in the risk factors discussed under the heading "Risk Factors" and elsewhere in our Annual Report on Form 10-K for the year ended December 31, 2006, our Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 and any amendments thereto.

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

The table below summarizes our common stock repurchases during the three and nine months ended September 30, 2007 (amounts in thousands except share and per share amounts):

<u>Issuer Purchases of Equity Securities</u>	<u>Total Number of Shares Purchased</u>	<u>Average Price Paid per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</u>	<u>Maximum Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs</u>
August 1, 2007 through August 31, 2007	1,069,038	\$ 49.87	1,069,038	\$ 146.630

These stock repurchases were made pursuant to our stock repurchase program approved by our board of directors in December 2005. This stock repurchase program allows for the discretionary repurchase of up to \$200.0 million of our common stock and expires on December 31, 2007. We publicly announced this stock repurchase program on December 7, 2005. We may still repurchase up to \$146.6 million of our common stock under this program.

Item 3. Defaults Upon Senior Securities

None.

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

None.

Item 5. Other Information

None.

Item 6. Exhibits

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

Exhibit Number	Description
10.1	Fifth Amended and Restated Revolving Credit Agreement, dated as of July 16, 2007, by and among the qualified borrowers listed on the signature pages thereto, AMB Property, L.P., as a qualified borrower and guarantor, AMB Property Corporation, as guarantor, the banks listed on the signature pages thereto, Bank of America, N.A., as administrative agent, The Bank of Nova Scotia, as syndication agent, Calyon New York Branch, Citicorp North America, Inc., and The Royal Bank of Scotland PLC, as co-documentation agents, Banc of America Securities Asia Limited, as Hong Kong Dollars agent, Bank of America, N.A., acting by its Canada Branch, as reference bank, Bank of America, Singapore Branch, as Singapore Dollars agent, and each of the other lending institutions that becomes a lender thereunder. (incorporated by reference to Exhibit 10.1 of AMB Property Corporation's Current Report on Form 8-K filed on July 20, 2007).
10.2	Amended and Restated 2005 Non-Qualified Deferred Compensation Plan.
10.3	Form of Amended and Restated Change in Control and Noncompetition Agreements by and between AMB Property, L.P. and executive officers (incorporated by reference to Exhibit 10.1 of AMB Property Corporation's Current Report on Form 8-K filed on October 1, 2007).
10.4	First Amendment to Amended and Restated Revolving Credit Agreement, dated as of October 23, 2007, by and among the initial borrower, each qualified borrower listed on the signature pages thereto, AMB Property, L.P., as guarantor, AMB Property Corporation, as guarantor, the Alternate Currency Banks (as defined therein) and Sumitomo Mitsui Banking Corporation, as administrative agent.
10.5	RMB Revolving Credit Agreement, dated October 23, 2007, between Wealth Zipper (Shanghai) Property Development Co., Ltd., the RMB Lenders listed therein, Sumitomo Mitsui Banking Corporation, New York Branch, as Administrative Agent and Sole Lead Arranger and Bookmanager, and Sumitomo Mitsui Banking Corporation, Shanghai Branch, as RMB Settlement Agent.
31.1	Rule 13a-14(a)/15d-14(a) Certifications dated November 9, 2007.
32.1	18 U.S.C. § 1350 Certifications dated November 9, 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 report to be signed on its behalf by the undersigned thereunto duly authorized.

AMB PROPERTY CORPORATION

Registrant

By: /s/ Hamid R. Moghadam

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

By: /s/ Thomas S. Olinger

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

By: /s/ Nina A. Tran

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

Date: November 9, 2007

AMENDED AND RESTATED
AMB 2005
NONQUALIFIED DEFERRED COMPENSATION PLAN

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AMENDED AND RESTATED

AMB 2005

NONQUALIFIED DEFERRED COMPENSATION PLAN

Purpose

AMB Property Corporation, a Maryland corporation (the "Company") established the AMB Nonqualified Deferred Compensation Plan effective September 1, 1999, as amended and restated September 1, 2002 (the "Grandfathered Plan") under which all deferred amounts were vested on or before December 31, 2004 and not subject to Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"). In order to preserve the exemption from Section 409A of the Code for the Grandfathered Plan, the vested amounts deferred thereunder and the earnings on such vested amounts so deferred, deferrals for amounts vested on or after January 1, 2005 shall no longer be allowed under the Grandfathered Plan.

The Company previously adopted the AMB 2005 Nonqualified Deferred Compensation Plan for the benefit of a select group of management and highly compensated Employees and Directors who contribute materially to the continued growth, development and future business success of AMB Property, L.P., a Delaware limited partnership (the "Partnership"), and the Company and its subsidiaries, if any, that sponsor the plan. This plan was intended to comply with the provisions of and the Department of Treasury proposed and final rules, regulations and other guidance promulgated under Section 409A of the Code and not result in a penalty tax thereunder. In April 2007, the Department of Treasury issued final regulations pursuant to Section 409A of the Code. To conform with the final regulations, the Company hereby amends and restates the AMB 2005 Nonqualified Deferred Compensation Plan (as amended and restated, the "Plan"). Any deferred amounts under the Grandfathered Plan which were not earned and vested as of December 31, 2004 shall automatically transfer to this Plan. This Plan shall be unfunded for tax purposes and for purposes of Title I of ERISA.

This Plan shall consist of two plans, one for the benefit of a select group of management and highly compensated employees of the Employers as described in Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA, and one for the benefit of Non-Employee members of the boards of directors of any Employer. To the extent required by law, the terms of this Plan applicable to Directors shall also constitute a separate written plan document with its terms set forth in the applicable portions of this Plan.

ARTICLE 1.

DEFINITIONS

As used within this document, the following words and phrases have the meanings described in this Article 1 unless a different meaning is required by the context. Some of the words and phrases used in the Plan are not defined in this Article 1, but for convenience, are defined as they are introduced into the text. Words in the masculine gender shall be deemed to include the feminine gender. Any headings used are included for ease of reference only and are not to be construed so as to alter any of the terms of the Plan.

1.1 "Account Balance" shall mean, with respect to a Participant, a credit on the records of the Employer equal to the sum of (i) the Deferral Account balance, (ii) the vested Company Contribution Account balance, (iii) the vested Company Matching Account balance, and (iv) the Restricted Stock Account balance. The Account Balance, and each other specified account balance, shall be a bookkeeping entry only and shall be utilized solely as a device for the measurement and determination of the amounts to be paid to a Participant, or his or her designated Beneficiary, pursuant to this Plan.

1.2 “Accounts” of a Participant shall mean, as the context indicates, either or all of his or her Deferral Account, Company Contribution Account, Company Matching Account and Restricted Stock Account.

1.3 “Administrator” shall mean the Committee appointed pursuant to Article 10 to administer the Plan, or such other person or persons to whom the Committee has delegated its duties pursuant to Article 10.

1.4 “Annual Bonus” shall mean any compensation, in addition to Base Annual Salary relating to services performed during any calendar year, whether or not paid in such calendar year or included on the Federal Income Tax Form W-2 for such calendar year, payable to a Participant as an Employee under any Employer’s annual bonus and cash incentive plans, excluding stock options and restricted stock.

1.5 “Annual Company Contribution Amount” shall mean, for any one Plan Year, the amount determined in accordance with Section 3.6(b).

1.6 “Annual Company Matching Amount” for any one Plan Year shall be the amount determined in accordance with Section 3.6(c).

1.7 “Annual Deferral Amount” shall mean that portion of a Participant’s Base Annual Salary, Annual Bonus and Directors Fees that a Participant elects to have, and is deferred, in accordance with Article 3, for any one Plan Year. In the event of a Participant’s Retirement, Disability, death or a Termination of Employment prior to the end of a Plan Year, such year’s Annual Deferral Amount shall be the actual amount withheld prior to such event.

1.8 “Annual Installment Method” shall be an annual installment payment over the number of years selected by the Participant in accordance with this Plan, calculated as follows: The Account Balance of the Participant (or the Fixed Date Payout Account Balance, in the event of a Fixed Date Payout) shall be calculated as of the close of business three business days prior to the last business day of the fourth quarter preceding the distribution. The annual installment shall be calculated by multiplying this balance by a fraction, the numerator of which is one, and the denominator of which is the remaining number of yearly payments due the Participant. By way of example, if the Participant elects a ten year Annual Installment Method, the first payment shall be 1/10 of the Account Balance (or the Fixed Date Payout Account Balance, in the event of a Fixed Date Payout), calculated as described in this definition. The following year, the payment shall be 1/9 of the Account Balance (or the Fixed Date Payout Account Balance, in the event of a Fixed Date Payout), calculated as described in this definition.

1.9 “Base Annual Salary” shall mean the annual cash compensation relating to services performed during any calendar year, whether or not paid in such calendar year or included on the Federal Income Tax Form W-2 for such calendar year, excluding bonuses, commissions, overtime, fringe benefits, stock options, relocation expenses, incentive payments, non-monetary awards, directors fees and other fees, automobile and other allowances paid to a Participant for employment services rendered (whether or not such allowances are included in the Employee’s gross income). Base Annual Salary shall be calculated before reduction for compensation voluntarily deferred or contributed by the Participant pursuant to all qualified or non-qualified plans of any Employer and shall be calculated to include amounts not otherwise included in the Participant’s gross income under Code Sections 125, 132(f), 402(e)(3), 402(h), or 403(b) pursuant to plans established by any Employer; *provided, however*, that all such amounts will be included in compensation only to the extent that, had there been no such plan, the amount would have been payable in cash to the Employee.

1.10 “Beneficiary” shall mean one or more persons, trusts, estates or other entities, designated in accordance with Article 7, that are entitled to receive benefits under this Plan upon the death of a Participant.

1.11 “Beneficiary Designation Form” shall mean the form established from time to time by the Administrator that a Participant completes, signs and returns to the Administrator to designate one or more Beneficiaries.

1.12 “Board” shall mean the board of directors of the Company.

1.13 “Change in Control” shall mean any of the following events:

(a) the complete liquidation of the Company or the sale or disposition by the Company of all or substantially all of the Company’s assets, or the disposition by the Company of more than fifty percent (50%) of its interest in the Partnership;

(b) any Person (as defined below) is or becomes the Beneficial Owner (as defined below), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the combined voting power of the Company’s then outstanding securities. For purposes of this definition, (i) the term “Person” is used as such term is used in Sections 13(d) and 14(d) of the Exchange Act; *provided, however*, that the term shall not include the Company, any trustee or other fiduciary holding securities under an employee benefit plan of the Company, and any corporation owned, directly or indirectly, by the shareholders of the Company, in substantially the same proportions as their ownership of stock of the Company, and (ii) the term “Beneficial Owner” shall have the meaning given to such term in Rule 13d-3 under the Exchange Act;

(c) during any period of twelve (12) consecutive months, individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in clauses (a), (b) or (d)) whose election by the Board or nomination for election by the Company’s shareholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof; or

(d) the consummation of a merger or consolidation of the Company with any other corporation (or other entity); *provided, that*, a Change in Control shall not be deemed to occur (i) as the result of a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than fifty percent (50%) of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation or (ii) where more than fifty percent (50%) of the directors of the Company or the surviving entity after such merger or consolidation were directors of the Company immediately before such merger or consolidation.

Notwithstanding the foregoing, a Change in Control shall be limited to such transactions as constitute a change in the ownership or effective control of the Company or in the ownership of a substantial portion of the assets of the Company within the meaning of Section 409A(a)(2)(A)(v) of the Code and the proposed and final Department of Treasury rules, regulations and other guidance promulgated thereunder,

1.14 “Change in Control Benefits” shall mean the benefits set forth in Section 5.4.

1.15 “Claimant” shall have the meaning set forth in Section 11.1.

1.16 “Code” shall mean the Internal Revenue Code of 1986, as it may be amended from time to time.

1.17 "Committee" shall mean the Compensation Committee of the Board or another committee or subcommittee of the Board appointed to administer the Plan pursuant to Article 10.

1.18 "Company" shall mean AMB Property Corporation, a Maryland corporation, and any successor to all or substantially all of the Company's assets or business.

1.19 "Company Contribution Account" shall mean (i) the sum of all of a Participant's Annual Company Contribution Amounts, plus (ii) amounts credited in accordance with all the applicable crediting provisions of this Plan that relate to the Participant's Company Contribution Account, less (iii) all distributions made to the Participant or his or her Beneficiary pursuant to this Plan that relate to the Participant's Company Contribution Account.

1.20 "Company Matching Account" shall mean (i) the sum of all of a Participant's Annual Company Matching Amounts, plus (ii) amounts credited in accordance with all the applicable crediting provisions of this Plan that relate to the Participant's Company Matching Account, less (iii) all distributions made to the Participant or his or her Beneficiary pursuant to this Plan that relate to the Participant's Company Matching Account.

1.21 "Deduction Limitation" shall mean the following described limitation on a benefit that may otherwise be distributable pursuant to the provisions of this Plan. Except as otherwise provided, this limitation shall be applied to all distributions that are "subject to the Deduction Limitation" under this Plan. If an Employer determines in good faith prior to a Change in Control that there is a reasonable likelihood that any compensation paid to a Participant for a taxable year of the Employer would not be deductible by the Employer solely by reason of the limitation under Code Section 162(m), then to the extent deemed necessary by the Employer to ensure that the entire amount of any distribution to the Participant pursuant to this Plan prior to the Change in Control is deductible, the Employer may defer all or any portion of a distribution under this Plan. Any amounts deferred pursuant to this limitation shall continue to be credited/debited with additional amounts in accordance with Section 3.8 below, even if such amount is being paid out in installments. The amounts so deferred and amounts credited thereon shall be distributed to the Participant or his or her Beneficiary (in the event of the Participant's death) at the earliest possible date, as determined by the Employer in good faith, on which the deductibility of compensation paid or payable to the Participant for the taxable year of the Employer during which the distribution is made will not be limited by Section 162(m). Notwithstanding anything to the contrary in this Plan, the Deduction Limitation shall not apply to any distributions made after a Change in Control.

1.22 "Deferral Account" shall mean (i) the sum of all of a Participant's Annual Deferral Amounts, plus (ii) amounts credited in accordance with all the applicable crediting provisions of this Plan that relate to the Participant's Deferral Account, less (iii) all distributions made to the Participant or his or her Beneficiary pursuant to this Plan that relate to his or her Deferral Account.

1.23 "Director" shall mean any member of the board of directors of the Company.

1.24 "Directors Fees" shall mean the annual fees paid by the Company, including retainer fees and meetings fees, as compensation for serving on the board of directors.

1.25 "Disability" shall mean that a Participant (a) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, or (b) is, by reason of any medically undeterminable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident or health plan covering employees of such Participant's Employer, or (c) is determined to be totally disabled by the Social Security Administration. The existence

of a Disability under clause (a) and (b) shall be determined by the Administrator on the advice of a physician chosen by the Administrator.

1.27 “Disability Benefits” shall mean the benefits set forth in Section 5.5.

1.28 “Election Form” shall mean the form established from time to time by the Administrator that a Participant completes, signs and returns to the Administrator to make an election under the Plan.

1.29 “Employee” shall mean a person who is an officer and employee of any Employer.

1.30 “Employer(s)” shall initially mean AMB Property, L.P., but shall also include the Company and/or any of its subsidiaries (now in existence or hereafter formed or acquired) that have been selected by the Board to participate in the Plan and have adopted the Plan as a sponsor.

1.31 “ERISA” shall mean the Employee Retirement Income Security Act of 1974, as it may be amended from time to time.

1.32 “Equity Plan” shall mean any stock option or other incentive compensation plan which is maintained by the Company or AMB Property, L. P. and which provides for grants of restricted stock.

1.33 “Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

1.34 “Fair Market Value” of a share of Stock as of a given date shall be (a) the closing price of a share of Stock on the principal exchange on which shares of Stock are then trading, if any (or as reported on any composite index which includes such principal exchange), on such date, or if shares were not traded on such date, then on the next following date on which a trade occurred, or (b) if Stock is not traded on an exchange but is quoted on NASDAQ or a successor quotation system, the mean between the closing representative bid and asked prices for the Stock on such date as reported by NASDAQ or such successor quotation system; or (c) if Stock is not publicly traded on an exchange and not quoted on NASDAQ or a successor quotation system, the Fair Market Value of a share of Stock as established by the Administrator acting in good faith. In determining the Fair Market Value of the Stock, the Administrator may rely on the closing price as reported in the New York Stock Exchange composite transactions published in the Western Edition of the Wall Street Journal.

1.35 “First Plan Year” shall mean the period beginning January 1, 2005 and ending December 31, 2005.

1.36 “Fixed Date Payout” shall mean the payout set forth in Section 4.1.

1.37 “Fixed Date Payout Account Balance” shall mean, with respect to a Participant, a credit on the records of the Employer equal to the sum of (i) the amount deferred by the Participant pursuant to an Election Form and with respect to which a Fixed Date Payout was elected, plus (ii) amounts credited or debited in the manner provided in Section 3.8 on such amount. The Fixed Date Payout Account Balance shall be a bookkeeping entry only and shall be utilized solely as a device for the measurement and determination of the amounts to be paid to a Participant, or his or her designated Beneficiary, pursuant to this Plan.

1.38 “401(k) Plan” shall mean that certain AMB Property, L.P. Savings and Retirement Plan, effective October 1, 1983, initially adopted by the Company’s predecessor-in-interest and as subsequently amended.

1.39 “Measurement Fund” shall mean the investment fund or funds selected by the Administrator from time to time.

1.40 "Non-Employee Director" shall mean a Director who is not an Employee of any Employer.

1.41 "Officer" shall mean a person who is an officer of the Company and an employee of the Partnership or a U.S. affiliate of the Partnership, as determined by the Administrator in its sole discretion.

1.42 "Participant" shall mean (i) an Officer or Director who is subject to United States income tax or (ii) any Employee designated to participate in the Plan by the Administrator and who is subject to United States income tax who (A) elects to participate in the Plan, (B) signs an Election Form and a Beneficiary Designation Form, (C) whose signed Election Form and Beneficiary Designation Form are accepted by the Administrator, and (D) who commences participation in the Plan. A spouse or former spouse of a Participant shall not be treated as a Participant in the Plan or have an account balance under the Plan, even if he or she has an interest in the Participant's benefits under the Plan as a result of applicable law or property settlements resulting from legal separation or divorce.

1.43 "Partnership" shall mean AMB Property, L.P., a Delaware limited partnership, and any successor to all or substantially all of the Partnership's assets or business.

1.44 "Plan" shall mean the AMB 2005 Nonqualified Deferred Compensation Plan, which shall be evidenced by this instrument, as amended from time to time.

1.45 "Plan Year" shall mean a period beginning on January 1 of each calendar year and continuing through December 31 of such calendar year.

1.46 "Pre-Retirement Survivor Benefits" shall mean the benefits set forth in Sections 5.2.

1.47 "Quarterly Installment Method" shall be a quarterly installment payment over the number of quarters selected by the Participant in accordance with this Plan, calculated as follows: The Account Balance of the Participant (or the Fixed Date Payout Account Balance, in the event of a Fixed Date Payout) shall be calculated as of the close of business three business days prior to the last business day of the quarter preceding the distribution. The quarterly installment shall be calculated by multiplying this balance by a fraction, the numerator of which is one, and the denominator of which is the remaining number of quarterly payments due the Participant. By way of example, if the Participant elects a twenty (20) quarter Quarterly Installment Method, the first payment shall be 1/20 of the Account Balance (or the Fixed Date Payout Account Balance, in the event of a Fixed Date Payout), calculated as described in this definition. The following quarter, the payment shall be 1/19 of the Account Balance (or the Fixed Date Payout Account Balance, in the event of a Fixed Date Payout), calculated as described in this definition.

1.48 "Restricted Stock" shall mean shares of restricted Stock which are or have been awarded to a Participant under an Equity Plan; *provided, however*, that Restricted Stock shall not include any restricted Stock granted to a newly-hired Participant after December 15, 2005 in connection with such Participant's acceptance or commencement of employment with an Employer.

1.49 "Restricted Stock Account" shall mean (i) the sum of the Participant's Restricted Stock Amounts, plus (ii) amounts credited/debited in accordance with all the applicable crediting/debiting provisions of this Plan that relate to the Participant's Restricted Stock Account, less (iii) all distributions made to the Participant or his or her Beneficiary pursuant to this Plan that relate to the Participant's Restricted Stock Account. The Restricted Stock Account balance shall be denominated in Stock Units.

1.50 "Restricted Stock Amount" shall mean, for any grant of Restricted Stock, the amount of such Restricted Stock deferred in accordance with Section 3.1(b) of this Plan, calculated using the Fair Market Value of a share of Stock on the day on which such Restricted Stock would otherwise vest, but for the election to defer.

1.51 “Retirement,” “Retire(s)” or “Retired” shall mean a Termination of Employment from the Company and all Employers for any reason on or after the earlier of the attainment of (a) age sixty-five (65) or (b) a combined age and Years of Service equaling at least fifty-five (55) with a minimum of ten (10) Years of Service.

1.52 “Retirement Benefits” shall mean the benefits set forth in Section 5.1.

1.53 “Rule 16b-3” shall mean that certain Rule 16b-3 under the Exchange Act, as such Rule may be amended from time to time.

1.54 “Securities Act” shall mean the Securities Act of 1933, as amended.

1.55 “Separation from Service” shall mean, a Participant’s separation from service with the Company, Partnership and any Employer as a result of the Participant’s death, Disability, Retirement or other event of termination in which the facts and circumstances indicate that the Employer and Participant reasonably anticipated either that no further services would be performed after a certain date or that the level of bona fide services the Participant would perform after such date would permanently decrease to no more than twenty percent (20%) of the average level of bona fide services performed over the immediately preceding 36-month period (or the full period in which the Participant provided services to the Employer if the Participant has been providing services for less than 36 months), as determined by the Administrator in its sole discretion.

(a) Facts and circumstances which may be considered in determining whether a Separation of Service occurred, include, without limitation, whether the Participant continues to be treated as an employee for other purposes (such as continuation of salary and participation in employee benefit programs), whether similarly situated service providers have been treated consistently, and whether the Participant is eligible to perform services for, and realistically available to perform services for, other employers in the same line of business.

(b) In addition, a Separation from Service shall be presumed to occur in the following instances:

- (i) if a Participant’s period of leave exceeds six (6) months and the Participant’s right to reemployment or service is not provided either by statute or contract, then the Participant is deemed to have experienced a Separation from Service on the first day immediately following such six-month period;
- (ii) if a Participant continues to provide services to an Employer, the facts and circumstances indicate that the Employer did not intend the Participant to provide more than insignificant services to the Employer; or
- (iii) the Participant ceases to provide services as an Officer or Employee at an annual rate that is at least equal to twenty percent (20%) of the services rendered, on average, during the immediately preceding three full calendar years of employment (or, if employed less than three years, such lesser period).

(c) Notwithstanding the foregoing, a Separation from Service shall be presumed not to occur in the following instances:

- (i) the mere change in capacity in which the Participant renders service to the Company, the Partnership or any other Employer from an Officer or Employee to Director or vice-versa;
- (ii) the employment relationship is treated as continuing intact while the Participant is on military leave, sick leave or other bona fide leave of absence (such as temporary employment by the government) if the period of such leave does not exceed six (6) months, or if longer, so long as the individual's right to reemployment or service with the Company or an Employer is provided by either statute or contract; provided that with respect to a disability leave, the employment relationship will be treated as continuing for a period of up to 29 months, unless terminated earlier by the Participant or Employer, regardless of whether the Participant retains a contractual right to reemployment;
- (iii) where an Officer or Employee continues to provide services to a prior Employer in a capacity other than as an employee and such Officer or Employee is providing services at an annual rate that is fifty percent (50%) or more of the services rendered, on average, during the immediately preceding three full calendar years of employment (or if employed less than three years, such lesser period).

In determining whether a separation of service has occurred, periods during which the Participant is on an unpaid bona fide leave of absence are disregarded (including for purposes of determining the relevant 36-month period), and periods during which the Participant is on a paid bona fide leave of absence are treated as periods during which the Participant provided services at the level at which the Participant would have been required to perform services to receive the compensation if not on a bona fide leave of absence. A leave of absence constitutes a bona fide leave of absence only if there is a reasonable expectation that the Participant will return to perform services for the Company or Employer.

"Disability leave" means leave due to the Participant's inability to perform the duties of his or her position or any substantially similar position by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than six months.

1.56 "Stock" shall mean AMB Property Corporation common stock, \$.01 par value.

1.57 "Stock Unit" shall mean a notational unit representing the right to receive a share of Stock.

1.58 "Termination Benefits" shall mean the benefit set forth in Section 5.3.

1.59 "Termination of Employment" shall mean the severing of employment with all Employers, or service as a Director of the Company, voluntarily or involuntarily, for any reason other than Disability, death or an authorized leave of absence, which constitutes a Separation from Service with respect to the Company and Employer, as determined by the Administrator in its sole discretion.

1.60 "Trust" shall mean one or more trusts established pursuant to that certain Trust Agreement, dated as of May 1, 2002, between the Company and the trustee named therein, as amended from time to time.

1.61 "Unforeseeable Financial Emergency" shall mean an unanticipated emergency that is caused by an event beyond the control of the Participant that would result in severe financial hardship to the Participant not covered by insurance, liquidation of other assets (to the extent the liquidation itself will

not cause severe financial hardship, or cessation of deferrals under this Plan, resulting from (i) a sudden and unexpected illness or accident of the Participant or a dependent (as defined in Section 152(a) of the Code) of the Participant, (ii) a loss of the Participant's property due to casualty, or (iii) such other extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant, all as determined in the sole discretion of the Administrator and which constitutes an "unforeseeable emergency" within the meaning of Section 409A(a)(2)(B)(ii) of the Code. For the avoidance of doubt, an Unforeseeable Financial Emergency shall not include, among other things, sending a child to college or purchasing a home.

1.62 "Vesting Date" shall mean, with respect to Restricted Stock deferred hereunder, the date on which the last share or tranche of a Restricted Stock award would vest under the terms of the Equity Plan pursuant to which it was issued and the Participant's Restricted Stock Agreement but for the election to defer such Restricted Stock (i.e., when a Restricted Stock award fully vests).

1.63 "Years of Service" shall mean each twelve (12) month period during which a Participant is employed by an Employer, including, without limitation, service as a Director, whether or not continuous, and including periods commencing prior to the effective date of this Plan; *provided, however*, that in the case of a Participant whose employment with an Employer or service as a Director has been interrupted by a period of twelve (12) consecutive months or more (a "Break in Service"), his or her Years of Service prior to such Break in Service shall be disregarded for any purpose under the Plan.

ARTICLE 2. SELECTION, ENROLLMENT, ELIGIBILITY

2.1 Selection by Administrator. Participation in the Plan shall be limited to a select group of management and highly compensated Employees and Non-Employee Directors, as determined by the Administrator in its sole discretion. Officers and Non-Employee Directors shall be automatically eligible to participate in the Plan. Subject to the requirements of Article 13, from the group described in the first sentence of this Section 2.1, the Administrator shall select, in its sole discretion, additional Employees to participate in the Plan.

2.2 Enrollment Requirements. As a condition to participation, each Officer, selected Employee or Non-Employee Director shall complete, execute and return to the Administrator an Election Form and a Beneficiary Designation Form. In addition, the Administrator shall establish from time to time such other enrollment requirements as it determines in its sole discretion are necessary.

2.3 Eligibility Requirements: Commencement of Participation

(a) Eligibility: Commencement of Participation Provided an Officer, Non-Employee Director or Employee selected to participate in the Plan has met all enrollment requirements set forth in this Plan and required by the Administrator, including returning all required documents to the Administrator within the specified time period, that Employee, Officer or Non-Employee Director shall commence participation in the Plan on the day on which his or her Election Form first becomes effective or the date on which a contribution is first credited to his or her Company Contribution Account or Company Matching Account.

(b) U.S. Payroll Requirement. Compensation eligible to be deferred under the Plan will only be deferred under a Participant's deferral election to the extent a Participant elects to defer compensation paid from the U.S. payroll of the Company, the Partnership or its subsidiaries and is not covered under a non-U.S. retirement plan.

2.4 Termination of Participation and/or Deferrals If the Administrator determines in good faith that a Participant no longer qualifies as a member of a select group of management or highly compensated employees, as membership in such group is determined in accordance with Sections 201(2),

301(a)(3) and 401(a)(1) of ERISA, or as a Non-Employee Director, the Administrator shall have the right, in its sole discretion, to (a) prevent the Participant from making future deferral elections and/or (b) terminate the Participant's participation in the Plan.

2.5 Pre-Existing Elections. All Participant elections in effect as of the effective date of the Plan shall remain in full force and effect until distribution of the amounts deferred thereunder unless changed or cancelled in accordance with Section 3.3 of this Plan.

ARTICLE 3.

DEFERRAL COMMITMENTS/COMPANY CONTRIBUTIONS/CREDITING/TAXES

3.1 Election to Defer; Effect of Election Form Subject to the terms and conditions set forth herein and such terms and conditions as the Administrator may determine, Participants may elect to defer Base Annual Salary, Annual Bonus, Directors Fees and Restricted Stock Amounts by timely completing and delivering to the Administrator an Election Form. Subject to the terms and conditions herein, after a Plan Year commences, such deferral election shall be irrevocable and shall continue for the entire Plan Year and subsequent years until its termination upon a Participant's Termination of Employment, complete distribution of benefits or amendment pursuant to Section 3.2 or Section 3.3.

(a) Base Annual Salary, Annual Bonus and/or Directors Fees Subject to any terms and conditions imposed by the Administrator, Participants may elect to defer, under the Plan, Base Annual Salary, Annual Bonus and/or Directors Fees. For these elections to be valid with respect to deferrals of Base Annual Salary, Annual Bonus and/or Directors Fees, the Election Form must be completed and signed by the Participant, timely delivered to the Administrator no later than December 31 of the year immediately preceding the Plan Year for which the Base Annual Salary, Annual Bonus and/or Director Fees are earned or such earlier date determined and set by the Administrator in its sole discretion, and accepted by the Administrator. If no such Election Form is timely delivered for a Plan Year, the Annual Deferral Amount shall be zero for that Plan Year.

(b) Restricted Stock. Subject to any terms and conditions imposed by the Administrator, Participants may elect to defer, under the Plan, Restricted Stock Amounts. For an election to defer Restricted Stock Amounts to be valid, the Election Form that designates such Restricted Stock must cover an entire award of Restricted Stock, be completed and signed by the Participant, timely delivered to the Administrator no later than December 31 of the year immediately preceding the Plan Year in which such Restricted Stock is to be earned or such earlier date determined and set by the Administrator in its sole discretion, and accepted by the Administrator.

(c) Dividends. Stock Dividends and Non-Stock Dividends (as defined in Section 3.6(e) below) payable with respect to Stock Units allocated to the Participant's Accounts shall be deferred in accordance with the Participant's deferral election made in connection with the related deferral of Restricted Stock Amounts.

3.2 Redeferral. A Participant may annually change his or her Fixed Date Payout (as defined in Section 4.1) election to a subsequent fixed date by submitting a new Election Form to the Administrator, *provided, however*, that (a) such change (i) must occur at least twelve (12) months prior to the originally elected fixed date, (ii) shall not be given any effect unless a full calendar year would have passed between the date upon which such Election Form is submitted and the originally elected fixed date and (iii) must provide for at least five full calendar years to pass between the originally elected fixed date and the subsequent fixed date designated in such form occurs and (b) the Election Form is accepted by the Administrator in its sole discretion. The Election Form most recently accepted by the Administrator shall govern the payout of the Participant's benefits under the plan.

3.3 Special Elections During Transition Period

(a) Special Elections in 2003, 2004 and 2005 regarding Deferrals In accordance with Internal Revenue Service Notice 2005-1, the proposed regulations under Section 409A of the Code, and in reliance, without limitation, on the transition rules, performance-based compensation rule, and certain forfeitable rights rule, as applicable:

- (i) on or before December 31, 2003, Employee Participants were permitted to defer up to 100% of individual tranches of Restricted Stock awards granted prior to December 31, 2004 and vesting January 1, 2005 with a minimum deferral period of three years from the vesting date of such tranche;
- (ii) on or before December 31, 2004, Employee Participants were permitted to defer up to 100% of individual tranches of Restricted Stock awards granted prior to December 31, 2005 and vesting January 1, 2006 with a minimum deferral period of three years from the vesting date of such tranche;
- (iii) on or before June 30, 2005, Employee Participants were permitted to defer up to 100% of the Annual Bonus and Restricted Stock to be granted in 2006 for performance in 2005 with a minimum deferral period of three years from January 1, 2006 with respect to the Annual Bonus, and the Vesting Date with respect to the Restricted Stock;
- (iv) on or before December 31, 2005, Employee Participants were permitted to defer up to 100% of the tranches of Restricted Stock awards granted prior to December 15, 2005 and vesting January 1, 2006 or later and not previously deferred under the Plan with a minimum deferral period of five years from January 1, 2006 for the entire grant;
- (v) on or before March 15, 2005, Non-Employee Directors were permitted to defer up to 100% of Director Fees for 2005 service with a minimum deferral period of three years in conjunction with transitioning to a new fiscal year for the Board;
- (vi) on or before May 31, 2004, Non-Employee Directors were permitted to defer up to 100% of the Restricted Stock granted in May 2004 with a minimum deferral period of three years from the Vesting Date; and
- (vii) on or before March 15, 2005, Non-Employee Directors were permitted to defer up to 100% of the Restricted Stock granted in May 2005 with a minimum deferral period of 3 years from the grant date.

(b) Changes and Cancellations During Transition Period Notwithstanding anything in Sections 3.1, 3.2 or 3.3 to the contrary and without being subject to the requirements in Section 3.2, during the relevant transition rule period prescribed by Internal Revenue Service Notice 2005-1 and the proposed regulations promulgated under Section 409A of the Code:

- (i) on or prior to December 31, 2005, a Participant may cancel his or her election with respect to either (x) all amounts he or she deferred on or after January 1, 2005 subject to the Plan, (y) all of the amounts he or she deferred in a 2005 Plan Year election or (z) all of the amounts he or she

deferred in a 2006 Plan Year election; and amounts subject to cancellation are includible in income of the Participant in the calendar year 2005 or, if later, in the taxable year in which the amounts are earned and vested;

- (ii) on or prior to December 31, 2005, a Participant may change the time and form of distribution of his or her election to an alternative payout period, and
- (iii) on or prior to December 31, 2006, a Participant may change the time and form of distribution of his or her election to an alternative payout period; provided, however, that no change can be made in 2006 with respect to payments that the Participant would otherwise receive in 2006, or that would cause payments to be made in 2006 that would not otherwise be payable in such year,

provided further, that such Election Form is accepted by the Administrator in its sole discretion.

3.4 Annual Minimum. For each Plan Year, the annual aggregate minimum deferral amount for each Participant is \$5,000. If an election is made for less than such minimum amount, or if no election is made, the amount deferred shall be zero.

3.5 Maximum Deferral.

(a) Base Annual Salary, Annual Bonus and Directors Fees. For each Plan Year, a Participant may elect to defer, as his or her Annual Deferral Amount, up to 100% of his or her Base Annual Salary, Annual Bonus and/or Directors Fees.

(b) Restricted Stock Amounts. A Participant may elect to defer up to 100% of his or her Restricted Stock. Restricted Stock Amounts may also be limited by other terms or conditions set forth in the plan or agreement under which such Restricted Stock is granted.

3.6 Accounts; Crediting of Deferrals. Solely for record keeping purposes, the Administrator shall establish a Deferral Account, a Company Contribution Account, a Company Matching Account and a Restricted Stock Account for each Participant. A Participant's Accounts shall be credited with the deferrals made by him or her or on his or her behalf by his or her Employer under this Article 3 and shall be credited (or charged, as the case may be) with the hypothetical or deemed investment earnings and losses determined pursuant to Section 3.8, and charged with distributions made to or with respect to him or her.

(a) Annual Deferral Amounts. For each Plan Year, the Base Annual Salary portion of the Annual Deferral Amount shall be withheld and credited to the Participant's Deferral Account at the time of each regularly scheduled Base Annual Salary payroll in either the percentages or dollar amounts specified by the Participant in the Election Form, as adjusted from time to time for increases and decreases in Base Annual Salary. The Annual Bonus and/or Directors Fees portion of the Annual Deferral Amount shall be withheld and credited to the Participant's Deferral Account at the time the Annual Bonus or Directors Fees are or otherwise would be paid to the Participant, whether or not this occurs during the Plan Year itself.

(b) Annual Company Contribution Amount. For each Plan Year, an Employer, in its sole discretion, may, but is not required to, credit any amount it desires to any Participant's Company Contribution Account under this Plan, which amount shall be for that Participant the Annual Company Contribution Amount for that Plan Year. The amount so credited to a

Participant may be smaller or larger than the amount credited to any other Participant, and the amount credited to any Participant for a Plan Year may be zero, even though one or more other Participants receive an Annual Company Contribution Amount for that Plan Year. The Annual Company Contribution Amount, if any, shall be credited to Participants' Company Contribution Accounts on the date declared by the Employer.

(c) Annual Company Matching Amount. For each Plan Year, an Employer, in its sole discretion, may, but is not required to, credit any amount it desires to any Participant's Company Matching Account under this Plan, which amount shall be for that Participant the Annual Company Matching Amount for that Plan Year. The amount so credited to a Participant may be smaller or larger than the amount credited to any other Participant, and the amount credited to any Participant for a Plan Year may be zero, even though one or more other Participants receive an Annual Company Contribution Amount for that Plan Year. The Annual Company Contribution Amount, if any, shall be credited to Participants' Company Matching Accounts on the date declared by the Employer.

(d) Restricted Stock Amounts. Restricted Stock Amounts shall be credited/debited to the Participant on the books of the Employer in connection with such an election on the vesting date of the individual tranche of the award. A Participant's Restricted Stock Account shall be credited with that number of Stock Units equal to the quotient obtained by dividing (i) the aggregate amount of the Restricted Stock Amount then vesting and so deferred by (ii) the Fair Market Value of a share of Stock on the vesting date. Participants who elect to defer Restricted Stock Amounts will have no rights as stockholders of the Company with respect to allocations made to their Restricted Stock Accounts other than the right to receive dividend allocations as described in Section 3.6(e).

(e) Dividends. Stock and Non-Stock Dividends payable with respect to Stock Units allocated to a Participant's Accounts may be credited by the Administrator to the Participant's Accounts in the form of additional Stock Units or fractional Stock Units as of the date upon which the Company makes such a distribution to its stockholders, as follows:

- (i) Each of the Participant's Accounts would be credited with an additional number of Stock Units equal to the number of shares of Stock distributable as a dividend with respect to Stock Units credited to such Account ("Stock Dividends"); and
- (ii) In the event of a cash dividend or other non-Stock amount distributable with respect to Stock ("Non-Stock Dividends"), each of the Participant's Accounts would be credited with an amount in cash equal to such Non-Stock Dividend. Notwithstanding the foregoing, such cash amounts shall not be credited to a Restricted Stock Account.

Alternatively, the Administrator, in its discretion, may provide for Stock or Non-Stock Dividends to be credited to a Participant's Accounts, including a Participant's Deferral Account, in a different manner.

3.7 Vesting. A Participant shall at all times be 100% vested in his or her Deferral Account, Restricted Stock Account, Company Contribution Account and Company Matching Account.

3.8 Earnings Credits or Losses. In accordance with, and subject to, the rules and procedures that are established from time to time by the Administrator, in its sole discretion, amounts shall be credited or debited to a Participant's Account Balance in accordance with the following rules:

(a) Election of Measurement Funds. A Participant, in connection with his or her initial deferral election in accordance with Section 3.1 above, shall elect, on the Election Form, one or more Measurement Fund(s) (as described in Section 3.8(c) below) to be used to determine the additional amounts to be credited to his or her Account Balance, unless changed in accordance with the next sentence. The Participant may (but is not required to) elect, by submitting an Election Form to the Administrator that is accepted by the Administrator, to add or delete one or more Measurement Fund(s) to be used to determine the additional amounts to be credited to his or her Account Balance, or to change the portion of his or her Account Balance allocated to each previously or newly elected Measurement Fund. If an election is made in accordance with the previous sentence, it shall become effective as soon as administratively practicable and shall continue thereafter until changed in accordance with the previous sentence. Changes may be made to allocations at any time during the Plan Year, up to a maximum of six (6) changes per Participant per Plan Year.

(b) Proportionate Allocation. In making any election described in Section 3.8(a) above, the Participant shall specify on the Election Form, in increments of whole percentage points (1%), the percentage of his or her Account Balance to be allocated to a Measurement Fund (as if the Participant was making an investment in that Measurement Fund with that portion of his or her Account Balance).

(c) Measurement Funds. The Administrator shall from time to time select types of Measurement Funds and specific Measurement Funds for deemed investment designation by Participants for the purpose of crediting additional amounts to his or her Account Balance. As necessary, the Administrator may, in its sole discretion, discontinue, substitute or add a Measurement Fund. The Administrator shall notify the Participants of the types of Measurement Funds and the specific Measurement Funds selected from time to time.

(d) Crediting or Debiting Method. The performance of each elected Measurement Fund (either positive or negative) will be determined by the Administrator, in its sole discretion, based on the performance of the Measurement Funds themselves. A Participant's Account Balance shall be credited or debited as frequently as is administratively feasible, but no less often than quarterly, based on the performance of each Measurement Fund selected by the Participant, as determined by the Administrator in its sole discretion.

(e) No Actual Investment. Notwithstanding any other provision of this Plan that may be interpreted to the contrary, the Measurement Funds are to be used for measurement purposes only, and a Participant's election of any such Measurement Fund, the allocation to his or her Account Balance thereto, the calculation of additional amounts and the crediting or debiting of such amounts to a Participant's Account Balance shall not be considered or construed in any manner as an actual investment of his or her Account Balance in any such Measurement Fund. In the event that the Company or the Trustee (as that term is defined in the Trust), in its own discretion, decides to invest funds in any or all of the Measurement Funds, no Participant shall have any rights in or to such investments themselves. Without limiting the foregoing, a Participant's Account Balance shall at all times be a bookkeeping entry only and shall not represent any investment made on his or her behalf by the Employer or the Trust; the Participant shall at all times remain an unsecured creditor of the Employers.

(f) Stock Accounts. Notwithstanding any other provision of this Plan to the contrary Restricted Stock Amounts may not be allocated to any Measurement Fund. A Participant's Restricted Stock Account will be credited with any Restricted Stock Amounts deferred pursuant to Section 3.6(d) and any dividends deferred pursuant to Section 3.1(c).

3.9 Distributions. Any distribution with respect to a Participant's Account Balance shall be charged to the appropriate account as of the date such payment is made by the Employer or the trustee of the Trust which may be established for the Plan.

ARTICLE 4.
FIXED DATE PAYOUTS

4.1 Fixed Date Payout. In connection with each Election Form, a Participant may irrevocably elect to receive a future "Fixed Date Payout" from the Plan of his or her Fixed Date Payout Account Balance. Subject to the Deduction Limitation and the other terms and conditions of this Plan, each Fixed Date Payout elected shall be paid out no earlier than the first day of any Plan Year designated by the Participant that is (i) with respect to an Annual Deferral Amount, at least one (1) Plan Year after the Plan Year in which the Annual Deferral Amount is actually deferred or (ii) with respect to a Restricted Stock Amount, the Plan Year of the Vesting Date (the "Earliest Fixed Date Payout Date"). By way of example, if a one (1) year Fixed Date Payout is elected for Annual Deferral Amounts that are deferred in the Plan Year commencing January 1, 2006, the one (1) year Fixed Date Payout would become payable no earlier than January 1, 2007; and, if a Fixed Date Payout is elected for a Restricted Stock Amount granted on March 1, 2006 with a five (5) year vesting period on January 1 of each year, the Fixed Date Payout would become payable no earlier than January 1, 2011. A Participant shall elect on each Election Form on which a Fixed Date Payout is elected to receive the Fixed Date Payout Account Balance applicable to such election in a lump sum or pursuant to a Quarterly or Annual Installment Method over a period of up to ten (10) years, payable in the first (1st) week of January, April, July, and October, as applicable. If a Participant does not elect to have his or her Fixed Date Payout Account Balance paid in accordance with the Quarterly or Annual Installment Method, then such benefit shall be payable in a lump sum. The lump sum payment shall be made no later than sixty (60) days after the last day of any Plan Year designated by the Participant that is after the Earliest Fixed Date Payout Date. Any payment made shall be subject to the Deduction Limitation.

4.2 Other Benefits Take Precedence Over Fixed Date. Should an event occur that triggers a benefit under Article 5 or 6, any Annual Deferral Amount or Restricted Stock Amount, plus amounts credited or debited thereon, that is subject to a Fixed Date Payout election under Section 4.1 shall not be paid in accordance with Section 4.1 but shall be paid in accordance with the other applicable Article.

ARTICLE 5.
DISTRIBUTIONS

5.1 Retirement Benefit.

(a) Retirement Benefit. A Participant who Retires, shall receive, as a Retirement Benefit, his or her vested Account Balance. A Participant, in connection with his or her commencement of participation in the Plan, shall elect on an Election Form to receive the Retirement Benefit in a lump sum or pursuant to a Quarterly or Annual Installment Method over a period of up to ten (10) years, payable in the first (1st) week of January, April, July, and October, as applicable. If a Participant does not make any election with respect to the payment of the Retirement Benefit, then such benefit shall be payable in a lump sum. The lump sum payment shall be made, or installment payments shall commence, no later than the later of (i) December 31 of the calendar year during which the Participant Retires or (ii) the fifteenth (15th) day of the third (3rd) month following the date of such Retirement.

(b) Death Prior to Completion of Retirement Benefit or Termination Benefit If a Participant dies after Retirement but before the Retirement Benefit due under this Section 5.1 is paid in full or after a Termination of Employment but before the Termination Benefit under Section 5.3 is paid in full, the Participant's unpaid Retirement Benefit under this Section 5.1 or Termination Benefit under Section 5.3 shall be paid to the Participant's Beneficiary over the

remaining number of months and in the same amounts as such Retirement Benefit or Termination Benefit would have been paid to the Participant had the Participant survived.

5.2 Pre-Retirement Survivor Benefit. A Participant's Beneficiary shall receive a Pre-Retirement Survivor Benefit equal to the Participant's vested Account Balance if the Participant dies before he or she experiences a Termination of Employment or suffers a Disability. The Pre-Retirement Survivor Benefit shall be paid to the Participant's Beneficiary (a) if a Fixed Date Payout has not commenced prior to Participant's death, commencing no later than the later of (i) December 31 of the calendar year during which the Participant died or (ii) the fifteenth (15th) day of the third (3rd) month following the Participant's death, and being paid in a lump sum, if so elected by Participant, or in installment payments, if so elected by Participant, over the number of months and in the same amounts as that benefit would have been paid to the Participant had the Participant survived, and (b) if a Fixed Date Payout has commenced prior to Participant's death, over the remaining number of months and in the same amounts as that benefit would have been paid to the Participant had the Participant survived.

5.3 Termination Benefit. A Participant shall receive a Termination Benefit, which shall be equal to the Participant's vested Account Balance if a Participant experiences a Termination of Employment prior to his or her Retirement, death or Disability. A Participant's Termination Benefit shall be paid in a lump sum; except that if the Participant is a Non-Employee Director such Participant may elect on an Election Form pursuant to Section 3.1 above to receive the Termination Benefit in a lump sum or pursuant to a Quarterly or Annual Installment Method over a period of up to ten (10) years, payable in the first (1st) week of January, April, July and October, as applicable; however, if no such election is made with respect to the payment of the Termination Benefit, then such benefit shall be payable in a lump sum. The lump sum payment shall be made, or installment payments shall commence, no later than the later of (i) December 31 of the calendar year during which the Participant's Termination of Employment occurred or (ii) the fifteenth (15th) day of the third (3rd) month following the Participant's Termination of Employment.

5.4 Change in Control Benefit.

(a) **Change in Control Benefit.** A Participant shall receive a Change in Control Benefit, which shall be equal to the Participant's vested Account Balance in the event of a Change in Control. A Participant's Change in Control Benefit due under this Section 5.4 shall be paid in a lump sum. The lump sum payment shall be made as soon as administratively practicable upon the Change in Control but in no event later than the later of (i) December 31 of the calendar year during which the Change in Control occurs or (ii) the fifteenth (15th) day of third (3rd) month following the date of such Change in Control.

(b) **Change in Control Benefit to Take Precedence Over Other Benefits** Should an event occur that triggers a Change in Control Benefit under this Section 5.4, any Annual Deferral Amount, plus amounts credited or debited thereon, that is subject to an existing payout under Section 4.1 shall not be paid in accordance with such Article but shall be paid in accordance with this Section 5.4.

5.5 Disability Benefit. The Participant shall receive a Disability Benefit, which shall be equal to the Participant's vested Account Balance in the event of the Participant's Disability, as determined by the Administrator. Payment of a Participant's Disability Benefit under this Section 5.5 shall be paid in a lump sum. If a Participant's Disability occurs after Retirement or after a Termination of Employment but before the Retirement Benefit under Section 5.1 or the Termination Benefit under Section 5.3 is paid in full, the Participant's unpaid Retirement Benefit under Section 5.1 or Termination Benefit under Section 5.3 shall continue and shall be paid to the Participant over the remaining number of

months and in the same amounts as such Retirement Benefit or such Termination Benefit would have been paid to the Participant had the Participant survived.

5.6 Stock Distributions. All Account Balance distributions from a Participant's Restricted Stock Account shall be in the form of whole shares of Stock equivalent to the whole Stock Units credited to the Participant's Restricted Stock Account. Distributions in respect of fractional Stock Units shall be made in cash. In the case of any Quarterly or Annual Installment Method, the precise number of shares delivered in each installment shall be determined in such a manner as to cause each installment to be essentially equal based on the Stock Units credited to the Participant's accounts as of the date of the first installment, including dividend equivalents credited prior to that date. Dividend equivalents credited to a Participant's Restricted Stock Account after the date of the first installment will be distributed as part of the final installment. Any fractional Stock Units remaining at the time of the final installment distribution shall be payable in cash.

5.7 Delayed Distributions for Employee Participants Notwithstanding any provision of this Plan to the contrary, upon the Termination of Employment or Retirement of a Participant who is an Officer or Employee for any reason other than death or Disability, any Account Balance distribution that otherwise would be paid to Participant during the period of time beginning with such Termination of Employment or Retirement and ending six months thereafter shall not be paid during such six-month period but shall be delayed and instead paid in a lump sum as soon as administratively practicable following such six-month delay period. There shall be no such six-month delay period in the event of and any six-month delay period which has already commenced shall terminate immediately upon (i) the Participant's death or Disability or (ii) a Change in Control. For the avoidance of doubt, any Quarterly or Annual Installment Method payments due to Participant after any such delay period shall not be accelerated by application of this Section 5.7 and may only be accelerated to the extent such acceleration is provided for in another Plan provision.

ARTICLE 6.
UNFORESEEABLE FINANCIAL EMERGENCIES

6.1 Withdrawal Payout/Suspensions for Unforeseeable Financial Emergencies If a Participant experiences an Unforeseeable Financial Emergency, the Participant may petition the Administrator to (i) suspend any deferrals required to be made by a Participant and/or (ii) receive a partial or full payout from the Plan. The payout shall not exceed the lesser of the Participant's vested Account Balance, calculated as if such Participant were receiving a Termination Benefit under Section 5.3, or the amount reasonably needed to satisfy the Unforeseeable Financial Emergency. If, subject to the sole discretion of the Administrator, the petition for a suspension and/or payout is approved, suspension shall take effect upon the date of approval and any payout shall be made within sixty (60) days of the date of approval but in no event shall any payout be made following the later of (a) December 31 of the calendar year during which the Unforeseeable Financial Emergency occurs and (b) the fifteenth (15th) day of the third (3rd) month following the date of such Unforeseeable Financial Emergency. The payment of any amount under this Section 6.1 shall not be subject to the Deduction Limitation.

ARTICLE 7.
BENEFICIARY DESIGNATION

7.1 Beneficiary. Each Participant shall have the right, at any time, to designate his or her Beneficiary(ies) (both primary as well as contingent) to receive any benefits payable under the Plan to a beneficiary upon the death of a Participant. The Beneficiary designated under this Plan may be the same as or different from the Beneficiary designation under any other plan of an Employer in which the Participant participates.

7.2 Beneficiary Designation; Change; Spousal Consent. A Participant shall designate his or her Beneficiary by completing and signing the Beneficiary Designation Form, and returning it to the

Administrator or its designated agent. A Participant shall have the right to change a Beneficiary by completing, signing and otherwise complying with the terms of the Beneficiary Designation Form and the Administrator's rules and procedures, as in effect from time to time. Upon the acceptance by the Administrator of a new Beneficiary Designation Form, all Beneficiary designations previously filed shall be canceled. The Administrator shall be entitled to rely on the last Beneficiary Designation Form filed by the Participant and accepted by the Administrator prior to his or her death.

7.3 Acknowledgment. No designation or change in designation of a Beneficiary shall be effective until received and acknowledged in writing by the Administrator or its designated agent.

7.4 No Beneficiary Designation. If a Participant fails to designate a Beneficiary as provided in Sections 7.1, 7.2 and 7.3 above or, if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, then the Participant's designated Beneficiary shall be deemed to be his or her surviving spouse. If the Participant has no surviving spouse, the benefits remaining under the Plan to be paid to a Beneficiary shall be payable to the executor or personal representative of the Participant's estate.

7.5 Doubt as to Beneficiary. If the Administrator has any doubt as to the proper Beneficiary to receive payments pursuant to this Plan, the Administrator shall have the right, exercisable in its discretion, to cause the Participant's Employer to withhold such payments until this matter is resolved to the Administrator's satisfaction.

7.6 Discharge of Obligations. The payment of benefits under the Plan to a Beneficiary shall fully and completely discharge all Employers and the Administrator from all further obligations under this Plan with respect to the Participant, and that Participant's Election Form shall terminate upon such full payment of benefits.

ARTICLE 8. LEAVE OF ABSENCE

8.1 Paid Leave of Absence. If a Participant is authorized by the Participant's Employer for any reason to take a paid leave of absence from the employment of the Employer, the Participant shall continue to be considered employed by the Employer and the Annual Deferral Amount shall continue to be withheld during such paid leave of absence in accordance with Section 3.6.

ARTICLE 9. TERMINATION, AMENDMENT OR MODIFICATION

9.1 Termination With Respect to Account Balances. The Plan shall not terminate with respect to Account Balances and any Employers, except in a manner that complies with Section 409A of the Code and the proposed and final Department of Treasury rules, regulations and other guidance promulgated thereunder. Upon a termination of the Plan with respect to Account Balances that complies with Section 409A of the Code, each Participant shall be entitled to receive his or her Account Balance in a lump sum payment as soon as practicable following the first date such payment can be made in compliance with Section 409A of the Code but in no event following the last date such payment can be made in compliance with Section 409A of the Code. During the period of time between the date the Plan is terminated with respect to Account Balances and the date of such payment, Account Balance distributions, including those under a Quarterly or Annual Installment Method, which otherwise would be made pursuant to the Plan shall be made without regard to such termination.

9.2 Amendment. An Employer may, at any time, amend or modify the Plan in whole or in part with respect to that Employer by the action of its board of directors, compensation committee of its board of directors or similar governing body; *provided, however*, that no amendment or modification shall be effective to decrease or restrict the value of a Participant's Account Balance in existence at the time the

amendment or modification is made, calculated as if the Participant had experienced a Termination of Employment as of the effective date of the amendment or modification or, if the amendment or modification occurs after the date upon which the Participant was eligible to Retire, the Participant had Retired as of the effective date of the amendment or modification. The amendment or modification of the Plan shall not affect any Participant or Beneficiary who has become entitled to the payment of benefits under the Plan as of the date of the amendment or modification.

9.3 Effect of Payment. The full payment of the applicable benefit under Article 4 of the Plan or under Articles 5 and 6 of the Plan shall completely discharge all obligations to a Participant and his or her designated Beneficiaries under this Plan and the Participant's Plan Agreement shall terminate.

ARTICLE 10.
ADMINISTRATION

10.1 Administrator Duties. The Committee appointed pursuant to Section 10.3 shall be the Administrator and shall conduct the general administration of the Plan in accordance with the Plan and shall have all the necessary power and authority to carry out that function. Members of the Administrator may be Participants under this Plan. Any individual serving on the Administrator who is a Participant shall not vote or act on any matter relating solely to himself or herself. Among the Committee's necessary powers and duties are the following:

- (a) Except to the extent provided otherwise by Article 13, to delegate all or part of its function as Administrator to others and to revoke any such delegation.
- (b) To determine questions of eligibility of Participants and their entitlement to benefits, subject to the provisions of Articles 11 and 13.
- (c) To select and engage attorneys, accountants, actuaries, trustees, appraisers, brokers, consultants, administrators, physicians or other persons to render service or advice with regard to any responsibility the Administrator has under the Plan, or otherwise, to designate such persons to carry out fiduciary responsibilities (other than trustee responsibilities) under the Plan, and (with the Committee, the Employers and their officers, directors, trustees and Employees) to rely upon the advice, opinions or valuations of any such persons, to the extent permitted by law, being fully protected in acting or relying thereon in good faith.
- (d) To interpret the Plan for purpose of the administration and application of the Plan, in a manner not inconsistent with the Plan or applicable law and to amend or revoke any such interpretation.
- (e) To conduct claims procedures as provided in Article 11.

10.2 Binding Effect of Decisions. The decision or action of the Administrator with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan, Section 409A of the Code and the proposed and final Department of Treasury rules, regulations and other guidance promulgated thereunder shall be final and conclusive and binding upon all persons having any interest in the Plan.

10.3 Committee. The Committee shall consist solely of two or more Non-Employee Directors appointed by and holding office at the pleasure of the Board, each of whom is both a "non-employee director" as defined by Rule 16b-3 and an "outside director" for purposes of Section 162(m) of the Code. Appointment of Committee members shall be effective upon acceptance of appointment. Committee members may resign at any time by delivering written notice to the Board. Vacancies in the Committee may be filled by the Board.

10.4 Indemnification. All Employers shall indemnify and hold harmless any of their officers, Directors, Committee members or Employees who are involved in the administration of the Plan against any and all claims, losses, damages, expenses or liabilities arising out of the good faith performance of their administrative functions.

10.5 Employer Information. To enable the Administrator to perform its functions, each Employer shall supply full and timely information to the Administrator on all matters relating to the compensation of its Participants, the date and circumstances of the Retirement, Disability, death or Termination of Employment of its Participants, and such other pertinent information as the Administrator may reasonably require.

ARTICLE 11.
CLAIMS PROCEDURES

11.1 Presentation of Claim. Any Participant or Beneficiary of a deceased Participant (such Participant or Beneficiary being referred to below as a "Claimant") may deliver to the Administrator a written claim for a determination with respect to the amounts distributable to such Claimant from the Plan. If such a claim relates to the contents of a notice received by the Claimant, the claim must be made within sixty (60) days after such notice was received by the Claimant. All other claims must be made within one hundred eighty (180) days of the date on which the event that caused the claim to arise occurred. The claim must state with particularity the determination desired by the Claimant.

11.2 Notification of Decision. The Administrator shall consider a Claimant's claim within a reasonable time, and shall notify the Claimant in writing:

- (a) that the Claimant's requested determination has been made, and that the claim has been allowed in full; or
- (b) that the Administrator has reached a conclusion contrary, in whole or in part, to the Claimant's requested determination, and such notice must set forth in a manner calculated to be understood by the Claimant:
 - (i) the specific reason(s) for the denial of the claim, or any part of it;
 - (ii) specific reference(s) to pertinent provisions of the Plan upon which such denial was based;
 - (iii) a description of any additional material or information necessary for the Claimant to perfect the claim, and an explanation of why such material or information is necessary; and
 - (iv) appropriate information as to the steps to be taken if the Claimant wishes to submit his or her claim for review pursuant to the claim review procedure set forth in Section 11.3 below, including the time limits applicable to such procedures, and a statement of the Claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse decision upon review.

Any notice pursuant to this Section 11.2 shall be given within a reasonable period of time but no later than ninety (90) days after the claim is filed, unless special circumstances require an extension of time for processing the claim. If such extension is required, written notice shall be furnished to the Claimant within ninety (90) days of the date the claim was filed stating the special circumstances requiring an extension of time and the date by which a decision on the claim can be expected, which shall be no more than one hundred eighty (180) days from the date the claim was filed.

11.3 Review of a Denied Claim. Within sixty (60) days after receiving a notice from the Administrator that a claim has been denied, in whole or in part, a Claimant (or the Claimant's duly authorized representative) may file with the Administrator a written request for a review of the denial of the claim specifying in detail each of Claimant's contentions, the grounds on which each is based, all facts in support of the request, and any other matters which the Claimant deems pertinent. The Claimant (or the Claimant's duly authorized representative):

- (a) may review and/or copy free of charge pertinent documents, records and other information relevant to the Claimant's claim;
- (b) may submit issues, written comments or other documents, records or other information relating to the claim; and/or
- (c) may request a hearing, which the Administrator, in its sole discretion, may grant.

Any such review by the Administrator shall take into account all comments, documents, records and other information submitted by the Claimant relating to the claim, without regard to whether such information was submitted or considered in the initial claim determination.

11.4 Decision on Review. The Administrator shall render its decision on review promptly, and not later than sixty (60) days after the filing of a written request for review of the denial, unless a hearing is held or other special circumstances require additional time, in which case the Administrator's decision must be rendered within one hundred twenty (120) days after such date. Such decision must be written in a manner calculated to be understood by the Claimant, and it must contain:

- (a) specific reasons for the decision;
- (b) specific reference(s) to the pertinent Plan provisions upon which the decision was based; and
- (c) a statement that the Claimant is entitled to receive upon request and free of charge reasonable access to and copies of all documents, records and other information relevant to the Claimant's claim for benefits;
- (d) a statement of the Claimant's right to bring an action under Section 502(a) of ERISA; and
- (e) such other matters as the Administrator deems relevant.

11.5 Designation. The Administrator may designate any other person of its choosing to make any determination otherwise required under this Article.

11.6 Arbitration. A Claimant whose appeal has been denied under Section 11.4 shall have the right to submit said claim to final and binding arbitration in the state of California pursuant to the rules of the American Arbitration Association. Any such requests for arbitration must be filed by written demand to the American Arbitration Association within sixty (60) days after receipt of the decision regarding the appeal. The costs and expenses of arbitration, including the fees of the arbitrators, shall be borne by the losing party. The prevailing party shall recover as expenses all reasonable attorney's fees incurred by it in connection with the arbitration proceeding or any appeals therefrom.

ARTICLE 12.
TRUST

12.1 Establishment of the Trust. The Company and the Partnership shall establish the Trust, and each Employer shall at least annually transfer over to the Trust such assets as the Employer determines, in its sole discretion, are necessary to provide, on a present value basis, for its respective future liabilities created with respect to the Account Balances for such Employer's Participants for all periods prior to the transfer, as well as any debits and credits to the Participants' Account Balances for all periods prior to the transfer, taking into consideration the value of the assets in the trust at the time of the transfer.

12.2 Interrelationship of the Plan and the Trust. The provisions of the Plan shall govern the rights of a Participant to receive distributions pursuant to the Plan. The provisions of the Trust shall govern the rights of the Employers, Participants and the creditors of the Employers to the assets transferred to the Trust. Each Employer shall at all times remain liable to carry out its obligations under the Plan.

12.3 Investment of Trust Assets. The Trustee of the Trust shall be authorized, upon written instructions received from the Administrator or investment manager appointed by the Administrator, to invest and reinvest the assets of the Trust in accordance with the applicable Trust Agreement, including the disposition of Stock and reinvestment of the proceeds in one or more investment vehicles designated by the Administrator.

12.4 Distributions From the Trust. Each Employer's obligations under the Plan may be satisfied with Trust assets distributed pursuant to the terms of the Trust, and any such distribution shall reduce the Employer's obligations under this Plan.

12.5 Limitations on Stock Distributed from the Trust

(a) Distribution Limit. Notwithstanding anything to the contrary in this Plan, no contribution of Stock to or distribution of Stock from the Trust shall be made to the extent that such contribution or distribution could impair the Company's status as a real estate investment trust, within the meaning of Sections 856 through 860 of the Code, as determined by the Company, in its sole discretion.

(b) Reduction of Distributions. If necessary, the Administrator may reduce the amount of any Stock and/or Stock Units to be distributed under the Plan (in which case, such Stock and/or Stock Units will be distributed to the Participant in a manner determined by the Administrator to comply with the distribution limit, if any, under Section 12.5(a).

ARTICLE 13.

PROVISIONS RELATING TO SECURITIES LAWS

13.1 Designation of Participants. With respect to any Employee or Non-Employee Director who is then subject to Section 16 of the Exchange Act, only the Committee may designate such Employee or Non-Employee Director as a Participant in the Plan.

13.2 Action by Committee. With respect to any Participant who is then subject to Section 16 of the Exchange Act, any function of the Administrator under the Plan relating to such Participant shall be performed solely by the Committee, if and to the extent required to ensure the availability of an exemption under Section 16 of the Exchange Act for any transaction relating to such Participant under the Plan.

13.3 Compliance with Section 16. Notwithstanding any other provision of the Plan or any rule, instruction, election form or other form, the Plan and any such rule, instruction or form shall be subject to any additional conditions or limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3) that are requirements for the

application of such exemptive rule. To the extent permitted by applicable law, such provision, rule, instruction or form shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

13.4 Committee Approval. In order to ensure compliance with all applicable laws, the Committee, in its discretion, may require that any transactions by any Participant related to Stock must be pre-approved by the Committee.

ARTICLE 14.
CERTAIN CORPORATE EVENTS

In the event that the Administrator determines that any dividend or other distribution (whether in the form of cash, Stock, other securities, or other property), recapitalization, reclassification, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, liquidation, dissolution, or sale, transfer, exchange or other disposition of all or substantially all of the assets of the Company, or exchange of Stock or other securities of the Company, issuance of warrants or other rights to purchase Stock or other securities of the Company, or other similar corporate transaction or event, in the Administrator's sole discretion, affects the Stock such that an adjustment is determined by the Administrator to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to any Account under the Plan, then the Administrator shall, in such manner as it may deem equitable, adjust the number and/or kind of shares of Stock (or other securities or property) credited to Participants' Accounts.

In the event of any transaction or event described in the preceding paragraph or any unusual or nonrecurring transactions or events affecting the Company, any affiliate of the Company, or the financial statements of the Company or any affiliate, or of changes in applicable laws, regulations, or accounting principles, the Administrator, in its sole and absolute discretion and on such terms and conditions as it deems appropriate, by action taken prior to the occurrence of such transaction or event, is hereby authorized to take any one or more of the following actions whenever the Administrator determines that such action is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to any Account under the Plan, to facilitate such transactions or events, or to give effect to such changes in laws, regulations or principles:

- (a) To provide that Participants' Stock Units and the Company's rights and obligations with respect thereto shall be assumed by the successor or survivor corporation, or a parent or subsidiary thereof;
- (b) To provide that the Stock Units credited to Participants' Accounts shall be replaced by stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and/or kind of shares; and
- (c) To make adjustments to the number and/or kind of Stock Units (or other securities or property) credited to Participants' Accounts.

ARTICLE 15.
MISCELLANEOUS

15.1 Status of Plan. The Plan is intended to be a plan that is not qualified within the meaning of Code Section 401(a) and that "is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees" within the meaning of ERISA Sections 201(2), 301(a)(3) and 401(a)(1). The Plan shall be administered and interpreted to the extent possible in a manner consistent with that intent.

15.2 Unsecured General Creditor. Participants and their Beneficiaries, heirs, successors and assigns shall have no legal or equitable rights, interests or claims in any property or assets of any Employer. For purposes of the payment of benefits under this Plan, any and all of an Employer's assets shall be, and remain, the general, unpledged unrestricted assets of the Employer. An Employer's obligation under the Plan shall be merely that of an unfunded and unsecured promise to pay money in the future.

15.3 Employer's Liability. An Employer's liability for the payment of benefits shall be defined only by the Plan and the Election Form(s), as entered into between the Employer and a Participant. An Employer shall have no obligation to a Participant under the Plan except as expressly provided in the Plan and his or her Election Form(s).

15.4 Nonassignability. Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate, alienate or convey in advance of actual receipt, the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are expressly declared to be, unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure, attachment, garnishment or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency or be transferable to a spouse as a result of a property settlement or otherwise.

15.5 Sources of Stock. If Stock is credited under the Plan in the Trust in connection with a deferral of Restricted Stock, the shares so credited shall be deemed to have originated, and shall be counted against the number of shares reserved under the Equity Plan under which they were granted.

15.6 Tax Withholding.

(a) Annual Deferral Amounts. For each Plan Year in which an Annual Deferral Amount is being withheld from a Participant, the Participant's Employer(s) shall withhold from that portion of the Participant's Base Annual Salary and Bonus that is not being deferred, in a manner determined by the Employer(s), the Participant's share of FICA and other employment taxes on such Annual Deferral Amount. If necessary, the Administrator may reduce the Annual Deferral Amount in order to comply with this Section 15.6.

(b) Company Matching Amounts. When a Participant becomes vested in a portion of his or her Company Matching Account, the Participant's Employer(s) shall withhold from the Participant's Base Annual Salary and/or Bonus that is not deferred, in a manner determined by the Employer(s), the Participant's share of FICA and other employment taxes. If necessary, the Administrator may reduce the vested portion of the Participant's Company Matching Account in order to comply with this Section 15.6.

(c) Restricted Stock Amounts. For each Plan Year in which a Restricted Stock Amount is being first credited to a Participant's Account Balance, or at the time any dividends are credited to the Participant's Accounts, the Participant's Employer(s) shall withhold from that portion of the Participant's Base Annual Salary, Bonus and Restricted Stock that is not being deferred, in a manner determined by the Employer(s), the Participant's share of FICA and other employment taxes on such Restricted Stock Amount. If necessary, the Administrator may reduce the Restricted Stock Amount in order to comply with this Section 15.6.

(d) Distributions. The Participant's Employer(s), or the trustee of the Trust, shall withhold from any payments made to a Participant under this Plan all federal, state and local income, employment and other taxes required to be withheld by the Employer(s), or the trustee of

the Trust, in connection with such payments, in amounts and in a manner to be determined in the sole discretion of the Employer(s) and the trustee of the Trust.

(e) Participant May Satisfy Tax Obligations in Cash. The Administrator, in its sole discretion, may allow a Participant to pay to his or her Employer, in cash, any amounts required to be withheld by the Employer in connection with the Plan in lieu of having such amounts withheld from his or her deferrals or distributions.

15.7 Coordination with Other Benefits. The benefits provided for a Participant and Participant's Beneficiary under the Plan are in addition to any other benefits available to such Participant under any other plan or program for employees of the Participant's Employer. The Plan shall supplement and shall not supersede, modify or amend any other such plan or program except as may otherwise be expressly provided.

15.8 Compliance. A Participant shall have no right to receive payment with respect to the Participant's Account Balance until all legal and contractual obligations of the Employers relating to establishment of the Plan and the making of such payments shall have been complied with in full. In addition, the Company shall impose such restrictions on Stock delivered to a Participant hereunder and any other interest constituting a security as it may deem advisable in order to comply with the Securities Act, the requirements of the New York Stock Exchange or any other stock exchange or automated quotation system upon which the Stock is then listed or quoted, any state securities laws applicable to such a transfer, any provision of the Company's Articles of Incorporation or Bylaws, or any other applicable law or applicable regulation.

15.9 Not a Contract of Employment. The terms and conditions of this Plan shall not be deemed to constitute a contract of employment between any Employer and the Participant. Such employment is hereby acknowledged to be an "at will" employment relationship that can be terminated at any time for any reason, or no reason, with or without cause, and with or without notice, unless expressly provided in a written employment agreement. Nothing in this Plan shall be deemed to give a Participant the right to be retained in the service of any Employer, either as an Employee or a Director, or to interfere with the right of any Employer to discipline or discharge the Participant at any time.

15.10 Furnishing Information. A Participant or his or her Beneficiary will cooperate with the Administrator by furnishing any and all information requested by the Administrator and take such other actions as may be requested in order to facilitate the administration of the Plan and the payments of benefits hereunder, including but not limited to taking such physical examinations as the Administrator may deem necessary.

15.11 Governing Law. Subject to ERISA, the provisions of this Plan shall be construed and interpreted according to the internal laws of the State of California without regard to its conflicts of laws principles.

15.12 Notice. Any notice or filing required or permitted to be given to the Administrator under this Plan shall be sufficient if in writing and hand-delivered, or sent by registered or certified mail, to the address below:

General Counsel
AMB Property Corporation
Pier 1, Bay 1
San Francisco, California 94111

Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

Any notice or filing required or permitted to be given to a Participant under this Plan shall be sufficient if in writing and hand-delivered, or sent by mail, to the last known address of the Participant.

15.13 Successors. The provisions of this Plan shall bind and inure to the benefit of the Participant's Employer and its successors and assigns and the Participant and the Participant's designated Beneficiaries.

15.14 Spouse's Interest. The interest in the benefits hereunder of a spouse of a Participant who has predeceased the Participant shall automatically pass to the Participant and shall not be transferable by such spouse in any manner, including but not limited to such spouse's will, nor shall such interest pass under the laws of intestate succession.

15.15 Validity. In case any provision of this Plan shall be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal or invalid provision had never been inserted herein.

15.16 Incompetent. If the Administrator determines in its discretion that a benefit under this Plan is to be paid to a minor, a person declared incompetent or to a person incapable of handling the disposition of that person's property, the Administrator may direct payment of such benefit to the guardian, legal representative or person having the care and custody of such minor, incompetent or incapable person. The Administrator may require proof of minority, incompetence, incapacity or guardianship, as it may deem appropriate prior to distribution of the benefit. Any payment of a benefit shall be a payment for the account of the Participant and the Participant's Beneficiary, as the case may be, and shall be a complete discharge of any liability under the Plan for such payment amount.

15.17 Court Order. The Administrator is authorized to make any payments directed by court order in any action in which the Plan or the Administrator has been named as a party. In addition, if a court determines that a spouse or former spouse of a Participant has an interest in the Participant's benefits under the Plan in connection with a property settlement or otherwise, the Administrator, in its sole discretion, shall have the right, notwithstanding any election made by a Participant, to immediately distribute the spouse's or former spouse's interest in the Participant's benefits under the Plan to that spouse or former spouse.

15.18 Accelerated Distributions, Trust Distributions and Plan Interpretation

(a) Accelerated Distributions. If, for any reason, all or any portion of a Participant's benefits under this Plan becomes subject to a penalty tax amount under Section 409A and the final Department of Treasury rules, regulations and other guidance promulgated thereunder, the Administrator may rescind the election subject to such penalty tax and accelerate the payment of such benefits at its discretion, provided that any such distribution will remain subject to penalty tax to the extent required by Section 409A and the final rules and regulations.

(b) Trust Distributions. If the Trust terminates in accordance with the provisions of the Trust and benefits are distributed from the Trust to a Participant in accordance with such provisions, the Participant's benefits under this Plan shall be reduced to the extent of such distributions.

(c) Plan Interpretation. The Plan shall be interpreted, construed, administered and operated in good faith in a manner that satisfies the requirements of Section 409A of the Code, Internal Revenue Service Notice 2005-1 and the final and proposed Department of Treasury rules, regulations and other guidance promulgated thereunder. Nothing in this Plan shall be construed as an entitlement to or guarantee of any particular tax treatment to a Participant.

15.19 Insurance. The Employers, on their own behalf or on behalf of the trustee of the Trust, and, in their sole discretion, may apply for and procure insurance on the life of the Participant, in such amounts and in such forms as the Trust may choose. The Employers or the trustee of the Trust, as the case may be, shall be the sole owner and beneficiary of any such insurance. The Participant shall have no interest whatsoever in any such policy or policies, and at the request of the Employers shall submit to medical examinations and supply such information and execute such documents as may be required by the insurance company or companies to whom the Employers have applied for insurance.

15.20 Status of Company as a REIT. Notwithstanding any provision of this Plan or any Participant's election to the contrary, the Partnership, the Company and the Administrator shall have the right at any time, and from time to time, to amend this Plan or to take any other action which it or they deem to be necessary or appropriate in order to avoid or cure any impairment of the Company's status as a real estate investment trust under Sections 856 et. seq. of the Code or to avoid or cure any violation of the Company's Articles of Incorporation.

IN WITNESS WHEREOF, the Company and the Partnership have signed this Plan document as of September 13, 2007.

AMB Property Corporation, a Maryland corporation

By: /s/ Thomas S. Olinger

Title: Chief Financial Officer

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

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

By: /s/ Thomas S. Olinger

Title: Chief Financial Officer

FIRST AMENDMENT TO REVOLVING CREDIT AGREEMENT

THIS FIRST AMENDMENT TO REVOLVING CREDIT AGREEMENT (this "First Amendment") is made as of Oct 23, 2007, by and among AMB JAPAN FINANCE Y.K., as Initial Borrower (the "Initial Borrower"), each Qualified Borrower listed on the signature pages hereto (each of the Initial Borrower and each Qualified Borrower, collectively, "Borrower"), AMB PROPERTY, L.P., as Guarantor ("AMB LP"), AMB PROPERTY CORPORATION, as Guarantor ("AMB Corporation" and together with AMB LP, the "Guarantors"), the Alternate Currency Banks (as hereinafter defined), SUMITOMO MITSUI BANKING CORPORATION, as Administrative Agent.

WITNESSETH:

WHEREAS, each of Borrower, the Guarantors and the Banks (as in the Credit Agreement) are party to that certain Amended and Restated Revolving Credit Agreement, dated as of June 23, 2006 (as the same may be amended, modified, extended or restated from time to time, the "Credit Agreement"); and

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

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

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

2. Amendment to Defined Terms. (a) Section 1.1 of the Credit Agreement is hereby amended by adding the following new defined terms in the appropriate alphabetical order:

"Alternate Currency Advances" means the RMB Advances.

"Alternate Currency Bank" means any Bank that is a party to the RMB Credit Agreement.

"Alternate Currency Borrower" means any RMB Borrower.

"Alternate Currency Borrower Default" means any RMB Borrower Default.

"Alternate Currency Borrower Event of Default" means any RMB Borrower Event of Default.

"Alternate Currency Collateral" means RMB Collateral.

“Alternate Currency Commitment” means the RMB Commitment.

“Alternate Currency Commitment Proportion” means the RMB Commitment Proportion.

“Alternate Currency Event of Default” means an RMB Event of Default.

“Alternate Currency Facility” means the credit facility contemplated by the RMB Loan Documents.

“Alternate Currency Letters of Credit” means RMB Letters of Credit.

“Alternate Currency Letters of Credit Usage” means the RMB Letter of Credit Usage.

“Alternate Currency Loan Documents” means RMB Loan Documents.

“Immediate Alternate Currency Event of Default” means any RMB Event of Default described in Clause 11.1(v), (vi) or (vii).

“Initial RMB Borrower” means Wealth Zipper (Shanghai) Property Development Co., Ltd.

“Majority Alternate Currency Banks” means the Majority RMB Lenders.

“Majority RMB Lenders” has the meaning set forth in the RMB Loan Agreement.

“Reallocation Borrowing” has the meaning set forth in Section 4(d) of the First Amendment.

“RMB Advances” has the meaning set forth in the RMB Credit Agreement.

“RMB Borrower” has the meaning set forth in the RMB Credit Agreement.

“RMB Borrower Default” has the meaning set forth in the RMB Credit Agreement.

“RMB Borrower Event of Default” has the meaning set forth in the RMB Credit Agreement.

“RMB Collateral” has the meaning set forth in the RMB Credit Agreement.

“RMB Commitment” has the meaning set forth in the RMB Credit Agreement.

“RMB Commitment Proportion” has the meaning set forth in the RMB Credit Agreement.

“RMB Credit Agreement” means that certain RMB Revolving Credit Agreement, dated as of the date hereof, between the RMB Borrower, the RMB Lenders and the RMB Administrative Agent, which agreement is attached hereto as Exhibit A, as the same may be modified, amended, supplemented or replaced from time to time.

“RMB Event of Default” has the meaning set forth in the RMB Credit Agreement.

“RMB Lenders” has the meaning set forth in the RMB Credit Agreement.

“RMB Letters of Credit” has the meaning set forth in the RMB Credit Agreement.

“RMB Letters of Credit Usage” has the meaning set forth in the RMB Credit Agreement.

“RMB Loan Documents” has the meaning set forth in the RMB Credit Agreement.

(b) Section 1.1 of the Credit Agreement is hereby amended by deleting the existing definitions and replacing the same with the following definitions:

“Credit Party” means any of Borrower, a Guarantor or an Alternate Currency Borrower, and “Credit Parties” shall mean Borrower, Guarantors and Alternate Currency Borrower, collectively.

“Default” means any Guarantor Default, Borrower Default or any Alternate Currency Borrower Default.

“Event of Default” means any Guarantor Event of Default, Borrower Event of Default or Alternate Currency Borrower Event of Default.

“GAAP” means generally accepted accounting principles recognized as such in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and the Financial Accounting Standards Board or in such other statements by such other entity as may be approved by a

significant segment of the accounting profession, which are applicable to the circumstances as of the date of determination, provided that, with respect to any RMB Borrower, "GAAP" shall mean the International Financial Reporting Standards issued by the International Accounting Standards Board.

"Loan Documents" means this Agreement, the Notes, the Guaranty, the Qualified Borrower Joinder Agreement, the Ratifications, the Letter(s) of Credit, the Letter of Credit Documents, the Security Documents and the Alternate Currency Loan Documents.

3. RMB Credit Facility. As contemplated by Section 9.5(c) of the Credit Agreement, the Initial RMB Borrower and the RMB Lenders have entered into the RMB Credit Agreement pursuant to which the RMB Borrower will have the right, at its option, to make borrowings (including RMB Letters of Credit), and the RMB Lenders will fund such borrowings, denominated in Chinese Renminbi in amounts of up to 500,000,000 Chinese Renminbi, which borrowings shall be made in accordance with the procedures set forth therein and the proceeds of which shall be used in accordance with the terms thereof.

4. Alternate Currency Borrowings

(a) Notwithstanding anything to the contrary contained in the Loan Documents and/or the Alternate Currency Loan Documents, in no event shall the aggregate amount of outstanding Loans at any time plus the outstanding amount of the Letter of Credit Usage plus the Yen equivalent amount of outstanding Alternate Currency Advances plus the Yen equivalent of the outstanding amount of the Alternate Currency Letters of Credit Usage, exceed the Facility Amount, and the Credit Parties shall not request, and the Banks shall not make, any Loan (or make any Letters of Credit available) or Alternate Currency Advance (or make any Alternate Currency Letters of Credit available) if, after giving effect to the making of such Loan, Letters of Credit, Alternate Currency Advance or Alternate Currency Letters of Credit, the aggregate amount of all outstanding Loans and Letters of Credit Usage and the Yen equivalent amount of all outstanding Alternate Currency Advances and Alternate Currency Letters of Credit Usage would exceed the Facility Amount.

(b) Notwithstanding anything to the contrary contained in the Loan Documents and/or the Alternate Currency Loan Documents, in no event shall any Alternate Currency Bank be required to fund any Loans (or participate in any Letters of Credit) or any Alternate Currency Advances (or participate in any Alternate Currency Letters of Credit) if, after giving effect to the same, the Alternate Currency Bank's share of outstanding Loans (including its Pro Rata Share of any Letters of Credit Usage) plus the Alternate Currency Bank's share of the Yen equivalent amount of outstanding Alternate Currency Advances and outstanding Alternate Currency Letters of Credit Usage exceeds its Commitment.

(c) Notwithstanding anything to the contrary contained in Article II of the Credit Agreement, to the extent that, as a result of its outstanding Alternate Currency

Advances or participations in Alternate Currency Letters of Credit, any Alternate Currency Bank cannot fund its full Pro Rata Share of any Borrowing (or purchase a participation in any Letter of Credit up to its full Pro Rate Share), such Alternate Currency Bank shall fund a share of such Borrowing (or purchase a participation in such Letter of Credit) up to the amount of its then available Commitment, if any, and, in such event, each of the remaining Banks whose Commitments have not yet been reached shall fund the remaining amount of such Borrowing (or purchase additional participations in the remaining amount of such Letter of Credit) on a pro rata basis only among such remaining Banks.

(d) Notwithstanding anything to the contrary contained in Article II of the Credit Agreement, to the extent that, as a result of its outstanding Committed Loans and participations in Letters of Credit, any Alternate Currency Bank (the "Participating Banks") cannot fund its full Alternate Currency Commitment Proportion of any Alternate Currency Advance (or purchase a participation in any Alternate Currency Letter of Credit up to its full Alternate Currency Commitment Proportion) under the Alternate Currency Loan Documents, then, at Guarantor's option, either (A) the Borrower or Borrowers designated by Guarantor shall be deemed to have timely given a Notice of Borrowing pursuant to Section 2.2 of the Credit Agreement to the Administrative Agent, requesting a Borrowing (and all other conditions to such Borrowing shall be deemed waived or satisfied) (a "Reallocation Borrowing") of TIBOR Loans on the date on which such Alternate Currency Advance is to be funded or Alternate Currency Letter of Credit is to be issued from the Banks that are not participating in such Alternate Currency Advance or Alternate Currency Letter of Credit (the "Non-Participating Banks") (pro rata) and in an amount which is the lesser of (i) the aggregate amount of each Participating Bank's share (the "Commitment Shortfall") of such Alternate Currency Advance (or participation in such Alternate Currency Letter of Credit) which exceeds its available Alternate Currency Commitment and (ii) the aggregate amount of available Commitments of the Non-Participating Banks, or (B) the participations of the Banks under the outstanding Letter of Credit or Letters of Credit designated by Borrower shall be reallocated to reduce the participation of each Participating Bank in such Letters of Credit by an amount equal to its Commitment Shortfall and increase the amount of the participations of the Non-Participating Banks (pro rata) by an aggregate amount equal to the aggregate Commitment Shortfalls. The proceeds of such Reallocation Borrowing shall be used to repay existing Borrowings of such Participating Banks, in order to permit such Participating Banks to participate to the fullest extent possible in such Alternate Currency Advance or Alternate Currency Letter of Credit.

5. Organizational Chart. The attached Exhibit I shall replace Exhibit I to the Credit Agreement and is a true, correct and complete (up to the tiers shown) organizational and transaction structure chart for the Initial Borrower and, as of the date hereof, the Qualified Borrowers and the Alternative Currency Borrowers.

6. Mandatory Prepayments. Section 2.12 of the Credit Agreement shall be amended such that the current paragraph shall be subsection (a) and the following shall be inserted as subsection (b):

“If at any time the Yen equivalent of the sum of (i) the aggregate amount of outstanding Loans plus the outstanding amount of the Letter of Credit Usage plus the Yen equivalent amount of outstanding Alternate Currency Advances plus the Yen equivalent of the outstanding amount of the Alternate Currency Letters of Credit Usage, so determined by the Administrative Agent, in the aggregate, exceeds 105% of the Facility Amount, Guarantors, within three (3) Business Days after notice thereof from the Administrative Agent, shall repay (and cause the applicable Borrowers to repay) all or a portion of such Loans (or reduce the amount of outstanding Letters of Credit) or Alternate Currency Advances (or reduce the amount of outstanding Alternate Currency Letters of Credit), otherwise in accordance with the applicable terms of this Agreement, in such amount so that, following the making of any such payment or reduction, the Yen equivalent outstanding of such Loans, Letter of Credit Usage, Alternate Currency Advances and Alternate Currency Letters of Credit do not exceed the Facility Amount.”

7. Additional Covenants. Section 5.1(k) of the Credit Agreement shall be deleted and the following inserted in lieu thereof:

“(k) annually, unaudited financial information for each Credit Party (excluding the Guarantors) prepared by such Credit Party in the ordinary course of business, together with notice from each Credit Party of any disposition or transfer by such Credit Party of any real estate asset to an Affiliate of AMB LP during the prior year; and”

8. Events of Default/Rights and Remedies with Respect to Alternative Currency Borrower Event of Default Section 6.2 of the Credit Agreement shall be amended such that the current paragraph shall be subsection (a) and the following shall be inserted as subsection (b):

“(b) Upon the occurrence of any Immediate Alternate Currency Event of Default with respect to any Alternate Currency Borrower, the Administrative Agent shall have the right to immediately make a claim under the Guaranty for, and demand payment by the Guarantors of, the unpaid principal amount of, and any and all accrued interest on, the Alternate Currency Advances made to such defaulting Alternative Currency Borrower and any and all accrued

fees and other Obligations of such defaulting Alternate Currency Borrower under the applicable Alternate Currency Loan Documents, with all additional interest from time to time accrued thereon (the “Defaulting Alternate Currency Borrower’s Outstanding Obligations”) (it being agreed that the Guarantors’ obligations are primary and shall be enforceable against each Guarantor and its respective successors and assigns without the necessity for any suit or proceeding of any kind or nature whatsoever brought by the Administrative Agent or any of the Alternative Currency Banks against the defaulting Alternative Currency Borrower); and upon the occurrence and during the continuance of any other Alternate Currency Borrower Event of Default, the Administrative Agent, following consultation with the Alternate Currency Banks that have made Alternate Currency Advances to the defaulting Alternate Currency Borrower, may (and upon the demand of the applicable Majority Alternate Currency Banks shall), by written notice to such defaulting Alternate Currency Borrower and each Guarantor and acceleration of the Defaulting Alternate Currency Borrower’s Outstanding Obligations under the applicable Alternate Currency Loan Documents, immediately make a claim under the Guaranty for, and demand payment by, the Guarantors of the Defaulting Alternate Currency Borrower’s Outstanding Obligations (it being agreed that the Guarantors’ obligations are primary and shall be enforceable against each Guarantor and its respective successors and assigns without the necessity for any suit or proceeding of any kind or nature whatsoever brought by the Administrative Agent or any of the Alternate Currency Banks against the defaulting Alternate Currency Borrower).”

9. Rights and Remedies. Section 6.4 of the Credit Agreement shall be deleted and the following shall be inserted in lieu thereof:

Upon the occurrence of any Guarantor Event of Default described in Sections 6.3(f), (g), (o), (q) or (r), the Commitments shall immediately terminate and the unpaid principal amount of, and any and all accrued interest on, the Loans, the Alternate Currency Advances and any and all accrued fees and other Obligations hereunder and/or under the other Loan Documents shall automatically become immediately due and payable, with all additional interest from time to time accrued thereon and without presentation, demand, or protest or other requirements of any kind

(including, without limitation, valuation and appraisal, diligence, presentment, notice of intent to demand or accelerate and notice of acceleration), all of which are hereby expressly waived by the Credit Parties; and upon the occurrence and during the continuance of any other Guarantor Event of Default, the Administrative Agent, following consultation with the Banks, may (and upon the demand of the Majority Banks shall), by written notice to the Credit Parties, in addition to the exercise of all of the rights and remedies permitted the Administrative Agent and the Banks at law or equity, hereunder or under any of the other Loan Documents, declare that the Commitments are terminated and declare the unpaid principal amount of and any and all accrued and unpaid interest on the Loans, the Alternate Currency Advances and any and all accrued fees and other Obligations hereunder and/or under the other Loan Documents to be, and the same shall thereupon be, immediately due and payable with all additional interest from time to time accrued thereon and (except as otherwise provided in the Loan Documents) without presentation, demand, or protest or other requirements of any kind (including, without limitation, valuation and appraisal, diligence, presentment, notice of intent to demand or accelerate and notice of acceleration), all of which are hereby expressly waived by the Credit Parties.

10. Distributions of Proceeds after Default. Section 6.8 of the Credit Agreement shall be deleted and the following shall be inserted in lieu thereof:

“Notwithstanding anything contained herein to the contrary but subject to the provisions of Section 9.16 hereof (and the corresponding section of any Alternate Currency Loan Document), from and after an Event of Default, to the extent proceeds are received by Administrative Agent pursuant to Section 6.2 or 6.4, with respect to amounts collected under Section 6.2(a) or 6.4 hereof, such proceeds will be distributed to the Banks pro rata in accordance with the unpaid principal amount of the Loans (giving effect to any participations granted therein pursuant to Section 2.5(b) and Section 9.4) and, with respect to amounts collected under Section 6.2(b) or 6.4 hereof, such proceeds will be distributed to the applicable Alternate Currency Banks pro rata in accordance with the unpaid principal amount of the Alternate Currency Advances of the defaulting Alternate Currency Borrower.”

11. Notices. Section 9.1 is amended to add the following sentence:

“Any party may from time to time, by not less than five (5) Business Days’ prior written notice to the other party given as above set forth, change its address for purposes of receipt of any such Notice.”

12. Effective Date. This First Amendment shall become effective upon receipt by the Administrative Agent of counterparts hereof signed by Borrower, the Guarantors and the Alternate Currency Banks.

13. Reaffirmation and Acknowledgment. Each of Borrower and the Guarantors hereby (a) reaffirms and admits the validity and enforceability of the Loan Documents and all of the obligations of Borrower and the Guarantors thereunder, (b) agrees and admits that the Borrower and the Guarantors have no defenses to or offsets against any such obligations, and (c) certifies that, following the execution and delivery of this First Amendment by each of Borrower, the Guarantors and the Banks, (i) no Default or Event of Default shall exist, and (ii) the representations and warranties contained in the Loan Documents, as amended hereby, are true and correct in all material respects on the date hereof (other than representations and warranties which expressly speak as of a different date).

14. Entire Agreement. The Credit Agreement as amended by this First Amendment and the Alternate Currency Loan Documents constitutes the entire agreement among the parties hereto with respect to the subject matter hereof and there are no other agreements, understandings, undertakings, representations or warranties among the parties hereto with respect to the subject matter hereof except as set forth herein.

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

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

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

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

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

INITIAL BORROWER:

AMB JAPAN FINANCE Y.K., a Japan kabushiki kaisha



By: _____

Name: 取締役 マイケル・オーガスタス・エヴァンス

Title: Director
[SEAL]

[Signature Page to First Amendment to JPY Credit Agreement]

GUARANTORS:

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

By: AMB PROPERTY
CORPORATION, a Maryland
corporation and its sole general partner

By: /s/ Tracy Abels
Name: Tracy Abels
Title: Vice President

AMB PROPERTY CORPORATION, a
Maryland
corporation

By: /s/ Tracy Abels
Name: Tracy Abels
Title: Vice President

[Signature Page to First Amendment to JPY Credit Agreement]

QUALIFIED BORROWERS:

AMB AMAGASAKI 2 TMK

By: _____
Name: 取締役 長 廻 達 也
Title:



AMB NARITA 2 TMK

By: _____
Name: 取締役 吉 田 孝 司
Title:



AMB JAPAN FINANCE 2 Y.K.

By: _____
Name: 取締役 マイケル・オーガス・エヴァンス
Title:



AMB SHIOHAMA TMK

By: _____
Name: 取締役 吉 田 孝 司
Title:



AMB SHINKIBA TMK,

By: _____
Name: 取締役 石 田 英 俊
Title:



AMB TSURUMI TMK,

By: _____
Name: 取締役 長廻達也
Title:



AMB NARITA 1-2 TMK

By: _____
Name: 取締役 吉田孝司
Title:



AMB KASUGAI 2 TMK

By: _____
Name: 取締役 石田英俊
Title:



AMB NANKO NAKA TMK

By: _____
Name: 取締役 吉田孝司
Title:



[Signature Page to First Amendment to JPY Credit Agreement]

AMB FUNABASHI 5 TMK

By:

Name: 取締役 石田 英俊

Title:



[Signature Page to First Amendment to JPY Credit Agreement]

SUMITOMO MITSUI BANKING CORPORATION,
as Administrative Agent and an Alternate Currency Bank

By: /s/ William M. Ginn

Name: William M. Ginn

Title: General Manager

[Signature Page to First Amendment to JPY Credit Agreement]

THE BANK OF NOVA SCOTIA, TOKYO BRANCH,
as an Alternate Currency Bank

By: /s/ William G. Said
Name: William G. Said
Title: Vice President & Country Head

[Signature Page to First Amendment to JPY Credit Agreement]

RMB REVOLVING CREDIT AGREEMENT

between

WEALTH ZIPPER (SHANGHAI) PROPERTY DEVELOPMENT CO., LTD.,

as Initial RMB Borrower(s),

THE RMB LENDERS LISTED HEREIN

as RMB Lenders,

SUMITOMO MITSUI BANKING CORPORATION, NEW YORK BRANCH,

as Administrative Agent and Sole Lead Arranger and Bookmanager

and

SUMITOMO MITSUI BANKING CORPORATION, SHANGHAI BRANCH,

as RMB Settlement Agent

signed on October 23, 2007

JUN HE LAW OFFICES

China Resources Building, 20th Floor,

8 Jianguomenbei Avenue

Beijing, 100005, P. R. China

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THE AGREEMENT is executed on October 23, 2007.

BETWEEN

1. **WEALTH ZIPPER (SHANGHAI) PROPERTY DEVELOPMENT CO., LTD.**, established and existing under the laws of the PRC having its registered office at [] (the "Initial RMB Borrower");
2. **THE BANKS AND OTHER FINANCIAL INSTITUTIONS** whose names and addresses are set out in the First Schedule hereto as RMB lenders (the "RMB Lenders");
3. **SUMITOMO MITSUI BANKING CORPORATION, NEW YORK BRANCH**, as Administrative Agent and Sole Lead Arranger and Bookmanager; and
4. **SUMITOMO MITSUI BANKING CORPORATION, SHANGHAI BRANCH**, as RMB settlement agent.

WHEREAS:-

- (A) AMB JAPAN FINANCE Y.K., the QUALIFIED BORROWERS (as defined therein, and together with AMB Japan Finance Y.K., collectively, the "Borrower"), AMB PROPERTY, L.P. and AMB PROPERTY CORPORATION, as guarantors, the BANKS and SUMITOMO MITSUI BANKING CORPORATION, NEW YORK BRANCH, as administrative agent and sole lead arranger and bookmanager, have entered into an AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT dated as of June 23, 2006 (as amended, the "Master Agreement").
 - (B) Pursuant to the Master Agreement, the Borrower shall have the right to borrow an aggregate amount up to JPY45,000,000,000 which can be increased up to JPY55,000,000,000 upon request of the Borrower.
 - (C) Under Section 9.5(c) of the Master Agreement, the parties thereto have agreed that the Master Agreement shall be modified so as to, amongst other things, permit, at the option of the Borrower borrowings denominated in Renminbi in amounts up to RMB500,000,000.
 - (D) The parties hereto have agreed that, in order to give effect to Section 9.5(c) of the Master Agreement, the PRC onshore branches of the Participating Banks (as defined in the Master Agreement) shall make available the said borrowings to certain PRC onshore subsidiaries of the AMB Property, L.P. and AMB Property Corporation and, therefore, the parties hereto have agreed to enter into this Agreement upon terms and conditions as hereinafter set forth.
-

IT IS HEREBY AGREED as follows:

PART 1

DEFINITIONS, INTERPRETATION AND INCORPORATION BY REFERENCE

Clause 1 Definitions, Interpretation and Incorporation by Reference

1.1 Definitions Except as otherwise provided herein, capitalized terms used in this Agreement shall have the meanings as the follows.

Administrative Agent	means Sumitomo Mitsui Banking Corporation, New York Branch in its capacity as Administrative Agent hereunder, and its permitted successors in such capacity in accordance with the terms of this Agreement.
Affiliate	means any other Person that directly or indirectly controls, is controlled by, or is under common control with, that Person. For purposes of this definition, “control” (including, with correlative meanings, the terms “controlling”, “controlled by” and “under common control with”), as applied to any Person, means the possession, directly or indirectly, of the power to vote ten percent (10.0%) or more of the equity securities or ownership interests having voting power for the election of directors of such Person or otherwise to direct or cause the direction of the management and policies of that Person, whether through the ownership of voting equity securities or ownership interest or by contract or otherwise.
Assignor	has the meaning set forth in Clause 9.3 hereof.
Borrower	has the meaning set forth in the recitals

above.

Closing Date	means the date on which the conditions set forth in Clause 3.1 shall have been satisfied to the satisfaction of the Administrative Agent.
Default	means (i) a Guarantor Default under the Master Agreement or (ii) any RMB Borrower Default.
Drawdown Date	means, in relation to a RMB Advance, the proposed date for the making of such RMB Advance as specified in the Notice of RMB Borrowing therefor, or where such RMB Advance has been made, the date on which it was made.
Event of Default	means (i) a Guarantor Event of Default or (ii) a RMB Borrower Event of Default.
Final Maturity	means June 23, 2010, provided, however, that if AMB Property, LP exercises its right to extend the Maturity Date (as defined in the Master Agreement) pursuant to Section 2.10(b) of the Master Agreement, then the term of this Agreement shall automatically be extended for a period of one (1) year and the "Final Maturity" shall then mean June 23, 2011.
Guarantor Default	has the meaning ascribed to such term in the Master Agreement.
Guarantor Event of Default	has the meaning ascribed to such term in the Master Agreement.
Governmental Acts	has the meaning set forth in Clause 2.12(viii).

Interest Period	means the duration of a RMB Advance, which may be 1, 3, 6 or 12 months, as the applicable RMB Borrower may elect in the Notice of RMB Borrowing or Notice of Continuation, provided that no Interest Period may end later than the Maturity Date.
Lien	means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind, or any other type of preferential arrangement, in each case that has the effect of creating a security interest, in respect of such asset.
Majority RMB Lenders	at any time RMB Lenders having at least 51% of the aggregate amount of RMB Commitments, or if the RMB Commitments shall have been terminated, RMB Lenders having at least 51% of the aggregate unpaid principal amount of the RMB Advances.
Material Adverse Effect	means an effect resulting from any circumstance or event or series of circumstances or events, of whatever nature (but excluding general economic conditions), which does or could reasonably be expected to, materially and adversely impair (i) the ability of the AMB Property, L.P. and AMB Property Corporation and their respective Consolidated Subsidiaries (as defined in the Master Agreement), taken as a whole, to perform their respective obligations under the Loan Documents (as defined in the Master Agreement) and/or under the RMB Loan Documents, or (ii) the ability of Administrative Agent or the Lenders to enforce the RMB Loan Documents.

Notice of RMB Borrowing	means the notice sent by any RMB Borrower to the Administrative Agent prior to the Drawdown Date for requesting a RMB Advance according to terms and conditions of Clause 2.2 substantially in the form of the <u>Third Schedule</u> .
Payment Instructions	means in relation to each of the RMB Lenders, the payment instructions in the <u>Fifth Schedule</u> as amended from time to time by written instructions to the RMB Settlement Agent by a duly authorized officer of the RMB Lender provided that such written instructions are to be made in accordance with Clause 10 of this Agreement.
Person	has the meaning ascribed to such term in the Master Agreement.
PRC	means the People's Republic of China but for the purpose only of this Agreement, excluding the Hong Kong Special Administration Region, the Macao Special Administration Region and Taiwan Province.
Property	means, with respect to any Person, any real or personal property, building, facility, structure, equipment or unit, or other asset owned by such Person.
Purchasing Lender	has the meaning set forth in Clause 9.3 hereof.
Qualified RMB Borrower	means (i) an equity joint venture, (ii) a co-operative joint venture, or (iii) a wholly foreign-owned enterprise organized under the laws of the PRC with the appropriate real estate business license to undertake real estate business (or such other business entities as are permitted under the laws of PRC to engage in real estate business), which is at least 50% owned and controlled, directly or indirectly, by AMB Property L.P. or AMB Property

Corporation and which are established for the purpose of facilitating real estate investments in PRC, and the indebtedness of which, in all cases, can be guaranteed by AMB Property L.P. or AMB Property Corporation pursuant to the provisions of the formation documents of AMB Property L.P. or AMB Property Corporation and who has been added as a Qualified RMB Borrower hereunder in accordance with Clause 2.15.

Qualified RMB Borrower Joinder Agreements	means, collectively, one or more Qualified RMB Borrower Joinder Agreements, among Administrative Agent (on behalf of the RMB Lenders) and a Qualified RMB Borrower at any time on or after the date of this Agreement, the form of which is attached hereto as <u>Exhibit A</u> .
Qualified RMB Borrower Joinder Documents	means, as to any Qualified RMB Borrower Joinder Agreement, collectively, all documents, instruments and certificates required by such Qualified RMB Borrower Joinder Agreement to be delivered pursuant to the terms hereof.
RMB Advance	means save as otherwise provided herein, all or any amounts advanced (as from time to time reduced by repayment pursuant to the terms and conditions hereof) by the RMB Lenders or a RMB Lender hereunder.
RMB Annual Fronting Bank Fee	has the meaning provided in Clause 2.19(iii).
RMB Borrower	means collectively, Initial RMB Borrower and any Qualified RMB Borrower for so long as such entity is a Qualified RMB Borrower hereunder.
RMB Borrower Default	means, a condition or event which with the giving of notice or lapse of time or both would, unless cured or waived, become a RMB Borrower Event of Default.

RMB Borrower Event of Default	has the meaning set forth in Clause 5.1.
RMB Commitment	means, in relation to each RMB Lender, the amount equal to the RMB Commitment Proportion for such RMB Lender <u>multiplied by</u> the RMB Facility Amount from time to time pursuant to the terms hereof, which amount shall in no event exceed the amount set opposite such RMB Lender's name in the <u>First Schedule</u> (and for each RMB Lender that is a Purchasing Lender, the percentage and amount set forth in the Transfer Agreement entered into pursuant to Clause 9 hereof as the Purchasing Lender's RMB Commitment), as the same may be reduced from time to time in connection with an assignment to a Purchasing Lender and increased from time to time in connection with an assignment from an Assignor.
RMB Commitment Proportion	means, with respect to each RMB Lender, the percentage as set opposite such RMB Lender's name in the <u>First Schedule</u> , reflecting the proportion of such RMB Lender's RMB Commitment to the aggregate of the RMB Lenders' RMB Commitments (and for each RMB Lender that is a Purchasing Lender, the percentage set forth in the Transfer Agreement entered into pursuant to Clause 9 hereof as the Purchasing Lender's RMB Commitment Proportion), as the same may be reduced from time to time in connection with an assignment to a Purchasing Lender and increased from time to time in connection with an assignment from an Assignor.
RMB Facility Amount	means the lesser of (i) RMB500,000,000 or (ii) from time to time, the RMB equivalent of (A) the Facility Amount (as defined in the Master Agreement) <u>minus</u> (B) the outstanding Loans (as defined in the

Master Agreement) under the Master Agreement minus (C) the outstanding amount of the Letter of Credit Usage (as defined in the master agreement) under the Master Agreement minus (D) the Yen equivalent amount of outstanding Alternate Currency Advances (as defined in the Master Agreement) under any other Alternate Currency Facility (as defined in the Master Agreement) (excluding any RMB Advances hereunder) minus (E) the Yen equivalent of the outstanding amount of Alternate Currency Letter of Credit Usage (as defined in the Master Agreement) (excluding RMB Letter of Credit Usage hereunder); provided, however, that in the RMB Borrowers' aggregate approved total investment and its approved registered capital.

RMB Facility Office	means in relation to the Administrative Agent, the RMB Settlement Agent or any RMB Lender, the office identified in the Payment Instructions (or, in the case of a Purchasing Lender, at the end of the Transfer Agreement to which it is a party) or such other office as it may from time to time select (and in the case of any RMB Lender, by at least 5 Business Days' prior written notice to the Administrative Agent) or in accordance with Clause 9 (<i>Assignments and Transfers</i>).
RMB Finance Parties	means the Administrative Agent, the RMB Settlement Agent and the RMB Lenders, and the singular term, "RMB Finance Party", means any of them.
RMB Fronting Bank	means Sumitomo Mitsui Banking Corporation, Shanghai Branch, and its successors and assigns.
RMB Fronting Bank Fee	has the meaning provided in Clause 2.19(iii).

RMB Lenders	means any Bank (as defined in the Master Agreement) named in the <u>First Schedule</u> (other than one which has ceased to be a party hereto in accordance with the terms hereof); or any Bank which has become a party hereto as a RMB Lender in accordance with the provisions of Clause 9 (<i>Assignments and Transfers</i>).
RMB Letter(s) of Credit	has the meaning provided in Clause 2.2(ii).
RMB Letter of Credit Collateral	has the meaning provided in Clause 4.2(ii).
RMB Letter of Credit Collateral Account	has the meaning provided in Clause 4.2(i).
RMB Letter of Credit Fee	has the meaning provided in Clause 2.19(ii).
RMB Letter of Credit Usage	means, at any time the sum of (i) the aggregate maximum amount available to be drawn under the RMB Letters of Credit then outstanding, assuming compliance with all requirements for drawing referred to therein, and (ii) the aggregate amount of any RMB Borrower's unpaid obligations under this Agreement in respect of the RMB Letters of Credit.
RMB Loan Documents	means this Agreement, the Qualified RMB Borrower Joinder Documents and the RMB Security Documents, if any.
RMB Obligations	means all obligations, liabilities, indemnity obligations and indebtedness of every nature of the RMB Borrowers from time to time owing to any RMB Finance Parties under or in connection with this Agreement or any other RMB Loan Document.
RMB Secured Option	has the meaning set forth in Clause 2.8 of this Agreement.
RMB Secured Property	has the meaning set forth in Clause 2.8 of this Agreement.

RMB Security Documents	has the meaning set forth in Clause 2.8 of this Agreement.
RMB Settlement Agent	means Sumitomo Mitsui Banking Corporation, Shanghai Branch in its capacity as RMB Settlement Agent hereunder, and its permitted successors in such capacity in accordance with the terms of this Agreement.
RMB Qualified Institution	means a RMB Lender, or one or more banks, finance companies, insurance or other financial institutions which is a Bank under the Master Agreement and (A) has (or, in the case of a bank which is a subsidiary, such bank's parent has) a rating of its senior debt obligations of not less than Baa-1 by Moody's or a comparable rating by a rating agency acceptable to Administrative Agent, (B) has total assets in excess of US\$10,000,000,000 (or its equivalent in alternate currency), (C) is a RMB Qualified Institutional Investor, and (D) is approved by China Banking Regulatory Commission to make loans to RMB businesses within the applicable approved territory.
RMB Qualified Institutional Investors	has the meaning assigned thereto in Article 2, Section 3, item 1 of the Securities and Exchange Law of Japan (Law No.25 of 1948, as amended from time to time) and Article 4, Section 1 of the regulations relating to the definitions contained in such Article 2.
Subsidiary	means any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other Persons performing similar functions are at the time directly or

indirectly owned by AMB Property L.P. or AMB Property Corporation.

Transfer Agreement means an agreement substantially in the form set out in the Fourth Schedule (*Form of Transfer Agreement*) signed by an Assignor and Purchasing Lender.

Transfer Date means, in relation to any Transfer Agreement, the date for the making of the transfer as specified in the schedule to such Transfer Agreement.

1.2 Interpretation.

- (i) “**RMB Borrower**”, “**Administrative Agent**”, “**RMB Settlement Agent**” and “**RMB Lender**” shall be construed so as to include their respective successors and permitted assigns and where the context permits, references to “**Agent**” shall include and be deemed to refer to Sumitomo Mitsui Banking Corporation, New York Branch, as Administrative Agent, and Sumitomo Mitsui Banking Corporation, Shanghai Branch, as RMB Settlement Agent, on a collective basis,

“**law**” or “**regulation**” includes any regulation, rule, treaty, ordinance, official directive, request, approval, requirement, order or guideline of any governmental or judicial body or regulatory organization;

a “**Business Day**” shall be construed as a reference to a day (other than a Saturday or Sunday) on which banks generally are open for business in New York, Hong Kong and Shanghai;

the “**equivalent**” on any date in one currency (the “**first currency**”) of an amount denominated in another currency (the “**second currency**”) is a reference to the amount of the first currency which could be purchased with the amount of the second currency at, in the case of the purchases of RMB with Japanese Yen, the applicable spot rate of exchange quoted by the People’s Bank of China at or about 11:00 a.m. Beijing time on such date for the purchase of the first currency with the second currency; and in all other cases, the spot rate of exchange at which in accordance with normal banking procedures quoted at or about 11:00 a.m. Beijing time on the relevant date for the purchase of the first currency with that second currency by Administrative Agent;

a “**governmental agency**” means an agency of a state or jurisdiction and includes any agency, committee, authority, central bank and department;

“indebtedness” means any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent, secured or unsecured;

a **“month”** is a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next succeeding calendar month save that, where any such period would otherwise end on a day which is not a Business Day, it shall end on the next succeeding Business Day, unless that day falls in the calendar month succeeding that in which it would otherwise have ended, in which case it shall end on the immediately preceding Business Day provided that, if a period starts on the last Business Day in a calendar month or if there is no numerically corresponding day in the month in which that period ends, that period shall end on the last Business Day in that later month (and references to **“months”** shall be construed accordingly).

- (ii) **Currency Symbols** “US\$”, “US Dollars” or “Dollars” denote the lawful currency of the United States of America, “JPY” or “Yen” denote the lawful currency of Japan and “RMB” or “Renminbi” denote the lawful currency of the PRC.
- (iii) **Headings** Clause, Part and Schedule headings are for ease of reference only.
- (iv) **Miscellaneous** Save where the contrary is indicated, any reference in this Agreement of:
 - (a) this Agreement or any other agreement or document or consent or approval shall be construed as a reference to this Agreement or, as the case may be, such other agreement or document or consent or approval as the same may have been, or may from time to time be, amended, varied, novated or supplemented;
 - (b) the singular includes the plural (and vice versa);
 - (c) words of any gender include each other gender; and
 - (d) the words **“include”** and **“including”** shall be deemed to be followed by **“without limitation”** or **“but not limited to”** whether or not they are followed by such phrases or words of similar import.

1.3 Definitions in the Master Agreement

In this Agreement, unless the context otherwise requires, terms and expressions defined in or construed for the purposes of the Master Agreement shall have the same meanings or be construed in the same manner when used in this Agreement.

PART 2
THE FACILITY

CLAUSE 2 The Facility

- 2.1 **Commitment To Lend** Upon the terms and subject to the conditions of this Agreement, the RMB Lenders grant a RMB revolving credit facility up to a maximum aggregate amount of RMB500,000,000 to the RMB Borrowers. Each RMB Lender severally agrees, on the terms and conditions set forth in this Agreement, (a) to make RMB Advances to each RMB Borrower and participate in RMB Letters of Credit issued by the RMB Fronting Bank on behalf of each RMB Borrower pursuant to this Clause 2 from time to time during the term hereof in amounts such that the aggregate principal amount of RMB Advances by such RMB Lender at any one time outstanding, together with such RMB Lender's RMB Commitment Proportion of the RMB Letter of Credit Usage at such time shall not exceed the amount of its RMB Commitment. Each RMB Advance outstanding under this Clause 2.1 shall be in an aggregate principal amount of RMB5,000,000 or in integral multiples of RMB1,000,000 in excess thereof (except that any such RMB Advance may be in the aggregate amount available under the RMB Facility or in any amount required to reimburse the RMB Fronting Bank for any drawing under any Letter of Credit in Clause 2.12(v)) and shall be made from the several RMB Lenders ratably in proportion to their respective RMB Commitments. In no event shall the aggregate amount outstanding at any time, plus the outstanding amount of the RMB Letter of Credit Usage, exceed the RMB Facility Amount. Subject to the limitations set forth herein, any amounts repaid may be reborrowed.
- 2.2 **Notice of RMB Borrowing** The RMB Borrower may not deliver a Notice of RMB Borrowing or a request for issuance of RMB Letter of Credit before the Closing Date.
- (i) With respect to each RMB Advance, the applicable RMB Borrower shall deliver to the Administrative Agent a Notice of RMB Borrowing before 2:00 p.m. (Beijing time) (x) on the day not less than four (4) Business Days before the date set forth in the applicable Notice of RMB Borrowing for the making of such RMB Advance, or with respect to any secured RMB Advance, the ninth (9th) Business Day prior to such secured RMB Advance, specifying:

- (a) the date of making such RMB Advance, which shall be a Business Day;
 - (b) the aggregate amount of such RMB Advance;
 - (c) the duration of the Interest Period with respect to such RMB Advance, subject to the provisions of the definition of Interest Period;
 - (d) if such RMB Advance is secured by any RMB Secured Property or RMB Share Pledge, the collateral to be granted;
 - (e) payment instructions for delivery of such RMB Advance; and
 - (f) certify that no Guarantor Default under the Master Agreement or Guarantor Event of Default under the Master Agreement has occurred and is continuing and with respect to such RMB Borrower, no RMB Borrower Default or RMB Borrower Event of Default has occurred and is continuing.
- (ii) The applicable RMB Borrower shall give the Administrative Agent (whereupon the Administrative Agent shall notify the RMB Settlement Agent) and the RMB Fronting Bank written notice in the event that it desires to have RMB Letters of Credit (each, a “RMB Letter of Credit”) issued on behalf of such RMB Borrower hereunder or a Subsidiary thereof not later than 1:00 P.M. (Beijing time) at least ten (10) Business Days (or if such RMB Letter of Credit is to be secured, at least ten (10) Business Days) prior to, but excluding, the date of such issuance. Each such notice shall (i) specify the aggregate amount of the requested RMB Letters of Credit, (ii) specify the individual amount of each requested RMB Letter of Credit and the number of RMB Letters of Credit to be issued, (iii) specify the date of such issuance (which shall be a Business Day), (iv) state the name and address of the beneficiary, (v) the expiration date of the RMB Letter of Credit (which in no event shall be later than twelve (12) months after the Final Maturity), (vi) state the purpose and circumstances for which such RMB Letter of Credit is being issued, (vii) specify the terms upon which each such RMB Letter of Credit may be drawn down (which terms shall not leave any discretion to RMB Fronting Bank), (viii) if such RMB Letter of Credit is to be issued on behalf of a subsidiary of such RMB Borrower, the identity of such Subsidiary, (ix) if such RMB Letter of Credit is to be secured, identify the RMB Secured Property to be acquired and the collateral to be granted, (x) include such information as is requested in Clause 2.2(i) hereto relating to the project, if any, for which the RMB Letter of Credit will be used and (xi) certify that no RMB Borrower Default or RMB Borrower Event of Default has occurred and is continuing with respect to such RMB Borrower and that no Guarantor Default or Guarantor Event of Default has occurred and is continuing.

Each such notice may be revoked telephonically by such RMB Borrower to the RMB Fronting Bank and the Administrative Agent any time prior to the issuance of the RMB Letter of Credit by the RMB Fronting Bank, provided such revocation is confirmed in writing by such RMB Borrower to the RMB Fronting Bank and the Administrative Agent (whereupon the Administrative Agent shall notify the RMB Settlement Agent) within two (2) Business Days by facsimile. Notwithstanding anything contained herein to the contrary, such RMB Borrower shall complete and deliver to the RMB Fronting Bank any required documentation in connection with any requested RMB Letter of Credit no later than the fifth (5th) Business Day prior to the date of issuance thereof. No later than 1:00 P.M. (Beijing time) on the date that is six (6) Business Days prior to, but excluding, the date of issuance, such RMB Borrower shall specify a precise description of the documents and the verbatim text of any certificate to be presented by the beneficiary of such RMB Letter of Credit, which if presented by such beneficiary prior to the expiration date of the RMB Letter of Credit would require the RMB Fronting Bank to make a payment under the RMB Letter of Credit; provided, the RMB Fronting Bank may, in its reasonable judgment, require changes in any such documents and certificates only in conformity with changes in customary and commercially reasonable practice and in compliance with the relevant publications in respect of letters of credit published by the issues and rules of the "International Standby Practices 1998" published by the Institute of International Banking Law & Practice (or such later version thereof as may be in effect at the time of issuance of the applicable RMB Letter of Credit), and, provide further, that no RMB Letter of Credit shall require payment against a conforming draft to be made thereunder on the third Business Day following the date that such draft is presented if such presentation is made later than 1:00 p.m. Shanghai time, as applicable (except that if the beneficiary of any RMB Letter of Credit requests at the time of the issuance of its RMB Letter of Credit that payment be made on the same Business Day against a conforming draft, such beneficiary shall be entitled to such a same day draw, provided such draft is presented to the RMB Fronting Bank no later than 1:00 p.m. Shanghai time and provided further such RMB Borrower shall have requested to the RMB Fronting Bank and the Administrative Agent that such beneficiary shall be entitled to a same day draw). In determining whether to pay on such RMB Letter of Credit, the RMB Fronting Bank shall be responsible only to determine that the documents and certificates required to be delivered under the RMB Letter of Credit have been delivered and that they comply on their face with the requirements of that RMB Letter of Credit. All RMB Letters of Credit may be presented for payment in Shanghai (at the option of the RMB Borrower) and, if required by the beneficiary thereunder, shall be paid in Shanghai (at the option of Borrower).

2.3 Notice To RMB Lenders; Funding of Advances

- (i) Upon receipt of a Notice of RMB Borrowing from any RMB Borrower in accordance with Clause 2.2 hereof, the Administrative Agent shall, on the date such Notice of RMB Borrowing is received by the Administrative Agent, notify the RMB Settlement Agent of the contents thereof and the availability of the RMB Advance at such time and whereupon the RMB Settlement Agent shall notify each RMB Lender of such RMB Lender's share of such RMB Advance within the succeeding Business Day after its receipt of notice from the Administrative Agent. Such Notice of RMB Borrowing shall not thereafter be revocable by such RMB Borrower, unless such RMB Borrower shall pay any applicable expenses of the RMB Lenders pursuant to Section 2.20.
- (ii) Not later than 12:00 p.m. (Beijing time) on the date of each RMB Advance as indicated in the applicable Notice of RMB Borrowing, each RMB Lender shall make available its share of such RMB Advance in Renminbi immediately available in PRC, to the RMB Settlement Agent at its account referred to in Clause 8. If any RMB Borrower has requested the issuance of a RMB Letter of Credit, no later than 1:00 p.m. (Beijing time) on the date of such issuance as indicated in the notice delivered pursuant to Clause 2.2(ii), the RMB Fronting Bank shall issue such RMB Letter of Credit in the amount so requested and deliver the same to the applicable RMB Borrower, with a copy thereof to the Administrative Agent (whereupon the Administrative Agent shall notify the RMB Settlement Agent). Immediately upon the issuance of each RMB Letter of Credit by the RMB Fronting Bank, the RMB Fronting Bank shall be deemed to have sold and transferred to each other RMB Lender, and each such other RMB Lender shall be deemed, and hereby agrees, to have irrevocably and unconditionally purchased and received from the RMB Fronting Bank, without recourse or warranty, an undivided interest and a participation in such RMB Letter of Credit, any drawing thereunder, and its obligation to pay its RMB Commitment Proportion with respect thereto, and any security therefor or guaranty pertaining thereto, in an amount equal to such RMB Lender's ratable share thereof. Upon any change in any of the RMB Commitments in accordance herewith, there shall be an automatic adjustment to such participations to reflect such changed shares. The RMB Fronting Bank shall have the primary obligation to fund any and all draws made with respect to such RMB Letter of Credit notwithstanding any failure of a participating RMB Lender to fund its ratable share of any such draw. The Administrative Agent will instruct the RMB Fronting Bank to make such RMB Letter of Credit available to the applicable RMB

Borrower, and the RMB Fronting Bank shall make such RMB Letter of Credit available to the applicable RMB Borrower, at its aforesaid address or at such address in PRC as such RMB Borrower shall request on the date of the issuance of such RMB Letter of Credit.

- (iii) Unless the RMB Settlement Agent shall have received notice from a RMB Lender prior to the date of any RMB Advance that such RMB Lender will not make available to the RMB Settlement Agent such RMB Lender's share of such RMB Advance, the RMB Settlement Agent may assume that such RMB Lender has made such share available to the RMB Settlement Agent on the date of such RMB Advance in accordance with this Clause 2.3 and the RMB Settlement Agent may, in reliance upon such assumption, but shall not be obligated to, make available to the applicable RMB Borrower on such date a corresponding amount on behalf of such RMB Lender. If and to the extent that such RMB Lender shall not have so made such share available to the RMB Settlement Agent, such RMB Lender agrees to repay to the RMB Settlement Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the applicable RMB Borrower until the date such amount is repaid to the RMB Settlement Agent. If such RMB Lender shall repay to the RMB Settlement Agent such corresponding amount, such amount so repaid shall constitute such RMB Lender's RMB Commitment Proportion included in such RMB Advance for purposes of this Agreement. If such RMB Lender shall not pay to the RMB Settlement Agent such corresponding amount after reasonable attempts are made by the RMB Settlement Agent to collect such amounts from such RMB Lender, the applicable RMB Borrower agrees to repay to the RMB Settlement Agent forthwith on demand such corresponding amounts together with interest thereto, for each day from the date such amount is made available to such RMB Borrower until the date such amount is repaid to the RMB Settlement Agent, one (1) Business Day after demand. Nothing contained in this Clause 2.3(iii) shall be deemed to reduce the RMB Commitment of any RMB Lender or in any way affect the rights of such RMB Borrower with respect to any defaulting RMB Lender or the RMB Settlement Agent. The failure of any RMB Lender to make available to the RMB Settlement Agent such RMB Lender's share of any RMB Advance in accordance with Clause 2.3(ii) hereof shall not relieve any other RMB Lender of its obligations to fund its RMB Commitment, in accordance with the provisions hereof.
- (iv) Subject to the provisions hereof, the RMB Settlement Agent shall make available each RMB Advance to the applicable RMB Borrower in Renminbi immediately available in accordance with, and on the date set forth in, the applicable Notice of RMB Borrowing.
- (v) There shall be no more than ten (10) RMB Advances outstanding at any

one time with respect to each RMB Borrower.

2.4 Interest Rate

- (i) Each RMB Advance shall bear interest on the outstanding principal amount thereof, for each day from the date such RMB Advance is made until the date it is repaid, at a rate per annum equal to 90% of the benchmark interest rate promulgated by the People's Bank of China for fixed asset loan facilities (middle and long term loan facility) with a term over three to five years as of the first Drawdown Date (the "Interest Rate"). The interest rate herein shall be adjusted at the time of each RMB Advance or at the time of the continuance of any such RMB Advance in accordance with Section 2.4(ii) pursuant to the regulations of the People's Bank of China to a rate per annum equal to 90% of the then applicable benchmark interest rate promulgated by the People's Bank of China for fixed asset loan facilities with a term of over 3 to 5 years, and such interest rate shall be applicable to such RMB Advance.
- (ii) Prior to the expiration of the Interest Period applicable to any RMB Advance, the applicable RMB Borrower may elect to continue all or any portion of such RMB Advances and, in connection therewith, elect a new Interest Period for such RMB Advances. Each such election shall be made by delivering a notice (a "Notice of Continuance") to the Administrative Agent at least four (4) Business Days prior to, but excluding, the expiration date of the then current Interest Period (whereupon the Administrative Agent shall notify the RMB Settlement Agent), provided no RMB Advance may be continued when any Guarantor Event of Default has occurred and is continuing or, with respect to the RMB Borrower delivering such Notice of, a Borrower Event of Default has occurred and is continuing. A Notice of Continuance may, if it so specifies, apply to only a portion of the aggregate principal amount of the relevant RMB Advances, so long as the portion to which such Notice of Continuance applies, and the remaining portion to which it does not apply, are RMB5,000,000 or more. Each Notice of Continuation shall specify: (1) the RMB Advances to which such notice applies; (2) the date on which the continuation is to be effective, and (3) the duration of the new Interest Period, subject to the provisions of the definition of Interest Period. Upon receipt of a Notice of Continuation from any RMB Borrower pursuant to this subsection, the RMB Settlement Agent shall notify each RMB Lender the same day as it receives such notice of the contents thereof and such notice shall not thereafter be revocable by such RMB Borrower. If the applicable RMB Borrower fails to deliver a

timely Notice of Continuation to the Administrative Agent for any RMB Advance, such RMB Advance shall be continued with a new Interest Period of one month.

- (iii) Under PRC law, the default rate for the overdue payment of a loan is 130% to 150% and the default rate is 150% to 200% if a borrower does not use the capital of the loan for the purposes as provided in the relevant loan agreement. As such, in case of the occurrence of an Event of Default as provided in Clause 5.1(i), the outstanding principal amount of the RMB Advances, and, to the extent permitted by applicable law, overdue interest in respect of all RMB Advances, shall bear interest at the annual default rate of 130%, and in case of the occurrence of an Event of Default as a result of any breach by any RMB Borrower of the terms and conditions of Clause 2.11, the outstanding principal amount of the RMB Advances, and, to the extent permitted by applicable law, overdue interest in respect of all RMB Advances, shall bear interest at the annual default rate of 150%. For the occurrence of any other Event of Default other than those as mentioned above, the outstanding principal amount of the RMB Advances, and, to the extent permitted by applicable law, overdue interest in respect of all RMB Advances, shall bear interest at the annual default rate equal to the Interest Rate plus two percent (2%).
 - (iv) The RMB Settlement Agent shall determine each Interest Rate applicable to the RMB Advances hereunder and shall give prompt notice to the applicable RMB Borrower and the RMB Lenders of each rate of interest so determined, and its determination thereof shall be conclusive in the absence of demonstrable error.
 - (v) Except as provided in Clause 2.6(i), interest on all RMB Advances shall be payable on the last Business Day of the applicable Interest Period, provided if the applicable Interest Period is longer than 3 months, interest shall be paid at least every three months.
- 2.5 **Maturity Date** The term (the “Term”) of the RMB Commitments (and each RMB Lender’s obligations to make RMB Advances hereunder) shall terminate and expire on the Final Maturity. Upon the date of the termination of the Term, any RMB Advances then outstanding (together with accrued interest thereon and all other RMB Obligations) shall be due and payable on such date.

2.6 *Optional Prepayments*

- (i) Each RMB Borrower may, upon at least four (4) Business Days' prior written notice to the Administrative Agent by 1:00 p.m. (Beijing time) (whereupon the Administrative Agent shall notify the RMB Settlement Agent), prepay any RMB Advances made to such RMB Borrower, in whole or in part at any time, or from time to time in part in amounts aggregating for all RMB Advances of such RMB Borrower being prepaid at the same time RMB5,000,000 or more by paying the principal amount to be prepaid together with accrued interest thereon to the date of prepayment. Each such optional prepayment shall be applied to prepay ratably the RMB Advances of the several RMB Lenders.
- (ii) Each RMB Borrower may, upon at least four (4) Business Days' prior written notice to the Administrative Agent by 1:00 p.m. (Beijing time) (whereupon the Administrative Agent shall notify the RMB Settlement Agent), reimburse the RMB Settlement Agent for the benefit of the RMB Fronting Bank for the amount of any drawing under a RMB Letter of Credit issued for the account of such RMB Borrower in whole or in part in any amount.
- (iii) Any RMB Borrower may at any time return any undrawn RMB Letter of Credit issued for the account of such RMB Borrower to the RMB Fronting Bank in whole, but not in part, so long as such RMB Letter of Credit is authenticated as returned and cancelled by the applicable bank for the beneficiary of such RMB Letter of Credit, and the RMB Fronting Bank within a reasonable period of time shall give the Administrative Agent, the RMB Settlement Agent and each of the RMB Lenders notice of such return.
- (iv) The RMB Borrowers jointly may at any time and from time to time cancel all or any part of the RMB Commitments in an amount of RMB5,000,000 or more in multiples of RMB1,000,000 by the delivery to the Administrative Agent (whereupon the Administrative Agent shall notify the RMB Settlement Agent) of a notice of cancellation within the applicable time periods set forth in Clause 2.6(i) if there are no RMB Advances then outstanding or, if there are RMB Advances outstanding at such time as to which the RMB Commitments with respect thereto are being cancelled, upon at least four (4) Business Days' prior written notice (by 1:00 p.m. (Beijing time)) to the Administrative Agent, whereupon all or such portion of the RMB Commitments, as applicable, shall terminate as to the applicable RMB Lenders, pro rata on the date set forth in such

notice of cancellation, and, if there are any RMB Advances then outstanding, the applicable RMB Borrowers shall prepay all or such portion of RMB Advances outstanding on such date in accordance with the requirements of Clause 2.6(i). In no event shall any RMB Borrower be permitted to cancel RMB Commitments for which a RMB Letter of Credit has been issued and is outstanding unless the applicable RMB Borrower for whose account such RMB Letter of Credit was issued returns (or causes to be returned) such RMB Letter of Credit to the RMB Fronting Bank. The notice of cancellation issued by any RMB Borrower shall be irrevocable.

- (v) Any amounts so prepaid pursuant to Clause 2.6(i) may be reborrowed. In the event the RMB Borrowers elect to cancel all or any portion of the RMB Commitments pursuant to Clause 2.6 (iv) hereof, such amounts may not be reborrowed.

2.7 *Mandatory Prepayment*

- (i) If at any time the Administrative Agent determines that all outstanding RMB Advances (plus the outstanding amount of RMB Letters of Credit Usage) shall exceed 105% of the RMB Facility Amount, then the RMB Borrower, within three (3) Business Days after notice thereof from the Administrative Agent, shall repay all or a portion of the outstanding RMB Advances in such amount so that the aggregate thereof shall not exceed the then RMB Facility Amount.
- (ii) If a RMB Borrower disposes of a real estate asset (or a beneficial interest therein) to a third party on an arm's length basis (excluding any disposition to an Affiliate of AMB LP, provided that such real estate asset continues to be managed by a AMB LP or a Subsidiary of AMB LP), such RMB Borrower shall within three (3) Business Days of the settlement date of such disposal prepay to the Administrative Agent (whereupon the Administrative Agent shall notify the RMB Settlement Agent) all RMB Advances owed by it with respect to the real estate asset or beneficial interest so disposed together with accrued interest on such amount.

2.8 *RMB Secured Option*

- (i) Each RMB Borrower shall have the option, exercisable upon not less than thirty (30) days notice to the Administrative Agent to cause any one or more of the RMB Advances to be made to such RMB Borrower to be secured by the RMB Secured Property (as defined below) or a pledge of

the equity interests of such RMB Borrower as designated in such notice (such option being the “RMB Secured Option”). In the event any RMB Borrower elects the RMB Secured Option with respect to any RMB Advances after such date, such RMB Advance shall be secured by, at such RMB Borrower’s option, either:

- (a) a first priority mortgage on all real estate assets purchased with the proceeds of the RMB Advance (the “RMB Secured Property”) substantially in the form of Exhibit B or otherwise reasonably acceptable to the Administrative Agent (a “RMB Mortgage”); or
- (b) a first priority pledge of all of the equity interest of the RMB Borrower which owns the RMB Secured Property substantially in the form of Exhibit C or otherwise reasonably acceptable to the Administrative Agent (a “RMB Share Pledge”).

In each case, the RMB Mortgage or RMB Share Pledge, as the case may be, and such other documents and filings reasonably necessary to perfect and evidence the RMB Lenders’ first priority security interest are referred to as the “RMB Security Documents” and such security is referred to as the “RMB Collateral”).

- (ii) Each RMB Borrower shall have the option, upon ten (10) Business Days prior written notice to Administrative Agent, to substitute the type of RMB Security Document securing RMB Collateral (i.e., a RMB Mortgage can be substituted with a RMB Share Pledge on the preferred or common stock or membership interests of such RMB Borrower; a RMB Share Pledge can be substituted with a RMB Mortgage; and a RMB Share Pledge on common stock can be substituted with a RMB Share Pledge on preferred stock), provided (i) such RMB Borrower has satisfied all the conditions to the RMB Advance as set forth in Clause 2.8(i), (ii) such RMB Borrower pays all of the Agent’s reasonable out-of-pocket expenses in connection with such substitution and release, and (iii) such RMB Borrower causes the Guarantors under the Master Agreement to deliver a Ratification (as defined in the Master Agreement). With respect to any substitution of RMB Collateral as contemplated by this Clause 2.8(ii), the original RMB Collateral shall not be released unless and until the new RMB Security Document(s) with respect to the new RMB Collateral is effectively registered and (ii) the RMB Borrower proposing such substitution shall have the obligation to submit the new Security Document(s) to the relevant governmental authority for registration and, in the case of any RMB Share Pledge, the RMB Security Document(s) shall

be recorded in the shareholder list maintained by the RMB Borrower.

- (iii) Each RMB Borrower shall have the option, upon five (5) Business Days prior notice to Administrative Agent, to obtain a release of RMB Collateral securing an RMB Advance provided that such RMB Borrower (i) prepays the RMB Advance secured thereby and (ii) pays all of the Agent's reasonable out-of-pocket expenses in connection with such release.
- (iv) Upon ten (10) Business Days notice to Administrative Agent, another RMB Borrower (the "Assuming RMB Borrower") may assume a RMB Advance made to a RMB Borrower provided that, upon the assumption by such Assuming RMB Borrower of such RMB Advance, (i) the Assuming RMB Borrower delivers RMB Collateral of the type selected by the Assuming RMB Borrower under Clause 2.8(i), (ii) the Assuming RMB Borrower satisfies all the conditions to the original Advance as set forth in Clause 3.2, and (iii) the Assuming RMB Borrower pays all of the Agent's reasonable out-of-pocket expenses in connection with such release. The release of the original RMB Borrower and such original RMB Collateral shall occur simultaneously with the assumption of the RMB Advance by the Assuming RMB Borrower and the substitution of the RMB Collateral. In no event shall the Administrative Agent release any such RMB Collateral unless and until substitute RMB Collateral has been obtained, to the satisfaction of the Administrative Agent.
- (v) The Administrative Agent shall notify the RMB Settlement Agent of any creation, substitution, release or assumption of security made hereunder prior to the time such security is to take effect.

2.9 General Provisions as to Payments

- (i) Each RMB Borrower shall make each payment of the principal of and interest on its RMB Advances and fees hereunder, by initiating a wire transfer not later than 11:00 a.m. (Beijing time) on the date when due in Renminbi immediately available in Shanghai, PRC to the RMB Settlement Agent at its account referred to in Clause 8, and each RMB Borrower shall deliver to the RMB Settlement Agent evidence of such wire as soon as possible thereafter on the date when due. The RMB Settlement Agent will promptly (and in any event within one (1) Business Day after receipt thereof) distribute to each RMB Lender its ratable share of each such payment received by the RMB Settlement Agent for the account of the RMB Lenders. If and to the extent that the RMB Settlement Agent shall receive any such payment for the account of the RMB Lenders on or before 11:00 a.m. (Beijing time) on any Business Day, and RMB Settlement

Agent shall not have distributed to any RMB Lender its applicable share of such payment on such day, RMB Settlement Agent shall distribute such amount to such RMB Lender together with interest thereon, for each day from the date such amount should have been distributed to such RMB Lender until the date RMB Settlement Agent distributes such amount to such RMB Lender, at the Interest Rate. Whenever any payment of principal of, or interest on the RMB Advances or of fees shall be due on a day which is not a Business Day, the date for payment thereof shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case the date for payment thereof shall be the immediately preceding Business Day. If the date for any payment of principal is extended by operation of law or otherwise, interest thereon shall be payable for such extended time.

- (ii) Unless the RMB Settlement Agent shall have received notice from the applicable RMB Borrower prior to the date on which any payment is due to the RMB Lenders hereunder that such RMB Borrower will not make such payment in full, the RMB Settlement Agent may assume that such RMB Borrower has made such payment in full to the RMB Settlement Agent on such date and the RMB Settlement Agent may, in reliance upon such assumption, cause to be distributed to each RMB Lender on such due date an amount equal to the amount then due to such RMB Lender. If and to the extent that such RMB Borrower shall not have so made such payment, each RMB Lender shall repay to the RMB Settlement Agent forthwith on demand such amount distributed to such RMB Lender together with interest thereon, for each day from the date such amount is distributed to such RMB Lender until the date such RMB Lender repays such amount to the RMB Settlement Agent, at the Interest Rate.

2.10 **Computation of Interest and Fees** All interest and fees shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed (including the first day but excluding the last day). All interest and fees payable or paid by the RMB Borrower under this Agreement shall be denominated in RMB.

2.11 **Use of Proceeds** Each RMB Borrower shall use the proceeds of the RMB Advances (i) to fund the acquisition and development of properties, or the acquisition of beneficial interests in properties in PRC and (ii) for other real estate purposes in PRC, provided that in no event shall any RMB Borrower further lend the proceeds of any RMB Advances to any unrelated third party. Neither the Agent nor any RMB Lenders shall have any responsibility to see to the application of the proceeds by the RMB Borrower as long as each complies with the mandatory banking regulations of China.

2.12 **RMB Letters of Credit**

- (i) Subject to the terms contained in this Agreement and the other RMB Loan Documents, upon the receipt of a notice in accordance with Clause 2.2(ii) requesting the issuance of a RMB Letter of Credit, the RMB Fronting Bank shall issue a RMB Letter of Credit or RMB Letters of Credit in such form as is reasonably acceptable to the applicable RMB Borrower (subject to the provisions of Clause 2.2(ii)) in an amount or amounts equal to the amount or amounts requested by such RMB Borrower; provided that the RMB Fronting Bank shall issue the same only in Renminbi.
- (ii) Each RMB Letter of Credit shall be issued in the minimum amount of the RMB equivalent of JPY10,000,000 or such lesser amount as may be agreed to by the RMB Fronting Bank.
- (iii) The Alternate Currency Letter of Credit Usage and the Letter of Credit Usage, in the aggregate, shall be no more than the lesser of (i) RMB100,000,000 and (ii) twenty percent (20%) of the Facility Amount at any one time.
- (iv) There shall be no more than twenty-five (25) Letters of Credit and Alternate Currency Letters of Credit outstanding at any one time, under this Agreement, the Master Agreement and the other Alternate Currency Loan Documents (as defined in the Master Agreement).
- (v) In the event of any request for a drawing under any RMB Letter of Credit by the beneficiary thereunder, the RMB Fronting Bank shall notify the applicable RMB Borrower and the Administrative Agent (and the Administrative Agent shall notify each RMB Lender and the RMB Settlement Agent thereof) at least two (2) Business Days prior to the date on which the RMB Fronting Bank intends to honor such drawing, and, except as provided in this subsection (v), such RMB Borrower shall reimburse the RMB Fronting Bank, in immediately available funds in Renminbi, on the same day on which such drawing is honored in an amount equal to the amount of such drawing. Notwithstanding anything contained herein to the contrary, however, unless the applicable RMB Borrower shall have notified the Administrative Agent and the RMB Fronting Bank prior to 1:00 P.M. (Beijing time), and the RMB Fronting Bank shall notify the RMB Lenders prior to 2:00 P.M. (Beijing time), not less than two (2) Business Days prior to the date of such drawing that such RMB Borrower intends to reimburse the RMB Fronting Bank for the amount of such drawing with funds other than the proceeds of the RMB Advances, such Borrower shall be deemed to have timely given a Notice

of RMB Borrowing pursuant to Clause 2.2 to the Administrative Agent, requesting a RMB Advance on the date on which such drawing is honored and in an amount equal to the amount of such drawing. Each RMB Lender (other than the RMB Fronting Bank) shall make available its pro rata share of such RMB Advance to the RMB Settlement Agent, the proceeds of which shall be applied directly by the RMB Settlement Agent to reimburse the RMB Fronting Bank for the amount of such draw. In the event that any RMB Lender fails to make available to the RMB Settlement Agent (for the account of the RMB Fronting Bank) the amount of such RMB Lender's participation on the date of a drawing, the RMB Fronting Bank shall be entitled to recover such amount on demand from such RMB Lender together with interest at the Interest Rate commencing on the date such drawing is honored.

- (vi) If, at the time a beneficiary under any RMB Letter of Credit requests a drawing thereunder, a Guarantor Event of Default as described in Clause 6.3(f) or 6.3(g) of the Master Agreement shall have occurred and is continuing or an RMB Borrower Event of Default as described in Clause 5.1(iv) or Clause 5.1(v) with respect to the RMB Borrower for whose account such RMB Letter of Credit was issued shall have occurred and is continuing, then on the date on which the RMB Fronting Bank shall have honored such drawing, the applicable RMB Borrower shall have an unreimbursed obligation (the "Unreimbursed Obligation") to the RMB Fronting Bank in an amount equal to the amount of such drawing, which amount shall bear interest at the annual rate of the sum of the Interest Rate plus two percent (2%). Each RMB Lender shall purchase an undivided participating interest in such drawing in an amount equal to its pro rata share of the RMB Commitments, and upon receipt thereof the RMB Fronting Bank shall deliver to such RMB Lender an Unreimbursed Obligation participation certificate dated the date of the RMB Fronting Bank's receipt of such funds and in the amount of such RMB Lender's pro rata share.
- (vii) If, after the date hereof, any change in any applicable law or regulation or in the interpretation thereof by any court or administrative or governmental authority charged with the administration thereof shall either (i) impose, modify or deem applicable any reserve, special deposit or similar requirement against letters of credit issued by, or assets held by, or deposits in or for the account of, or participations in any letter of credit, upon any RMB Lender (including any RMB Fronting Bank) or (ii) impose on any RMB Lender any other condition regarding this Agreement or such RMB Lender (including any RMB Fronting Bank) as it pertains to any

RMB Letter of Credit or any participation therein and the result of any event referred to in the preceding clause (i) or (ii) shall be to increase, by an amount deemed by the RMB Fronting Bank or such RMB Lender to be material, the cost to the RMB Fronting Bank or any RMB Lender of issuing or maintaining such RMB Letter of Credit or participating therein, then the RMB Borrower for whose account such RMB Letter of Credit was issued shall pay to the RMB Fronting Bank or such RMB Lender, within 15 days after written demand by the RMB Fronting Bank or such RMB Lender (with a copy to the Administrative Agent whereupon the Administrative Agent shall notify the RMB Settlement Agent), which demand shall be accompanied by a certificate showing, in reasonable detail, the calculation of such amount or amounts, such additional amounts as shall be required to compensate the RMB Fronting Bank or such RMB Lender for such increased costs or reduction in amounts received or receivable hereunder. Each RMB Lender will promptly notify each affected RMB Borrower and the Administrative Agent of any event of which it has knowledge, occurring after the date hereof, which will entitle such RMB Lender to compensation pursuant to this Clause 2.12 and will designate a different RMB Facility Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the reasonable judgment of such RMB Lender be otherwise disadvantageous to such RMB Lender. If such RMB Lender shall fail to notify any affected RMB Borrower of any such event within 90 days following the end of the month during which such event occurred, then such RMB Borrower's liability for any amounts described in this Clause incurred by such RMB Lender as a result of such event shall be limited to those attributable to the period occurring subsequent to the tenth (10th) day prior to, but excluding, the date upon which such RMB Lender actually notified such RMB Borrower of the occurrence of such event. A certificate of the RMB Fronting Bank or any RMB Lender claiming compensation under this Clause 2.12 and setting forth a reasonably detailed calculation of the additional amount or amounts to be paid to it hereunder shall be conclusive in the absence of demonstrable error. In determining such amount, the RMB Fronting Bank or such RMB Lender may use any reasonable averaging and attribution methods.

- (viii) Each RMB Borrower hereby agrees to protect, indemnify, pay and save the RMB Fronting Bank harmless from and against any and all claims, demands, liabilities, damages, losses, costs, charges and expenses (including reasonable attorneys' fees and disbursements) which the RMB Fronting Bank may incur or be subject to as a result of (i) the issuance of RMB Letters of Credit for the account of such RMB Borrower, other than

to the extent of the bad faith, gross negligence or willful misconduct of the RMB Fronting Bank or (ii) the failure of the RMB Fronting Bank to honor a drawing under such RMB Letter of Credit as a result of any act or omission, whether rightful or wrongful, of any present or future de jure or de facto government or governmental authority (collectively, "Governmental Acts"), other than to the extent of the bad faith, gross negligence or willful misconduct of the RMB Fronting Bank. As between the RMB Borrower for whose account the RMB Letter of Credit was issued and the RMB Fronting Bank, such RMB Borrower assumes all risks of the acts and omissions of any beneficiary with respect to its use, or misuses of, such RMB Letter of Credit issued by the RMB Fronting Bank. In furtherance and not in limitation of the foregoing, the RMB Fronting Bank shall not be responsible (i) for the form, validity, sufficiency, accuracy, genuineness or legal effect of any document submitted by any party in connection with the application for and issuance of such RMB Letters of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged; (ii) for the validity or insufficiency of any instrument transferring or assigning or purporting to transfer or assign any such RMB Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason; (iii) for failure of the beneficiary of any such RMB Letter of Credit to comply fully with conditions required in order to draw upon such RMB Letter of Credit, other than as a result of the bad faith, gross negligence or willful misconduct of the RMB Fronting Bank; (iv) for errors, omissions, interruptions or delays in transmission or delivery of any message, by mail, cable, telegraph, facsimile transmission, or otherwise; (v) for errors in interpretation of any technical terms; (vi) for any loss or delay in the transmission or otherwise of any documents required in order to make a drawing under any such RMB Letter of Credit or of the proceeds thereof; (vii) for the misapplication by the beneficiary of any such RMB Letter of Credit of the proceeds of such RMB Letter of Credit; and (viii) for any consequence arising from causes beyond the control of the RMB Fronting Bank, including any Governmental Acts, in each case other than to the extent of the bad faith, gross negligence or willful misconduct of the RMB Fronting Bank. None of the above shall affect, impair or prevent the vesting of the RMB Fronting Bank's rights and powers hereunder. In furtherance and extension and not in limitation of the specific provisions hereinabove set forth, any action taken or omitted by the RMB Fronting Bank under or in connection with the RMB Letters of Credit issued by it or the related certificates, if taken or omitted in good faith, shall not put the RMB Fronting Bank under any resulting liability to any RMB Borrower; provided that, notwithstanding anything in

the foregoing to the contrary, the RMB Fronting Bank will be liable to the RMB Borrower for whose account a RMB Letter of Credit was issued for any damages suffered by such RMB Borrower or its Subsidiaries as a result of the RMB Fronting Bank's grossly negligent or willful failure to pay under such RMB Letter of Credit after the presentation to it of a sight draft and certificates strictly in compliance with the terms and conditions of such RMB Letter of Credit.

- (ix) If the RMB Fronting Bank or the RMB Settlement Agent is required at any time, pursuant to any bankruptcy, insolvency, liquidation or reorganization law or otherwise, to return to a RMB Borrower any reimbursement by such RMB Borrower of any drawing under any RMB Letter of Credit, each RMB Lender shall pay to the RMB Fronting Bank or the RMB Settlement Agent, as the case may be, its pro rata share of such payment, but without interest thereon unless the RMB Fronting Bank or the RMB Settlement Agent is required to pay interest on such amounts to the Person recovering such payment, in which case with interest thereon, computed at the same rate, and on the same basis, as the interest that the RMB Fronting Bank or the RMB Settlement Agent is required to pay.
- 2.13 **Letter of Credit Usage Absolute** The obligations of each RMB Borrower under this Agreement in respect of any RMB Letter of Credit issued for the account of such RMB Borrower shall be unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement (as the same may be amended from time to time) and any RMB Letter of Credit Documents (as hereinafter defined) under all circumstances, including, without limitation, to the extent permitted by law, the following circumstances:
- (a) any lack of validity or enforceability of any RMB Letter of Credit or any other agreement or instrument relating thereto (collectively, the "RMB Letter of Credit Documents") or any RMB Loan Document;
 - (b) any change in the time, manner or place of payment of, or in any other term of, all or any of the obligations of any RMB Borrower in respect of any other RMB Letters of Credit issued for the account of such RMB Borrower or any other RMB Borrower or any other amendment or waiver of or any consent by any RMB Borrower to depart from all or any of the RMB Letter of Credit Documents or any RMB Loan Document; provided, that the RMB Fronting Bank shall not consent to any such change or amendment unless previously consented to in writing by the RMB Borrower for whose account the RMB Letter of Credit was issued;

- (c) any exchange, release or non-perfection of any collateral, or any release or amendment or waiver of or consent to departure from any guaranty, for all or any of the obligations of any RMB Borrower in respect of any RMB Letters of Credit issued for the account of such RMB Borrower;
- (d) the existence of any claim, set-off, defense or other right that such RMB Borrower may have at any time against any beneficiary or any transferee of a RMB Letter of Credit (or any Persons for whom any such beneficiary or any such transferee may be acting), the Agent, the RMB Fronting Bank or any RMB Lender (other than a defense based on the bad faith, gross negligence or willful misconduct of the Agent, the RMB Fronting Bank or such RMB Lender) or any other Person, whether in connection with the RMB Loan Documents, the transactions contemplated hereby or any unrelated transaction;
- (e) any draft or any other document presented under or in connection with any RMB Letter of Credit or other RMB Loan Document proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; provided, that payment by the RMB Fronting Bank under such RMB Letter of Credit against presentation of such draft or document shall not have been the result of the bad faith, gross negligence or willful misconduct of the RMB Fronting Bank;
- (f) payment by the RMB Fronting Bank against presentation of a draft or certificate that does not strictly comply with the terms of the RMB Letter of Credit; provided, that such payment shall not have been the result of the bad faith, gross negligence or willful misconduct of the RMB Fronting Bank; and
- (g) any other circumstance or happening whatsoever other than the payment in full of all obligations hereunder in respect of any RMB Letter of Credit or any agreement or instrument relating to any RMB Letter of Credit, whether or not similar to any of the foregoing, that might otherwise constitute a defense available to, or a discharge of, the applicable RMB Borrower; provided, that such other circumstance or happening shall not have been the result of bad faith, gross negligence or willful misconduct of the RMB Fronting Bank.

2.14 ***RMB Letters of Credit Maturing after Final Maturity***

- (i) Notwithstanding anything contained herein to the contrary, if any RMB

Letters of Credit, by their terms, shall mature after Final Maturity, then, on and after Final Maturity, the provisions of this Agreement shall remain in full force and effect with respect to such RMB Letters of Credit, and the RMB Borrower shall comply with the provisions of Clause 2.14(ii). No RMB Letter of Credit shall mature on a date that is more than twelve (12) months after Final Maturity then in effect.

- (ii) If, at any time and from time to time, any RMB Letter of Credit shall have been issued hereunder and the same shall expire on a date after Final Maturity, then, on the date of Final Maturity, the RMB Borrower shall pay to the Administrative Agent, on behalf of the RMB Lenders, in same day funds at the Administrative Agent's office designated in such demand, for deposit in the RMB Letter of Credit Collateral Account, RMB Letter of Credit Collateral in an amount equal to the RMB Letter of Credit Usage under the RMB Letter of Credit. Interest shall accrue on the RMB Letter of Credit Collateral Account in accordance with the provisions of Clause 4.2(i).

2.15 Addition of Qualified RMB Borrowers; Release of Qualified RMB Borrowers

- (i) If after the date hereof, AMB Property, L.P., desires to cause a Subsidiary of AMB Property, L.P. which otherwise satisfies the definition of a Qualified RMB Borrower hereunder to become a Qualified RMB Borrower hereunder, then AMB Property, L.P., shall so notify the Administrative Agent and, upon satisfaction of the following conditions, such Subsidiary shall become a Qualified RMB Borrower under this Agreement:

- (a) such Subsidiary shall duly execute and deliver to the Administrative Agent a Qualified RMB Borrower Joinder Agreement; and
- (b) such Subsidiary shall satisfy all of the conditions with respect thereto set forth in the Qualified RMB Borrower Joinder Agreement.

The Administrative Agent shall promptly notify each RMB Lender upon a Subsidiary's addition as a Qualified RMB Borrower hereunder. Each such Qualified RMB Borrower shall remain a Qualified RMB Borrower hereunder until released as provided in Clause 2.15(ii) below.

- (ii) At such time as no RMB Advances are outstanding as to any RMB Borrower, at the option of such RMB Borrower or AMB Property, L.P.,

and upon notice to Administrative Agent, such RMB Borrower shall be released as a Qualified RMB Borrower under the RMB Loan Documents, and the RMB Security Documents, if any, of such Qualified RMB Borrower shall be released.

- (iii) The Administrative Agent shall notify the RMB Settlement Agent of any addition or release of Qualified RMB Borrowers made hereunder prior to the time such action is to take effect.
- 2.16 **RMB Lenders' Rights and Obligations Several** The rights and obligations of each RMB Lender hereunder are several and the failure by a RMB Lender to perform its obligations hereunder shall not affect the obligations of the RMB Borrower towards any other party hereto nor shall any other party be liable for the failure by such RMB Lender to perform its obligations hereunder. The amount owing at any time to a RMB Lender shall be a separate and independent debt from the amount owing to any other RMB Lenders.
- 2.17 **Denomination of RMB** Any amount advanced by the RMB Lenders to the RMB Borrower under this Agreement shall be denominated in RMB.
- 2.18 **Control Accounts** The RMB Settlement Agent shall record the date, amount, type and maturity of each RMB Advance made by each RMB Lender and the date and amount of each payment of principal made by each RMB Borrower, with respect thereto; provided that the failure of the RMB Settlement Agent to make any such recordation shall not affect the obligations of any RMB Borrower hereunder. Each RMB Lender shall record the date, amount, type and maturity of each RMB Advance made by it and the date and amount of each payment of principal made by the applicable RMB Borrower, with respect thereto; provided that the failure of such RMB Lender to make any such recordation shall not affect the obligations of any RMB Borrower hereunder. The Administrative Agent shall calculate the JPY equivalent of all outstanding RMB Advances denominated in RMB monthly and at the time of each RMB Advance.
- 2.19 **Fees**
- (i) Each RMB Borrower acknowledges that pursuant to Clause 2.9(a) of the Master Agreement, the Credit Parties (as defined in the Master Agreement) are obligated to pay a facility fee in accordance with the terms thereof. Each RMB Borrower agrees and acknowledges that it shall be liable for its pro rata share of such facility fees prorata with the other Credit Parties and all other Alternate Currency Borrowers (as defined in the Master Agreement) based upon its respective RMB Advances and RMB Letters of Credit Usage and the Advances,

Letter of Credit Usage, Alternate Currency Advances and Alternate Currency Letter of Credit Usage of all other Credit Parties and other Alternate Currency Credit Parties, as applicable.

- (ii) During the Term and thereafter for so long as any RMB Letter of Credit shall be outstanding, each RMB Borrower shall pay to the RMB Settlement Agent, for the account of the RMB Lenders in proportion to their interests in respect of undrawn RMB Letters of Credit issued for the account of such RMB Borrower, a fee (a "RMB Letter of Credit Fee") in an amount, provided that no Guarantor Event of Default shall have occurred and be continuing and no RMB Borrower Event of Default shall have occurred and be continuing with respect to such RMB Borrower, equal to a rate per annum equal to the then percentage per annum of the Applicable Margin (as defined in the Master Agreement) as determined by the Administrative Agent with respect to TIBOR Loans (as defined in the Master Agreement), on the daily average of such issued and undrawn RMB Letters of Credit, which fee shall be payable, in arrears, on each January 1, April 1, July 1 and October 1 during the Term and for so long as any RMB Letter of Credit shall be outstanding. From the occurrence, and during the continuance, of a Guarantor Event of Default or a RMB Borrower Event of Default with respect to such RMB Borrower, such fee shall be increased to be equal to two percent (2%) per annum on the daily average of such issued and undrawn RMB Letters of Credit. The RMB Letter of Credit Fee shall be payable in RMB.
 - (iii) Each RMB Borrower shall pay the RMB Fronting Bank, for its own account, a fee (a "RMB Fronting Bank Fee") at a rate per annum equal to the greater of (i) .125% of the undrawn amount of such RMB Letter of Credit issued by such RMB Fronting Bank for the account of such RMB Borrower (the "RMB Annual Fronting Bank Fee") and (ii) the RMB equivalent of JPY25,000, which RMB Fronting Bank Fee shall be in addition to and not in lieu of, the RMB Letter of Credit Fee. The RMB Fronting Bank Fee shall be payable in arrears on each January 1, April 1, July 1 and October 1 during the Term in RMB.
 - (iv) All fees set forth in this Clause 2.19 shall be deemed to have been earned on the date payment is due in accordance with the provisions hereof and shall be non-refundable. The obligation of any RMB Borrower to pay such fees in accordance with the provisions hereof shall be binding upon the RMB Borrower and shall inure to the benefit of the RMB Finance Parties regardless of whether any RMB Advances are actually made.
- 2.20 **Reimbursement of Costs** Each RMB Borrower may prepay any RMB Advance pursuant to the terms hereof, provided always that such RMB Borrower shall hold harmless and indemnify the RMB Lenders against all reasonable costs and

expenses incurred by or as a consequence of such prepayment, which costs and expenses as reasonably determined by the RMB Lenders shall be paid within 15 days after certification of such RMB Lender and calculated as follows: (a) the then applicable Interest Rate minus the greater of the RMB Lender's saving deposit rate or 0%, times (b) the prepaid RMB Advance amount, times (c) actual number of days remaining prior to the expiration of the then current Interest Period for such RMB Advance, (d) divided by 360. A statement in reasonable detail of the calculation of such costs and expenses shall be sent to the RMB Borrower. Additionally, if any RMB Borrower revokes or fails to borrow pursuant to any Notice of RMB Borrowing, such RMB Borrower shall reimburse each RMB Lender within 15 days after certification of such RMB Lender of such loss or expense (which shall be delivered by each such RMB Lender to Administrative Agent for delivery to such RMB Borrower) for any resulting loss or expense incurred by it (or by an existing Participant in the related RMB Advance), including, without limitation, any loss incurred in obtaining, liquidating or employing deposits from third parties, but excluding loss of margin for the period after any such payment or failure to borrow, provided that such RMB Lender shall have delivered to Administrative Agent and Administrative Agent shall have delivered to such RMB Borrower a certification as to the amount of such loss or expense, which certification shall set forth in reasonable detail the basis for and calculation of such loss or expense and shall be conclusive in the absence of demonstrable error.

CLAUSE 3 Conditions Precedent

3.1 **Conditions Precedent to the First RMB Advance or RMB Letter of Credit Issuance** The closing hereunder shall occur on the date when each of the following conditions is satisfied (or waived in writing by the Administrative Agent and all of the RMB Lenders):

- (i) the Initial RMB Borrower, the Administrative Agent and the RMB Settlement Agent and each of the RMB Lenders shall have executed and delivered to the Administrative Agent a duly executed original of this Agreement;
- (ii) each Qualified RMB Borrower, if any, shall have executed and delivered to the Administrative Agent a duly executed original of a Qualified RMB Borrower Joinder Agreement;
- (iii) the Administrative Agent shall have received an opinion of Zhong Lun

W&D Law Firm, PRC counsel for the RMB Borrowers, in the form acceptable to the Administrative Agent, the RMB Lenders and their counsel;

- (iv) the Administrative Agent shall have received all documents the Administrative Agent may reasonably request relating to the existence of the RMB Borrowers, the authority for and the validity of this Agreement and the other RMB Loan Documents, the incumbency of officers executing this Agreement and the other RMB Loan Documents and any other matters relevant hereto, all in form and substance satisfactory to the Administrative Agent. Such documentation shall include, without limitation, the items listed in Section 2 of the Second Schedule, as applicable each as amended, modified or supplemented to the Closing Date, certified to be true, correct and complete by a duly authorized officer of the applicable Person as of a date not more than ten (10) days prior to the Closing Date;
- (v) each RMB Borrower as of the Closing Date shall have executed a solvency certificate acceptable to the Administrative Agent;
- (vi) the Administrative Agent shall have received all certificates, agreements and other documents and papers referred to in this Clause 3.1 and the Notice of RMB Borrowing referred to in Clause 3.2, if applicable, unless otherwise specified, in sufficient counterparts, satisfactory in form and substance to the Administrative Agent in its sole discretion;
- (vii) to the extent a RMB Borrower is a party to such agreement, such RMB Borrower shall have taken all actions required to authorize the execution and delivery of this Agreement, the Qualified RMB Borrower Joinder Agreement and the other RMB Loan Documents and the performance thereof;
- (viii) the RMB Lenders shall be satisfied that no RMB Borrower nor any Consolidated Subsidiary is subject to any present or contingent environmental liability which could have a Material Adverse Effect and AMB Property Corporation shall have delivered a certificate so stating;
- (ix) the reasonable fees and expenses accrued through the Closing Date of Skadden, Arps, Slate, Meagher & Flom LLP and Jun He Law Offices, if required by such firm and if such firm has delivered an invoice in reasonable detail of such fees and expenses in sufficient time for each RMB Borrower to approve and process the same, shall have been paid to

Skadden, Arps, Slate, Meagher & Flom LLP and Jun He Law Offices, respectively;

- (x) each RMB Borrower shall have delivered copies of all consents, licenses and approvals, if any, required in connection with the execution, delivery and performance by such RMB Borrower of the RMB Loan Documents to which such RMB Borrower is a party and the validity and enforceability of the RMB Loan Documents, or in connection with any of the transactions contemplated thereby, and such consents, licenses and approvals shall be in full force and effect;
 - (xi) no Default or Event of Default shall have occurred; and
 - (xii) each of AMB Property, L.P. and AMB Property Corporation shall have delivered a certificate in form acceptable to Administrative Agent showing compliance with the requirements of Section 5.8 of the Master Agreement as of the Closing Date.
- 3.2 **Conditions Precedent to Each RMB Advance and/or Each Issuance of a RMB Letter of Credit** The obligation of any RMB Lender to make a RMB Advance or to participate in any RMB Letter of Credit issued by the RMB Fronting Bank and the obligation of the RMB Fronting Bank to issue a RMB Letter of Credit on the occasion of any RMB Advance is subject to the satisfaction of the following conditions:
- (i) receipt by the Administrative Agent of a Notice of RMB Borrowing as required by Clause 2.2 or a request to cause a RMB Fronting Bank to issue a RMB Letter of Credit pursuant to Clause 2.12;
 - (ii) if so requested by the Administrative Agent, the RMB Borrower shall furnish to the Administrative Agent an opinion of a PRC counsel for the RMB Borrowers, acceptable to the Administrative Agent, the RMB Lenders and their counsel, opining that the intended use of the proceeds to fund the acquisition and development of properties, or the acquisition of beneficial interests in properties in PRC and for other real estate purposes in PRC complies in all respect with the then current requirements of the PRC law and regulations;
 - (iii) in the event that any RMB Borrower exercised the RMB Secured Option, on or before the date that is five (5) Business Days prior to such RMB Advance, such RMB Borrower shall deliver to the Administrative Agent each of the items listed in Section 1 of the Second Schedule;

- (iv) immediately after such RMB Advance, the aggregate outstanding principal amount of the RMB Advances plus the RMB Letter of Credit Usage will not exceed the aggregate amount of the RMB Commitments;
- (v) deliver a certified copy of the receipt evidencing payment of all stamp duty payable in respect of this Agreement and the RMB Advance;
- (vi) immediately before and after giving effect to such RMB Advance or issuance of any RMB Letter of Credit, no Guarantor Default or Guarantor Event of Default, and no RMB Borrower Default or RMB Borrower Event of Default with respect to such RMB Borrower, shall have occurred and be continuing;
- (vii) the representations and warranties of such RMB Borrower contained in this Agreement and the RMB Loan Documents and the representations and warranties of AMB Property, L.P., and AMB Property Corporation in the Master Agreement (in each case, other than representations and warranties which expressly speak as of a different date) shall be true and correct in all material respects on and as of the date of such RMB Advance both before and after giving effect to the making of such RMB Advances;
- (viii) no law or regulation shall have been adopted, no order, judgment or decree of any governmental authority shall have been issued, and no litigation shall be pending, which does or seeks to enjoin, prohibit or restrain, the making or repayment of the RMB Advances (or any RMB Letter of Credit, as applicable) or the consummation of the transactions contemplated by this Agreement; and
- (ix) no event, act or condition shall have occurred after the Closing Date which, in the reasonable judgment of the Administrative Agent or the Majority RMB Lenders, as the case may be, has had or is likely to have a Material Adverse Effect.

Each RMB Advance hereunder or issuance of a RMB Letter of Credit hereunder shall be deemed to be a representation and warranty by each RMB Borrower receiving such RMB Advance or for whose account such RMB Letter of Credit is being issued on the date of such RMB Advance as to the facts specified in clauses (iv), (vi), (vii), (viii) and (ix) (to the extent that such RMB Borrower is or should have been aware of any Material Adverse Effect) of this Clause, except as otherwise disclosed in writing by such RMB Borrower to the RMB Lenders. Notwithstanding anything to the contrary, no making of a RMB Advance or

issuance of a RMB Letter of Credit shall be permitted hereunder if such RMB Advance or RMB Letter of Credit would cause any RMB Borrower to fail to be in compliance with any of the covenants contained in this Agreement or in any of the other RMB Loan Documents or would cause any Credit Party (as defined in the Master Agreement) to fail to be in compliance with any of the covenants contained in the Master Agreement or in any of the other Loan Documents (as defined in the Master Agreement).

PART 3

REPRESENTATIONS, WARRANTIES AND COVENANTS AND EVENTS OF DEFAULT AND REMEDIES

CLAUSE 4 Representations & Warranties & Additional Covenants

4.1 **Representations & Warranties** In order to induce the Administrative Agent, the RMB Fronting Bank and each of the other RMB Lenders which is or may become a party to this Agreement to make the RMB Advances or issue the RMB Letters of Credit, the Initial RMB Borrower makes the following representations and warranties as of the Closing Date. Such representations and warranties shall survive the effectiveness of this Agreement, the execution and delivery of the other RMB Loan Documents and the making of the RMB Advances and issuance of the Letters of Credit.

- (i) **Existence and Power** The Initial RMB Borrower is wholly foreign owned enterprise duly organized and validly existing under the laws of PRC. The Initial RMB Borrower has all powers and all material governmental licenses, authorizations, consents and approvals required to own its property and assets and carry on its business as now conducted or as it presently proposes to conduct and has been duly qualified and is in good standing in every jurisdiction in which the failure to be so qualified and/or in good standing is likely to have a Material Adverse Effect. In particular, the Initial RMB Borrower shall comply with the requirements set out in Circular Jianzhufang [2006] No.171 (Opinions on Regulating the Entry into and the Administration of Foreign Investment in Real Estate Market) and such other laws and regulations as promulgated by the PRC government and supervision authorities from time to time concerning the type of activities carried out by the Initial RMB Borrower.
- (ii) **Power and Authority**
 - (a) The Initial RMB Borrower has the requisite power and authority to execute, deliver and carry out the terms and provisions of each of the

RMB Loan Documents to which it is a party and has taken all necessary action, if any, to authorize the execution and delivery on behalf of the Initial RMB Borrower and the performance by the Initial RMB Borrower of the RMB Loan Documents to which it is a party.

- (b) The Initial RMB Borrower has duly executed and delivered each RMB Loan Document to which it is a party in accordance with the terms of this Agreement, and each such RMB Loan Document constitutes the legal, valid and binding obligation of the Initial RMB Borrower, enforceable in accordance with its terms, except as enforceability may be limited by applicable insolvency, bankruptcy or other laws affecting creditors rights generally, or general principles of equity, whether such enforceability is considered in a proceeding in equity or at law.
- (iii) **No Violation** Neither the execution, delivery or performance by or on behalf of the Initial RMB Borrower of the RMB Loan Documents to which it is a party, nor compliance by the Initial RMB Borrower with the terms and provisions thereof nor the consummation of the transactions contemplated by such RMB Loan Documents, (i) will materially contravene any applicable provision of any law, statute, rule, regulation, order, writ, injunction or decree of any court or governmental instrumentality, (ii) will materially conflict with or result in any breach of, any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien upon any of the property or assets of the Initial RMB Borrower pursuant to the terms of any indenture, mortgage, deed of trust, or other agreement or other instrument to which the Initial RMB Borrower (or of any partnership of which the Initial RMB Borrower is a partner) is a party or by which it or any of its property or assets is bound or to which it is subject (except for such breaches and defaults under loan agreements which the lenders thereunder have agreed to forbear pursuant to valid forbearance agreements), or (iii) will cause a material default by the Initial RMB Borrower under any organizational document of any Person in which the Initial RMB Borrower has an interest, or cause a material default under the Initial RMB Borrower's organizational documents, the consequences of which conflict, breach or default would have a Material Adverse Effect, or result in or require the creation or imposition of any Lien whatsoever upon any Property of such Initial RMB Borrower (except as contemplated herein).

- (iv) **Litigation** Except as previously disclosed by AMB Property, L.P. and/or AMB Property Corporation in writing to the Administrative Agent, there is no action, suit or proceeding pending against or, to the knowledge of the Initial RMB Borrower, threatened against or affecting, (i) the Initial RMB Borrower, (ii) the RMB Loan Documents or any of the transactions contemplated by the RMB Loan Documents or (iii) any of their assets, before any court or arbitrator or any governmental body, agency or official in which there is a reasonable possibility of an adverse decision which could, individually, or in the aggregate have a Material Adverse Effect or which in any manner draws into question the validity of this Agreement or the other RMB Loan Documents. As of the Closing Date, no such action, suit or proceeding exists.
- (v) **Organizational Documents** The Initial RMB Borrower represents that it has delivered to the Administrative Agent true, correct and complete copies of its organizational documents. Attached hereto as Exhibit D is a true, correct and complete (up to the tiers shown) organizational and transaction structure chart for the Initial RMB Borrower as of the Closing Date.
- (vi) **Registrations, Filings and Stamp Duty** All acts, conditions and things required to be done, fulfilled and performed have been done, fulfilled and performed in order (a) to enable the Initial RMB Borrower lawfully to enter into, exercise its rights under and perform and comply with the obligations expressed to be assumed by it in this Agreement, (b) to ensure that the obligations expressed to be assumed by it in this Agreement are legal, valid and binding and (c) to make this Agreement admissible as evidence in the PRC and under the laws of the PRC in force at the date hereof, and it is not necessary to file, record or enroll this Agreement with any court or other authority in the PRC and no stamp, registration or similar tax shall be paid on or in relation thereto, except for the filings referred to in Clause 10.3 as required by law and the payment of stamp duty of 0.005% as of the date of this Agreement (or such higher or lower percentage as may from time to time be stipulated under the PRC laws and regulations) of the full amount of the RMB Advances hereunder by each of the parties thereto.

4.2 **Additional Covenants.**

- (i) If, at any time and from time to time, any RMB Letter of Credit shall have been issued hereunder (regardless of on whose behalf it shall have been issued) and a Guarantor Event of Default shall have occurred and be

continuing, then, upon the occurrence and during the continuation thereof, the Administrative Agent, after consultation with the RMB Lenders, may, and upon the demand of the Majority RMB Lenders shall, whether in addition to the taking by the Administrative Agent of any of the actions described in this Clause or otherwise, make a demand upon each RMB Borrower for whom a RMB Letter of Credit was issued, and forthwith upon such demand (but in any event within ten (10) days after such demand), each such RMB Borrower shall pay to the RMB Settlement Agent in same day funds for deposit in a special cash collateral account (the "RMB Letter of Credit Collateral Account") to be maintained in the name of the Administrative Agent (on behalf of the RMB Lenders) and under its sole dominion and control at such place as shall be designated by the Administrative Agent, an amount equal to the amount of the RMB Letter of Credit Usage under the RMB Letters of Credit issued for the account of such RMB Borrower. If, at any time and from time to time, any RMB Letter of Credit shall have been issued hereunder for the account of any RMB Borrower and a RMB Borrower Event of Default shall have occurred and be continuing with respect to such RMB Borrower, then, upon the occurrence and during the continuation thereof, the Administrative Agent, after consultation with the RMB Lenders, may, and upon the demand of the Majority RMB Lenders shall, whether in addition to the taking by the Administrative Agent of any of the actions described in this Clause or otherwise, make a demand upon such defaulting RMB Borrower for whom a RMB Letter of Credit was issued, and forthwith upon such demand (but in any event within ten (10) days after such demand), such defaulting RMB Borrower shall pay to the RMB Settlement Agent in same day funds for deposit in the RMB Letter of Credit Collateral Account, an amount equal to the amount of the RMB Letter of Credit Usage under such RMB Letters of Credit issued for the account of such defaulting RMB Borrower. Interest shall accrue on the RMB Letter of Credit Collateral Account at a rate equal to the currently applicable RMB deposit rate published by the People's Bank of China.

- (ii) Each RMB Borrower hereby pledges, assigns and grants to the Administrative Agent, as administrative agent for its benefit and the ratable benefit of the RMB Lenders a lien on and a security interest in, the following collateral (the "RMB Letter of Credit Collateral"):
 - (a) The RMB Letter of Credit Collateral Account, all cash of such RMB Borrower deposited therein and all certificates and instruments, if any, from time to time representing or evidencing the RMB Letter of Credit Collateral Account;

- (b) All notes, certificates of deposit and other instruments from time to time hereafter delivered to or otherwise possessed by the Administrative Agent for or on behalf of such RMB Borrower or substitution for or in respect of any or all of the then existing RMB Letter of Credit Collateral of such RMB Borrower;
- (c) all interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the then existing RMB Letter of Credit Collateral of such RMB Borrower; provided that, if no Event of Default hereunder has occurred and is continuing, any interest, dividends or other earnings received with respect to the RMB Letter of Credit Collateral shall be distributed to RMB Borrower on a monthly basis; and
- (d) to the extent not covered by the above clauses, all proceeds of any or all of the foregoing RMB Letter of Credit Collateral.

The lien and security interest granted hereby secures the payment of all obligations of such RMB Borrower now or hereafter existing hereunder and under any other RMB Loan Document.

- (iii) Each RMB Borrower hereby authorizes the Administrative Agent for the ratable benefit of the RMB Lenders to apply, from time to time after funds of such RMB Borrower are deposited in the RMB Letter of Credit Collateral Account, funds of such RMB Borrower then held in the RMB Letter of Credit Collateral Account to the payment of any amounts, in such order as the Administrative Agent may elect, as shall have become due and payable by such RMB Borrower to the RMB Lenders in respect of the RMB Letters of Credit issued for the account of such RMB Borrower.
- (iv) Neither an RMB Borrower nor any Person claiming or acting on behalf of or through such RMB Borrower shall have any right to withdraw any of the funds held in the RMB Letter of Credit Collateral Account, except as provided in Clauses 4.2(ii) and 4.2(viii) hereof.
- (v) Each RMB Borrower agrees that it will not (i) sell or otherwise dispose of any interest in the RMB Letter of Credit Collateral of such RMB Borrower or (ii) create or permit to exist any lien, security interest or other charge or encumbrance upon or with respect to any of the RMB Letter of Credit Collateral of such RMB Borrower, except for the security interest created

by this Clause 4.2.

(vi) If any Event of Default shall have occurred and be continuing:

(a) With respect to any Guarantor Event of Default under the Master Agreement, the Administrative Agent may, in its sole discretion, without notice to the RMB Borrower except as required by law and at any time from time to time, charge, set off or otherwise apply all or any part of the RMB Letter of Credit Collateral of any RMB Borrower first, (x) amounts previously drawn on any RMB Letter of Credit issued for the account of any RMB Borrower that have not been reimbursed by the applicable RMB Borrower and (y) any RMB Letter of Credit Usage of any RMB Borrower described in clause (ii) of the definition thereof that are then due and payable and second, any other unpaid RMB Obligations then due and payable, in such order as the Administrative Agent shall elect. With respect to any RMB Borrower Event of Default relating to any RMB Borrower, the Administrative Agent may, in its sole discretion, without notice to the RMB Borrower except as required by law and at any time from time to time, charge, set off or otherwise apply all or any part of the RMB Letter of Credit Collateral of such RMB Borrower first, (x) amounts previously drawn on any RMB Letter of Credit issued for the account of such RMB Borrower that have not been reimbursed by such RMB Borrower and (y) any RMB Letter of Credit Usage of any RMB Borrower described in clause (ii) of the definition thereof that are then due and payable from any RMB Borrower and second, any other unpaid RMB Obligations of such RMB Borrower then due and payable, in such order as the Administrative Agent shall elect. The rights of the Administrative Agent under this Clause 4.2 are in addition to any rights and remedies which any RMB Lender may have.

(b) The Administrative Agent may also exercise, in its sole discretion, in respect of the RMB Letter of Credit Collateral Account, in addition to the other rights and remedies provided herein or otherwise available to it, all the rights and remedies of a secured party upon default under applicable law including contract law or guarantee law.

(vii) The Administrative Agent shall be deemed to have exercised reasonable care in the custody and preservation of the RMB Letter of Credit Collateral if the RMB Letter of Credit Collateral is accorded treatment substantially equal to that which the Administrative Agent accords its own property, it being understood that, assuming such treatment, the Administrative Agent shall not have any responsibility or liability with

respect thereof.

- (viii) At such time as all Events of Default have been cured or waived in writing, all amounts of any RMB Borrower remaining in the RMB Letter of Credit Collateral Account shall be promptly returned to such RMB Borrower and, in the case of RMB Letters of Credit maturing after the Final Maturity, upon the return of any such RMB Letter of Credit, any amount of any RMB Borrower attributable to such RMB Letter of Credit shall be promptly returned to such RMB Borrower. Any surplus of the funds of any RMB Borrower held in the RMB Letter of Credit Collateral Account remaining after returning all RMB Letters of Credit maturing after Final Maturity issued for the account of such RMB Borrower shall be paid to such RMB Borrower.

CLAUSE 5 Events of Default

- 5.1 **Events of Default** A “RMB Borrower Event of Default” as to any RMB Borrower shall have occurred if one or more of the following events shall have occurred and be continuing:
- (i) such RMB Borrower shall fail to (i) pay when due any principal of any RMB Advance, or (ii) such RMB Borrower shall fail to pay when due interest on any RMB Advance or any fees or any other amount payable to Administrative Agent or the RMB Lenders hereunder and the same shall continue for a period of five (5) days after the same becomes due;
 - (ii) such RMB Borrower shall fail to observe or perform any covenant or agreement contained in this Agreement (other than those referenced in Clause 5.1(i) hereof) and/or the RMB Security Documents of such RMB Borrower, if any, for 30 days after written notice thereof has been given to such RMB Borrower by the Administrative Agent; or if such default is of such a nature that it cannot with reasonable effort be completely remedied within said period of thirty (30) days such additional period of time as may be reasonably necessary to cure same, provided such RMB Borrower commences such cure within said thirty (30) day period and diligently prosecutes same, until completion, but in no event shall such extended period exceed ninety (90) days; provided, further, that such RMB Borrower, in lieu of such cure, may within such time periods described above, exercise its right under Clause 2.8 to cause such RMB Security Documents to be terminated and released or to select another RMB Secured Option under Clause 2.8, in which event such failure shall be deemed cured;

- (iii) any representation, warranty, certification or statement made by such RMB Borrower in this Agreement or in any certificate, financial statement or other document delivered pursuant to this Agreement shall prove to have been incorrect in any material respect when made (or deemed made) and, with respect to such representations, warranties, certifications or statements not known by such RMB Borrower at the time made or deemed made to be incorrect, the defect causing such representation or warranty to be incorrect when made (or deemed made) is not removed within thirty (30) days after written notice thereof from Administrative Agent to such RMB Borrower;
- (iv) such RMB Borrower shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect, including under PRC law, any corporate action or proceedings are undertaken relating to bankruptcy, civil rehabilitation, commencement of corporate reorganization proceedings, commencement of company arrangement or commencement of special liquidation; and except for any such action taken for the purposes of a reconstruction or amalgamation whilst solvent on terms previously approved by the Administrative Agent or for the appointment of a liquidator, receiver, administrator, administrative receiver, conservator, custodian, trustee or similar officer of it or of any or all of its revenues and assets or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any action to authorize any of the foregoing;
- (v) an involuntary case or other proceeding shall be commenced against such RMB Borrower seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 90 days; or an order for relief shall be entered against such RMB Borrower under the federal or national bankruptcy laws as now or hereafter in effect;

- (vi) at any time, for any reason, such RMB Borrower seeks to repudiate its obligations under any RMB Loan Document;
- (vii) a default by such RMB Borrower beyond any applicable notice or grace period under any of the other RMB Loan Documents to which such RMB Borrower is a party;
- (viii) any assets of such RMB Borrower shall constitute “assets” (within the meaning of ERISA (as defined in the Master Agreement) or Section 4975 of the Code (as defined in the Master Agreement), including but not limited to 29 C.F.R. § 2510.3-101 or any successor regulation thereto) of an “employee benefit plan” within the meaning of Section 3(3) of ERISA or a “plan” within the meaning of Section 4975(e)(1) of the Code; or
- (ix) any RMB Advances made to such RMB Borrower, any of the RMB Loan Documents to which any RMB Borrower is a party or the exercise of any of the Administrative Agent’s or any of the RMB Lender’s rights in connection therewith shall constitute a prohibited transaction under ERISA and/or the Code.

5.2 Remedies

- (i) ***Rights and Remedies with Respect to RMB Borrower Event of Default*** Upon the occurrence of any RMB Borrower Event of Default described in Clauses 5.1(iv), (v), (vi), (viii) and (ix) with respect to such RMB Borrower, the unpaid principal amount of, and any and all accrued interest on, the RMB Advances made to such defaulting RMB Borrower and any and all accrued fees and other RMB Obligations of such defaulting RMB Borrower hereunder shall automatically become immediately due and payable by such defaulting RMB Borrower, with all additional interest from time to time accrued thereon and without presentation, demand, or protest or other requirements of any kind (including, without limitation, valuation and appraisal, diligence, presentment, notice of intent to demand or accelerate and notice of acceleration), all of which are hereby expressly waived by such defaulting RMB Borrower; and upon the occurrence and during the continuance of any other RMB Borrower Event of Default, the Administrative Agent, following consultation with the RMB Lenders, may (and upon the demand of the Majority RMB Lenders shall), by written notice to such defaulting RMB Borrower and AMB Property, L.P., in addition to the exercise of all of the rights and remedies permitted the Administrative Agent and the RMB Lenders under applicable law or under any of the other RMB Loan Documents to which

such defaulting RMB Borrower is a party, declare that the unpaid principal amount of and any and all accrued and unpaid interest on the RMB Advances made to such defaulting RMB Borrower and any and all accrued fees and other RMB Obligations of such defaulting RMB Borrower hereunder to be, and the same shall thereupon be, immediately due and payable with all additional interest from time to time accrued thereon and (except as otherwise provided in the RMB Loan Documents to which such defaulting RMB Borrower is a party) without presentation, demand, or protest or other requirements of any kind (including, without limitation, valuation and appraisal, diligence, presentment, notice of intent to demand or accelerate and notice of acceleration), all of which are hereby expressly waived by such defaulting RMB Borrower.

- (ii) **Enforcement of Rights and Remedies** Notwithstanding anything to the contrary contained in this Agreement or in any other RMB Loan Document, the Administrative Agent and the RMB Lenders each agree that any exercise or enforcement of the rights and remedies granted to the Administrative Agent or the RMB Lenders under this Agreement or under applicable law with respect to this Agreement or any other RMB Loan Documents shall be commenced and maintained by the Administrative Agent on behalf of the Administrative Agent and/or the RMB Lenders. The Administrative Agent shall act at the direction of the Majority RMB Lenders in connection with the exercise of any and all remedies under applicable law or under any of the RMB Loan Documents or, if the Majority RMB Lenders are unable to reach agreement, then, from and after an RMB Borrower Event of Default, the Administrative Agent may pursue such rights and remedies as it may determine.
- (iii) **Notice of Default** The Administrative Agent shall give notice to the RMB Borrower of a RMB Borrower Default promptly upon being requested to do so by the Majority RMB Lenders and shall thereupon notify all the RMB Lenders and the RMB Settlement Agent thereof. The Administrative Agent and the RMB Settlement Agent shall not be deemed to have knowledge or notice of the occurrence of any RMB Borrower Default or RMB Borrower Event of Default (other than nonpayment of principal of or interest on the RMB Advances) unless Administrative Agent or the RMB Settlement Agent has received notice in writing from a RMB Lender or a RMB Borrower or AMB Property, LP referring to this Agreement or the other RMB Loan Documents, describing such event or condition. Should Administrative Agent receive notice of the occurrence of a RMB Borrower Default or RMB

Borrower Event of Default expressly stating that such notice is a notice of a RMB Borrower Default or a RMB Borrower Event of Default, or should Administrative Agent send any RMB Borrower a notice of RMB Borrower Default or RMB Borrower Event of Default, Administrative Agent shall promptly give notice thereof to each RMB Lender.

- (iv) **Remedies and Waivers** No failure to exercise, nor any delay in exercising, on the part of the Administrative Agent, the RMB Settlement Agent or any other RMB Finance Party or any of them, any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy prevent or preclude any further or other exercise thereof or the exercise of any other right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies provided by law.
- (v) **Partial Invalidity** If, at any time, any provision hereof is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions hereof nor the legality, validity or enforceability of such provision under the law of any other jurisdiction shall in any way be affected or impaired thereby.

PART 4

EXPENSES AND INDEMNITY

CLAUSE 6 Expenses.

- 6.1 **Expenses** Each RMB Borrower (provided each RMB Borrower shall only be liable for the enforcement costs incurred with respect to the RMB Loan Documents to which such RMB Borrower is a party) shall pay within thirty (30) days after written notice from the Administrative Agent, (i) all reasonable out-of-pocket costs and expenses of the Administrative Agent (including, without limitation, reasonable fees and disbursements of special counsel Skadden, Arps, Slate, Meagher & Flom LLP and Jun He Law Offices), in connection with the preparation of this Agreement, the other RMB Loan Documents and the documents and instruments referred to therein, and any waiver or consent hereunder or any amendment hereof or any Default or alleged Default hereunder, (ii) all reasonable fees and disbursements of special counsel in connection with the syndication of the RMB Advances, and (iii) if an Event of Default occurs, all reasonable out-of-pocket expenses incurred by the Administrative Agent and each RMB Lender, including, without limitation, fees and disbursements of counsel for

the Agent and each of the RMB Lenders, in connection with the enforcement of the RMB Loan Documents including, without limitation, the RMB Security Documents and any other instruments referred to therein, and such Event of Default and collection, bankruptcy, insolvency and other enforcement proceedings resulting therefrom; provided, however, that the attorneys' fees and disbursements for which any RMB Borrower is obligated under this Clause 6.1 shall be limited to the reasonable non-duplicative fees and disbursements of (A) counsel for Agent and (B) counsel for all of the RMB Lenders as a group; and provided, further, that all other costs and expenses for which any RMB Borrower is obligated under this Clause 6.1 shall be limited to the reasonable non-duplicative costs and expenses of Agent. For purposes of this Clause 6.1, (1) counsel for Agent shall mean a single outside law firm representing Agent and (2) counsel for all of the RMB Lenders as a group shall mean a single outside law firm representing such RMB Lenders as a group (which law firm may or may not be the same law firm representing Agent).

- 6.2 ***RMB Lenders' Liabilities for Costs*** Each RMB Lender shall, ratably in accordance with its RMB Commitment, indemnify the Agent and its affiliates and their respective directors, officers, agents and employees (to the extent not reimbursed by the RMB Borrowers) against any cost, expense (including, without limitation, counsel fees and disbursements), claim, demand, action, loss or liability (except such as result from such indemnitee's gross negligence or willful misconduct) that such indemnitee may suffer or incur in connection with its duties as Agent under this Agreement, the other RMB Loan Documents or any action taken or omitted by such indemnitee hereunder. In the event that Agent shall, subsequent to its receipt of indemnification payment(s) from RMB Lenders in accordance with this section, recoup any amount from any RMB Borrower, or any other party liable therefor in connection with such indemnification, Agent shall refund the indemnification payment(s) to the RMB Lenders which previously made such payment(s) pro rata, based upon the actual amounts which were theretofore paid by each RMB Lenders. Agent shall reimburse such RMB Lenders so entitled to reimbursement within two (2) Business Days of its receipt of such funds from such RMB Borrower or such other party liable therefor.

CLAUSE 7 Indemnity

- 7.1 ***Indemnity*** Each RMB Borrower agrees to indemnify Agent and each RMB Lender, their respective affiliates and the respective directors, officers, agents and employees of the foregoing (each an "RMB Indemnitee") and hold each RMB Indemnitee harmless from and against any and all liabilities, losses, damages, costs and expenses of any kind, including, without limitation, the reasonable fees and disbursements of counsel, which may be incurred by such RMB Indemnitee in connection with any investigative, administrative or judicial proceeding that

may at any time (including, without limitation, at any time following the payment of the RMB Obligations) be asserted against any RMB Indemnitee, as a result of, or arising out of, or in any way related to or by reason of any of the transactions contemplated by the RMB Loan Documents or the execution, delivery or performance of any RMB Loan Document. In addition, the indemnification set forth in this Clause 7.1 in favor of any director, officer, agent or employee of Agent or any RMB Lender shall be solely in their respective capacities as such director, officer, agent or employee. Each RMB Borrower's obligations under this Clause shall survive the termination of this Agreement, the release of a Qualified RMB Borrower pursuant to Clause 2.15 and the payment of the RMB Obligations.

PART 5

PAYMENTS

CLAUSE 8 Currency and Payments

- 8.1 **Currency of Account and Payment** The RMB is the currency of account and payment for each and every sum at any time due from the RMB Borrower hereunder.
- 8.2 **Payments to the RMB Settlement Agent** On each date on which this Agreement requires an amount to be paid by any RMB Borrower or any of the RMB Lenders hereunder, any RMB Borrower or, as the case may be, such RMB Lender shall make the same available to the RMB Settlement Agent by payment in RMB not later than 11:00 a.m. (Beijing time) on the relevant due date in same day funds to the following or such other account or bank as the RMB Settlement Agent may from time to time specify for this purpose.

收款銀行 : 日本三井住友銀行股份有限公司上海分行
收款行大額支付系統號 : 563290000018
收款人 : 日本三井住友銀行股份有限公司上海分行
收款人 : 563290000018

注明付款參考 :

- 8.3 **Alternative Payment Arrangements** If, at any time, it shall become impracticable (by reason of any action of any governmental agency or any change in law, exchange control regulations or any similar event) for the RMB Borrower to make any payments hereunder in the manner specified in Clause 8.2 (*Payments to the Administrative Agent*), then the RMB Borrower may agree with each or any of the RMB Lenders alternative arrangements for the payment directly to such RMB Lender of amounts due to such RMB Lender hereunder, provided that, in the absence of any such agreement with any RMB Lender, the RMB Borrower

shall be obliged to make all payments due to such RMB Lender in the manner specified herein. Upon such agreement being reached between the RMB Borrower and a RMB Lender, the RMB Borrower and such RMB Lender shall immediately notify the RMB Settlement Agent thereof and shall thereafter promptly notify the RMB Settlement Agent of all payments made directly to such RMB Lender.

- 8.4 **Payments by the RMB Settlement Agent** Save as otherwise provided herein, provided that the relevant party deposits the relevant amounts to the account designated by the RMB Settlement Agent by 11:00 a.m. (Beijing time) on the payment due date, each payment received by the RMB Settlement Agent for the account of another Person pursuant to Clause 8.2 (*Payments to the RMB Settlement Agent*) shall be segregated upon receipt and made available by the RMB Settlement Agent to such other Person (in the case of a RMB Lender, for the account of its RMB Facility Office) for value the same day by transfer to such account of such Person as set out in the Fifth Schedule (*Payment Instructions*) or in a Transfer Agreement or such other account with such RMB Lender as such Person shall have previously notified to the RMB Settlement Agent by ten (10) Business Days notice without reduction for or on account of any set-off or counterclaim. The RMB Settlement Agent will not be liable for any delay (or any related consequences) in crediting an account with an amount required under the RMB Loan Documents to be paid by the RMB Settlement Agent if the RMB Settlement Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognized clearing or settlement system used by the RMB Settlement Agent for that purpose.
- 8.5 **No Set-off** All payments required to be made by the RMB Borrower hereunder shall be calculated without reference to any set-off or counterclaim and shall be made free and clear of and without any deduction for or on account of any set-off or counterclaim.
- 8.6 **Order of Repayment** The RMB Settlement Agent shall apply the payments made by any RMB Borrower in order of expenses due and payable hereunder by such RMB Borrower, any penalty interest due from such RMB Borrower, any overdue interest due from such RMB Borrower, interest due from such RMB Borrower, and then principal due from such RMB Borrower which are then due and payable but unpaid, and in any case in accordance with the Payment Instructions, repay the amount it received to the RMB Lenders.
- 8.7 **Treatment of RMB Lenders.** The Agent may treat each RMB Lender as a RMB Lender, entitled to payments under this Agreement and acting through its RMB Facility Office unless it has received not less than five (5) Business Days prior notice from that RMB Lender to the contrary in accordance with the terms of this Agreement.

PART 6

ASSIGNMENTS AND TRANSFERS

CLAUSE 9 *Successors and Assigns; Assignments and Transfers*

- 9.1 The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that the RMB Borrowers may not assign or otherwise transfer any of their rights under this Agreement or the other RMB Loan Documents without the prior written consent of all RMB Lenders and the Administrative Agent and a RMB Lender may not assign or otherwise transfer any of its interest under this Agreement except as set forth in Clause 9.2 and 9.3 below.
- 9.2 Prior to the occurrence of an Event of Default, any RMB Lender may at any time, grant to an existing RMB Lender, one or more banks, finance companies, insurance companies or other financial institutions which are RMB Qualified Institutional Investors (a "Participant") in minimum amounts of not less than the RMB equivalent of JPY350,000,000 (or any lesser amount in the case of participations to an existing RMB Lender) participating interests in its RMB Commitment or any or all of its portion of the RMB Advances proratably. After the occurrence and during the continuance of an Event of Default, any RMB Lender may at any time grant to any Person in any amount (also a "Participant"), participating interests in its RMB Commitment or any or all of its portion of the RMB Advances proratably. Any participation made during the continuation of an Event of Default shall not be affected by the subsequent cure of such Event of Default. In the event of any such grant by a RMB Lender of a participating interest to a Participant, whether or not upon notice to the RMB Borrowers and the Administrative Agent, such RMB Lender shall remain responsible for the performance of its obligations hereunder, and the RMB Borrowers and the Administrative Agent shall continue to deal solely and directly with such RMB Lender in connection with such RMB Lender's rights and obligations under this Agreement. Any agreement pursuant to which any RMB Lender may grant such a participating interest shall provide that such RMB Lender shall retain the sole right and responsibility to enforce the obligations of the RMB Borrowers hereunder including, without limitation, the right to approve any amendment, modification or waiver of any provision of this Agreement; provided that such participation agreement may provide that such RMB Lender will not agree to any modification, amendment or waiver of this Agreement described in clause (i), (ii), (iii) or (iv) of Clause 11 without the consent of the Participant. No participant in any rights and obligations under this Agreement shall be permitted to sell subparticipations of such rights and obligations.

- 9.3 Any RMB Lender (in such capacity, an “Assignor”) may at any time assign to a RMB Qualified Institution (in each case, a “Purchasing Lender”) (i) prior to the occurrence of an Event of Default, in minimum amounts of not less than the RMB equivalent of JPY350,000,000 and integral multiple of the RMB equivalent of JPY1,000,000 thereafter (or any lesser amount in the case of assignments to an existing RMB Lender) and (ii) after the occurrence and during the continuance of an Event of Default, in any amount, all or a proportionate part of all, of its rights and obligations under this Agreement and the other RMB Loan Documents, and, in either case, such Purchasing Lender shall assume such rights and obligations, pursuant to a Transfer Agreement in substantially the form of the Fourth Schedule hereto executed by such Purchasing Lender and such Assignor; provided, that if no Event of Default shall have occurred and be continuing, such assignment shall be subject to the Administrative Agent’s, the RMB Fronting Bank’s and the RMB Borrowers’ consent, which consent shall not be unreasonably withheld or delayed; and provided further that if an Purchasing Lender is an affiliate of such Assignor or was a RMB Lender immediately prior to such assignment, the RMB Borrower’s consent shall not be required. Upon execution and delivery of such instrument and payment by such Purchasing Lender to such Assignor of an amount equal to the purchase price agreed between such Assignor and such Purchasing Lender, such Purchasing Lender shall be a RMB Lender party to this Agreement and shall have all the rights and obligations of a RMB Lender with a RMB Commitment as set forth in such instrument of assumption, and no further consent or action by any party shall be required and such Assignor shall be released from its obligations hereunder to a corresponding extent. In connection with any such assignment (other than an assignment by a RMB Lender to an affiliate), the Assignor shall pay to the RMB Settlement Agent an administrative fee for processing such assignment in the amount of the RMB equivalent of US\$3,500. Any assignment made during the continuation of an Event of Default shall not be affected by any subsequent cure of such Event of Default. No Purchasing Lender of any rights and obligations under this Agreement shall be permitted to further assign less than all of such rights and obligations.
- 9.4 Anything in this Agreement to the contrary notwithstanding, so long as no Event of Default shall have occurred and be continuing, no RMB Lender shall be permitted to enter into an assignment of, or sell a participation interest in, its rights and obligations hereunder which would result in such RMB Lender holding a RMB Commitment without participants of less than the RMB equivalent of JPY350,000,000 unless as a result of a cancellation or reduction of the aggregate RMB Commitments (or in the case of the Administrative Agent, less than the RMB Commitment of any other RMB Lender); provided, however, that no RMB Lender shall be prohibited from assigning its entire RMB Commitment so long as such assignment is otherwise permitted under this Clause 9.

9.5 The Administrative Agent shall notify the RMB Settlement Agent of any assignments or transfers made hereunder prior to the time such action is to take effect.

PART 10

MISCELLANEOUS

CLAUSE 10 Notices

- 10.1 ***Communication in Writing*** Unless otherwise provided by this Agreement, all notices shall be written in English (or accompanied by a certified translation thereof into the English language) and shall be provided to each party in written form. All notices, requests and other communications to any party hereunder shall be in writing (including bank wire, telex, facsimile transmission or electronic communication) and shall be given to such party in accordance with Clause 10.2 and in the case of any RMB Lender, at its address, telex number, facsimile number or email address as provided to the Administrative Agent and the RMB Settlement Agent for this purpose. The Administrative Agent and/or the RMB Settlement Agent shall provide the RMB Borrower with the address, telex number, facsimile number or email address for each RMB Lender. Each such notice, request or other communication shall be effective (i) if given by telex or facsimile transmission, when such telex or facsimile is transmitted to the telex number or facsimile number specified in this Clause 10.1 and the appropriate answerback or facsimile confirmation is received, (ii) if given by certified registered mail, return receipt requested, with first class postage prepaid, addressed as aforesaid, upon receipt or refusal to accept delivery, (iii) if given by a nationally recognized overnight carrier, 48 hours after such communication is deposited with such carrier with postage prepaid for next day delivery, (iv) if given or made by email or any other electronic communication, when received in legible form or (v) if given by any other means, when delivered at the address specified in this Clause 10.1; provided that notices to the Administrative Agent under Clause 2 or Clause 3 shall not be effective until received.

Address All notices under this Agreement shall be delivered to the following designated addresses. In case there is any change, fifteen (15) Business Days' prior written notice should be given to each party:

The Initial RMB Borrower: []

Address:

Tel :

Fax :

The Administrative Agent:

Sumitomo Mitsui Banking Corporation, New York Branch

Address : 277 Park Avenue, 6th Floor

New York, New York 10172

Tel : 212-224-4178

Fax : 212-224-4887

E-mail Address: csullivan@smbc-lf.com

with a copy to the RMB Settlement Agent

The RMB Settlement Agent:

Sumitomo Mitsui Banking Corporation, Shanghai Branch

Address : 30th Floor, HSBC Tower

1000 Lujiazui Ring Road

Pudong New Area

Shanghai 200120, PRC

Tel : (8621) 6841-5000 x472

Fax : (8621) 6841 5111

E-mail Address: chris-xu@cn.smbc.co.jp

Attention: Chris Xu, Assistant Vice President, Business Promotion Dept. –IV,
Multinational Corporate Banking, China Region

with a copy to:

Sumitomo Mitsui Banking Corporation, Debt Capital Markets Department

Address: 7-8/F, One International Finance Centre

1 Harbour View Street

Central Hong Kong

Tel

Fax: (852) 2206 2988

Email Address: stella.fong@smbc.com.hk/jennifer.yu@smbc.com.hk

Attention: Agent Services, Debt Capital Markets Department

with a copy to the Administrative Agent (unless it is otherwise receiving notice)

- 10.3 **Filing with PBOC** Upon execution of this Agreement, the Administrative Agent shall file the Master Agreement and this Agreement. with the local branch of the People's Bank of China and/or the local branch of the China Banking Regulatory Commission, as required by law.

CLAUSE 11 Amendments

- 11.1 **Amendment** Except as provided in Section 9.5(b) of the Master Agreement, any provision of this Agreement or the RMB Letters of Credit or other RMB Loan Documents may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by the RMB Borrowers and the Majority RMB Lenders (and, if the rights or duties of the Administrative Agent, the RMB Settlement Agent or the RMB Fronting Bank in their capacity as Administrative Agent, the RMB Settlement Agent or the RMB Fronting Bank, as applicable, are affected thereby, by the Administrative Agent, the RMB Settlement Agent or the RMB Fronting Bank, as applicable); provided that no amendment or waiver with respect to this Agreement, the RMB Letters of Credit or any other RMB Loan Documents shall, unless signed by all the RMB Lenders, (i) increase or decrease the RMB Commitment of any RMB Lender (except for a ratable decrease in the RMB Commitments of all RMB Lenders) or subject any RMB Lender to any additional obligation, (ii) reduce the principal of or rate of interest on any RMB Advance or any fees hereunder, (iii) postpone the date fixed for any payment of principal of or interest on any RMB Advance or any fees hereunder or for any reduction or termination of any RMB Commitment, (iv) change the percentage of the RMB Commitments, or the number of RMB Lenders, which shall be required for the RMB Lenders or any of them to take any action under this Clause or any other provision of this Agreement or (v) modify the provisions of this Clause 11. Notwithstanding the foregoing, an amendment or waiver which relates to the rights or obligations of any Agent may not be effected without the consent of such Agent.

CLAUSE 12 Counterparts; Integration; Effectiveness

- 12.1 **Counterparts; Integration; Effectiveness and Termination** This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement constitutes the entire agreement and understanding among the parties hereto and supersedes any and all prior agreements and understandings, oral or written, relating to the subject matter hereof. This Agreement shall become effective upon receipt by the Administrative Agent, the

RMB Lenders and the Initial RMB Borrowers of counterparts hereof signed by each of the parties hereto (or, in the case of any party as to which an executed counterpart shall not have been received, receipt by the Administrative Agent in form satisfactory to it of telegraphic, telex or other written confirmation from such party of execution of a counterpart hereof by such party). This Agreement shall terminate when all principal, interest, penalty interests and any other payable expenses for the RMB Facility hereunder have been repaid in full and no RMB Commitments remain outstanding.

CLAUSE 13 Language and Copies

- 13.1 **Language and Copies** There shall be five (5) copies for each original and each party shall keep one original of each version; certain copies for the counterpart shall be sent to relevant parties. RMB Borrower shall pay stamp duty for the RMB Borrower's copy of this Agreement. The RMB Lenders shall pay stamp duty for any RMB Lenders' copy(ies).

CLAUSE 14 Law and Jurisdiction

- 14.1 **PRC Law** The execution and implementation of this Agreement and any disputes relating to this Agreement shall be governed by and construed in accordance with the laws of the PRC.

- 14.2 **Dispute Resolution** Any dispute arising from, out of, or in connection with this Agreement shall be settled by the parties through friendly consultation.

Any dispute arising from, out of, or in connection with this Agreement, which cannot be settled by the parties themselves, shall be referred to China International Economic and Trade Arbitration Commission Shanghai Sub-commission (the "CIETAC") for arbitration which shall be conducted in accordance with the CIETAC's arbitration rules in effect at the time of applying for arbitration.

The arbitral tribunal shall consist of three arbitrators to be appointed as follows: The Lenders shall jointly appoint one arbitrator and the RMB Borrower shall jointly appoint one arbitrator. The two arbitrators thereby appointed shall jointly nominate a third arbitrator, who shall be the presiding arbitrator. The presiding arbitrator shall be of a nationality different than those of the Parties. The arbitration shall be conducted in Shanghai, People's Republic of China. The language of the arbitration shall be English. The arbitral award rendered by the arbitral tribunal shall be final and binding upon both parties.

CLAUSE 15 Taxes

15.1 *Taxes* Any taxes and duties incurred on execution and performance of this Agreement shall be paid and borne respectively by the RMB Borrower and the RMB Lenders in accordance with the PRC law.

Part 11

APPOINTMENT OF RMB SETTLEMENT AGENT

Clause 16 RMB Settlement Agent

16.1 Each of the RMB Finance Parties (other than the RMB Settlement Agent) hereby appoints Sumitomo Mitsui Banking Corporation, Shanghai Branch as its settlement agent in relation to the RMB Loan Documents, and Sumitomo Mitsui Banking Corporation, Shanghai Branch hereby accepts such appointment upon the terms and conditions mutually agreed between the parties.

16.2 Article VII of the Master Agreement (except Sections 7.6 and 7.10) shall be incorporated herein mutatis mutandis.

AS WITNESS, the hands of the duly authorized representatives of the parties hereto sign this Agreement on the day and year first before written.

The Initial RMB Borrower:

WEALTH ZIPPER (SHANGHAI) PROPERTY DEVELOPMENT CO., LTD.

Representative: /s/ Oliver Treneman

Name: Oliver Treneman

Title: Vice President

[Signature Page to Credit Agreement]

The Administrative Agent and Sole Lead Arranger and Bookmanager:

SUMITOMO MITSUI BANKING CORPORATION, NEW YORK BRANCH

Representative: /s/ William M. Ginn
Name: William M. Ginn Title:
General Manager

[Signature Page to Credit Agreement]

The RMB Settlement Agent and a RMB Lender:

SUMITOMO MITSUI BANKING CORPORATION, SHANGHAI BRANCH

Representative: /s/ Kan Nagahisa

Name: Kan Nagahisa

Title: Senior Vice President and

Head of Multinational Corporate Banking, China Region



[Signature Page to Credit Agreement]

A RMB LENDER:

THE BANK OF NOVA SCOTIA

Representative : /s/ Judith Ki _____
Name: Judith Ki
Title: Branch Manager — Guangzhou

[Signature Page to Credit Agreement]

THE FIRST SCHEDULE

The RMB Lenders and their RMB Commitments

<u>RMB Lender</u>	<u>RMB Commitment</u>	<u>Percentage</u>
Sumitomo Mitsui Banking Corporation, Shanghai Branch	375,000,000 Chinese Renminbi	75%
The Bank of Nova Scotia	125,000,000 Chinese Renminbi	25%
	500,000,000 Chinese Renminbi	100%

THE SECOND SCHEDULE

Conditions Precedent Documents

1. Security Documents (if a RMB Borrower exercises RMB Secured Option under Clause 9)

- (1) the relevant land use or title certificates in respect of the RMB Secured Property and such other documents relating to the lawful ownership of the RMB Secured Property including, without limitation, if the RMB Secured Option is a RMB Mortgage, all title documents, approvals and consents relating to assets mortgaged by such RMB Borrower.
- (2) the Security Documents (including, without limitation, the Mortgages and/or Share Pledges) duly executed by the parties thereto and all documents required thereunder.
- (3) the relevant board and/or shareholders' resolutions authorising the Security Documents.
- (4) if the RMB Secured Option is a RMB Mortgage, all the relevant mortgage registration certificates in respect of the RMB Secured Property issued in favour of the Administrative Agents (on behalf of the RMB Lenders).
- (5) if the RMB Secured Option is a RMB Mortgage, the property insurance naming Administrative Agent (on behalf of the RMB Lenders) as additional insured.
- (6) evidence of due payment of all stamp duty, taxes and other fees and charges payable in respect of the Security Documents.

2. Corporate Documents

Each RMB Borrower shall submit the true copies of the following documents (the documents referred to herein and which are required to be certified true copies, shall be certified a true copy of the original by a duly authorized officer of the RMB Borrower):

- (1) the current Joint Venture Contract and/or Articles of Association and any other related documents consisting of the Joint Venture Contract and/or Articles of Association;
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- (2) the approval documents issued by Ministry of Commerce or its authorized branches in respect to the Articles of Association of the RMB Borrower;
 - (3) the valid Certificate of Approval for Enterprises with Foreign Investment of the RMB Borrower issued by Ministry of Commerce or its authorized branches;
 - (4) the valid Business License of the RMB Borrower issued by the State Administration for Industry and Commerce or its authorized branches;
 - (5) the Organisation and Institution Code Certificate of the RMB Borrower;
 - (6) the State and local Tax Registration Certificate of the RMB Borrower;
 - (7) the Finance Registration Certificate of the RMB Borrower;
 - (8) the Customs Registration Certificate of the RMB Borrower;
 - (9) a list of the directors of the RMB Borrower and the photocopies of the specimen signatures of authorized representative by the board of directors;
 - (10) the verification report issued by a public accountant firm verifying the shareholder of the RMB Borrower has paid in the registered capital of the RMB Borrower;
 - (11) the resolution of the board of directors of the RMB Borrower to approve the drawdown of the RMB Advances according to this Agreement and to authorize one or more Persons to sign this Agreement, the Notice of RMB Borrowing and the request to the RMB Fronting Bank for issuance of any RMB Letter of Credit and other documents relating to this Agreement, and the photocopies of the specimen signatures of such authorized representative.
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THE THIRD SCHEDULE

Form of Notice of RMB Borrowing (format)

To: Sumitomo Mitsui Banking Corporation, Shanghai Branch
as RMB Settlement Agent

Dated: []

Dear Sirs,

1. We refer to the RMB revolving credit agreement (as from time to time amended, varied, novated or supplemented, the **RMB Loan Agreement**) dated October ____, 2007 and made between, *inter alia*, the undersigned as RMB Borrower, Sumitomo Mitsui Banking Corporation, New York Branch, as Administrative Agent and Sole Lead Arranger and Bookmanager, you as RMB Settlement Agent and the financial institutions named therein as RMB Lenders. Terms defined in the RMB Loan Agreement shall have the same meaning in this notice.
 2. We hereby give you notice that, pursuant to the RMB Loan Agreement and on [*insert date of proposed RMB Advance*], we wish to borrow an RMB Advance in an amount of RMB [*insert amount*] upon the terms and subject to the conditions contained therein. The intended Interest Period of this drawdown is_____.
 3. The RMB Advance shall be used exclusively for the purposes specified in Clause 2.11 of the RMB Loan Agreement.
 4. We hereby confirm that the representations and warranties set out in the RMB Loan Agreement pursuant to Clause 4 thereof (in each case, other than representations and warranties which expressly speak as of a different date) are true in all material respects and shall remain true on and as of the date of the RMB Advance requested in this Drawdown Notice.
 5. No Guarantor Default or Guarantor Event of Default, and no RMB Borrower Default or RMB Borrower Event of Default with respect to the undersigned, has occurred and is continuing or will result after giving effect to the RMB Advance requested in this Notice of RMB Borrowing.
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6. The amounts available for drawing under the following RMB Facility are:

RMB Advance RMB_____

[insert amount]

7. Please arrange for proceeds of this drawdown to be credited, to our account, number [] with [], for the account of []

8. Please note that the project information for this drawdown is as follows:-

(i) Borrower:

(ii) Date of RMB Advance:

(iii) Project:

A. Project Name:

B. Project Location:

C. Land Size, if known (estimate):

D. Building Size, if known (estimate):

E. Estimated Substantial Completed Date:

F. Estimated Preliminary Project Budget:

Yours faithfully

[signature block of applicable RMB Borrower]

cc: Sumitomo Mitsui Banking Corporation, New York Branch Sumitomo Mitsui Banking Corporation (Debt Capital Markets Department in Hong Kong)

THE FOURTH SCHEDULE

Form of Transfer Agreement

TRANSFER AGREEMENT

Relating to the RMB Revolving Credit Agreement (as from time to time amended, varied, novated or supplemented, the **RMB Loan Agreement**), dated October __, 2007, by and among Wealth Zipper (Shanghai) Property Development Co., Ltd., as Initial RMB Borrower, Sumitomo Mitsui Banking Corporation, New York Branch, as Administrative Agent and Sole Lead Arranger and Bookmanager, Sumitomo Mitsui Banking Corporation, Shanghai Branch, as RMB Settlement Agent and the financial institutions named therein as RMB Lenders.

This TRANSFER AGREEMENT (this "Transfer Agreement") dated as of _____, 200__ between _____ (the "Assignor") and _____ having an address at _____ (the "Purchasing Lender").

Terms defined in the RMB Loan Agreement shall, subject to any contrary indication, have the same meanings herein.

1. In consideration of the amount set forth in the receipt (the "Receipt") given by Assignor to Purchasing Lender of even date herewith, and transferred by wire to Assignor, Assignor hereby assigns and sells, without recourse, representation or warranty except as specifically set forth herein, to the Purchasing Lender, and the Purchasing Lender hereby purchases and assumes from Assignor, a __% interest (the "Purchased Interest") of the RMB Advances constituting a portion of the Assignor's rights and obligations under the RMB Loan Agreement as of the Effective Date (as defined below) including, without limitation, such percentage interest of the Assignor in any RMB Advances owing to the Assignor, any RMB Commitment of Assignor and any other interest of the Assignor under any of the RMB Loan Documents.
 2. The Assignor (i) represents and warrants that as of the date hereof the aggregate outstanding principal amount of its share of the RMB Advances owing to it (without giving effect to assignments thereof which have not yet become effective) is \$ _____; (ii) represents and warrants that it is the legal and beneficial owner of the interests being assigned by it hereunder and that such interests are free and clear of any adverse claim; (iii) represents and warrants that it has not received any notice of any Default or Event of Default from any RMB Borrower; (iv) represents and warrants that it has full power and authority to execute and deliver,
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and perform under, this Transfer Agreement, and all necessary corporate, partnership and/or other action has been taken to authorize, and all approvals and consents have been obtained for, the execution, delivery and performance thereof; (v) represents and warrants that this Transfer Agreement constitutes its legal, valid and binding obligation enforceable in accordance with its terms; (vi) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations (or the truthfulness or accuracy thereof) made in or in connection with the RMB Loan Agreement, or the other RMB Loan Documents or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the RMB Loan Agreement, or the other RMB Loan Documents or any other instrument or document furnished pursuant thereto; and (vii) makes no representation or warranty and assumes no responsibility with respect to the financial condition of any RMB Borrower or the performance or observance by any RMB Borrower of any of its obligations under the RMB Loan Agreement or the other RMB Loan Documents or any other instrument or document furnished pursuant thereto. Except as specifically set forth in this Paragraph 2, this assignment shall be without recourse to Assignor.

3. The Purchasing Lender (i) confirms that it has received a copy of the RMB Loan Agreement, and the other RMB Loan Documents, together with such financial statements and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Transfer Agreement and to become a party to the RMB Loan Agreement, and has not relied on any statements made by Assignor; (ii) agrees that it will, independently and without reliance upon any of the Administrative Agent, the Assignor or any other RMB Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own appraisal of and investigation into the business, operations, property, prospects, financial and other conditions and creditworthiness of the RMB Borrowers and will make its own credit analysis, appraisals and decisions in taking or not taking action under the RMB Loan Agreement, and the other RMB Loan Documents; (iii) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under the RMB Loan Agreement, and the other RMB Loan Documents as are delegated to the Administrative Agent by the terms thereof, together with such powers as are incidental thereto; (iv) agrees that it will be bound by and perform in accordance with their terms all of the obligations which by the terms of the RMB Loan Agreement are required to be performed by it as a RMB Lender; (v) specifies as its addresses for notices and its RMB Facility Office, the addresses and offices set forth beneath its name on the signature page hereof; (vi) represents and warrants that it has full power and authority to execute and deliver, and perform under, this Transfer Agreement, and all necessary corporate, partnership and/or other action has been taken to authorize, and all approvals and consents have been obtained for, the execution, delivery and performance thereof; (vii) represents and warrants that this Transfer Agreement constitutes its legal, valid and binding obligation enforceable in accordance with
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its terms; (viii) represents and warrants that the interest being assigned hereunder is being acquired by it for its own account, for investment purposes only and not with a view to the public distribution thereof and without any present intention of its resale in either case that would be in violation of applicable securities laws; and represents and warrants that it satisfies the requirements of a RMB Qualified Institution.

4. This Transfer Agreement shall be effective on the date (the "Effective Date") on which all of the following have occurred (i) it shall have been executed and delivered by the parties hereto, (ii) copies hereof shall have been delivered to the Administrative Agent, AMB Property, L.P. and the RMB Borrowers, and (iii) the Purchasing Lender shall have paid to the Assignor the agreed purchase price as set forth in the Receipt.
 5. On and after the Effective Date, (i) the Purchasing Lender shall be a party to the RMB Loan Agreement and, to the extent provided in this Transfer Agreement, have the rights and obligations of a RMB Lender thereunder and be entitled to the benefits and rights of the RMB Lenders thereunder and (ii) the Assignor shall, to the extent provided in this Transfer Agreement as to the Purchased Interest, relinquish its rights and be released from its obligations under the RMB Loan Agreement.
 6. From and after the Effective Date, the Assignor shall cause the RMB Settlement Agent to make all payments under the RMB Loan Agreement in respect of the Purchased Interest assigned hereby (including, without limitation, all payments of principal, fees and interest with respect thereto and any amounts accrued but not paid prior to such date) to the Purchasing Lender.
 7. This Transfer Agreement may be executed in any number of counterparts which, when taken together, shall be deemed to constitute one and the same instrument.
 8. The Assignor hereby represents and warrants to Purchasing Lender that it has made all payments demanded to date by the Administrative Agent or RMB Settlement Agent in connection with the Assignor's RMB Commitment Proportion of the obligation to reimburse the Administrative Agent or RMB Settlement Agent for its expenses and made all RMB Advances required. In the event the Administrative Agent or RMB Settlement Agent shall demand reimbursement for fees and expenses from Purchasing Lender for any period prior to the Effective Date, Assignor hereby agrees to promptly pay the Administrative Agent or RMB Settlement Agent such sums directly, subject, however, to Paragraph 12 hereof.
 9. The Assignor will, at its sole cost and expense, and without expense to Purchasing Lender, do, execute, acknowledge and deliver all and every such further acts, deeds, conveyances, assignments, notices of assignments, transfers and assurances as Purchasing Lender shall, from time to time, reasonably require, for the better
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assuring, conveying, assigning, transferring and confirming unto Purchasing Lender the property and rights hereby given, granted, bargained, sold, aliened, enfeoffed, conveyed, confirmed, assigned and/or intended now or hereafter so to be, on which Assignor may be or may hereafter become bound to convey or assign to Purchasing Lender, or for carrying out the intention or facilitating the performance of the terms of this Transfer Agreement or for filing, registering or recording this Transfer Agreement.

10. The parties agree that no broker or finder was instrumental in bringing about this transaction. Each party shall indemnify, defend the other and hold the other free and harmless from and against any damages, costs or expenses (including, but not limited to, reasonable attorneys' fees and disbursements) suffered by such party arising from claims by any broker or finder that such broker or finder has dealt with said party in connection with this transaction.
 11. Subject to the provisions of Paragraph 12 hereof, if, with respect to the Purchased Interest only, Assignor shall on or after the Effective Date receive (a) any cash, note, securities, property, obligations or other consideration in respect of or relating to the RMB Advances or the RMB Loan Documents or issued in substitution or replacement of the RMB Advances or the RMB Loan Documents, (b) any cash or non-cash consideration in any form whatsoever distributed, paid or issued in any bankruptcy proceeding in connection with the RMB Advances or the RMB Loan Documents or (c) any other distribution (whether by means of repayment, redemption, realization of security or otherwise), Assignor shall accept the same as Purchasing Lender's agent and hold the same in trust on behalf of and for the benefit of Purchasing Lender, and shall deliver the same forthwith to Purchasing Lender in the same form received, with the endorsement (without recourse) of Assignor when necessary or appropriate. If the Assignor shall fail to deliver any funds received by it within the same Business Day of receipt unless such funds are received after 1:00 p.m. Shanghai time, then the following Business Day after receipt, said funds shall accrue interest at the rate of _____ and in addition to promptly remitting said amount, Assignor shall remit such interest from the date received to the date such amount is remitted to the Purchasing Lender.
 12. Assignor and Purchasing Lender each hereby agree to indemnify and hold harmless the other, each of its directors and each of its officers in connection with any claim or cause of action based on any matter or claim based on the acts of either while acting as a RMB Lender under the RMB Loan Agreement. Promptly after receipt by the indemnified party under this Clause of notice of the commencement of any action, such indemnified party shall notify the indemnifying party in writing of the commencement thereof. If any such action is brought against any indemnified party and that party notifies the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein, and to the extent that it may elect by written notice delivered
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to the indemnified party promptly after receiving the aforesaid notice from such indemnified party, to assume the defense thereof, with counsel satisfactory to such indemnified party, and after receipt of notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party under this Clause for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof. In no event shall the indemnified party settle or consent to a settlement of such cause of action or claim without the consent of the indemnifying party.

13. THIS TRANSFER AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF [THE STATE OF NEW YORK PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW, WITHOUT REGARD TO CHOICE OF LAW RULES].
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Transfer Agreement Schedule

1. Assignor:
2. Purchasing Lender:
3. Effective Date:
4. Amount of RMB Advances and/or RMB Commitment Transferred:
5. Amount of Commitment Transferred:

Administrative Details of Purchasing Lender

Address:

Contact Name:

RMB Payment Instructions:

Telex:

Fax:

Telephone:

E-mail Address:

THE FIFTH SCHEDULE

Payment Instructions

RMB Lender's name [PLEASE INCLUDE NAME OF BRANCH/OFFICE]:

Pay to:

RMB Lender's name:

Pay to:

CERTIFICATIONS

I, Hamid R. Moghadam, certify that:

- (1) I have reviewed this quarterly report on Form 10-Q of AMB Property Corporation;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

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

Date: November 9, 2007

I, Thomas S. Olinger, certify that:

- (1) I have reviewed this quarterly report on Form 10-Q of AMB Property Corporation;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

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

Date: November 9, 2007

Certification of Chief Executive Officer and Chief Financial Officer

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

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

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

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

Date: November 9, 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.