

## **AMB Property Corporation Partners With 10 Institutional Investors to Form AMB Institutional Alliance Fund II**

### **Company Announces Closing of New Private Capital Fund Targeting High Throughput Distribution Facilities**

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SAN FRANCISCO

AMB Property Corporation today announced the first closing of AMB Institutional Alliance Fund II. Ten pension funds, foundations, insurance companies and private investors have joined AMB in a partnership to invest in distribution facilities throughout the U.S.

Among the investors in Alliance Fund II are Citigroup Pension Plan, the John D. and Catherine T. MacArthur Foundation and The Bush Foundation. Five of the 10 investors were partners in Alliance Fund I, which closed in March 2000.

Hamid R. Moghadam, chairman and CEO stated, "Accessing private capital remains central to AMB's business model. Over the last 18 years, we have developed the infrastructure to work with private investors and have produced a successful track record of investing on their behalf." He continued, "Private capital gives us the ability to expand our operating platform, increase our return on invested capital and keep our common equity scarce."

"The investment objective of this partnership parallels AMB's strategy of acquiring and developing High Throughput Distribution(TM) facilities in major U.S. cities near airports, ports and key interstate highways," said John T. Roberts, Jr., president of AMB Investment Management.

"Private investors are attracted to AMB's strong performance, its ability to deploy capital quickly and its strategy of owning distribution properties in supply-constrained areas of major metro markets," added Mr. Roberts.

At closing, Alliance Fund II owned five properties consisting of 17 buildings, acquired by AMB on behalf of the Fund for \$111 million between October of 2000 and May of 2001. Total equity committed to the Fund by investors and AMB is \$200 million. At closing, 5% of the equity capital committed had been contributed by investors and AMB. Bank of America N.A. provided Alliance Fund II with a credit facility of \$125 million to finance the remaining capital requirements, of which \$100 million was drawn at closing. Proceeds from the equity contribution and financing were used to repay loans made by AMB and to acquire the properties. When combined with additional financings, not to exceed 50% of the total of the value of the Fund's assets, the total capitalization of Alliance Fund II is expected to be \$400 million.

AMB expects to be the largest investor in Alliance Fund II with a minimum equity ownership of 20%. AMB, as general partner, will receive acquisition fees and a priority distribution for asset and portfolio management obligations. AMB has the ability to receive additional incentive distributions if it exceeds certain internal rate of return benchmarks. A second and final closing is expected to occur in the third quarter of 2001.

AMB Property Corporation is one of the leading owners and operators of industrial real estate nationwide. As of March 31, 2001, AMB owned, managed and had renovation and development projects totaling 93 million square feet and 998 buildings in 27 metropolitan markets. AMB targets

High Throughput Distribution(TM) properties -- industrial properties located in major distribution markets near airports, seaports and ground transportation systems. These HTD(TM) facilities are built for speed and benefit from barriers to entry due to their supply-constrained locations and proximity to large customer bases. AMB -- A tradition of nontraditional thinking(TM).

This press release contains forward-looking statements about business strategy and future plans, which are made pursuant to the safe-harbor provisions of Section 21E of the Securities Exchange Act of 1934. Forward-looking statements involve numerous risks and uncertainties and should not be relied upon as predictions of future events. The events or circumstances reflected in our forward-looking statements might not occur. In particular, a number of factors could cause AMB's actual results to differ materially from those anticipated, including, among other things, defaults on or non-renewal of leases by tenants, increased interest rates and operating costs, AMB's failure to obtain necessary outside financing, difficulties in identifying properties to acquire and in effecting acquisitions, AMB's failure to successfully integrate acquired properties and operations, AMB's failure to timely reinvest proceeds from any such dispositions, risks and uncertainties affecting property development and construction (including construction delays, cost overruns, AMB's inability to obtain necessary permits and public opposition to these activities), AMB's failure to qualify and maintain our status as a real estate investment trust under the Internal Revenue Code, environmental uncertainties, risks related to natural disasters, financial market fluctuations, changes in real estate and zoning laws and increases in real property tax rates. AMB's success also depends upon economic trends generally, including interest rates, income tax laws, governmental regulation, legislation and population changes. For further information on these and other factors that could impact AMB and the statements contained herein, reference should be made to AMB's filings with the Securities and Exchange Commission, including AMB's quarterly report on Form 10-Q for the quarter ended March 31, 2001.

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SOURCE: AMB Property Corporation

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