

AMB Property Corporation Announces Fourth Quarter and Full-Year 2000 Results

Highlights -- Adjusted earnings per share for the fourth quarter was \$0.34, a 6.3% increase from the fourth quarter 1999 -- FFO per share for the fourth quarter was \$0.60, an 11.1% increase over the fourth quarter 1999 -- Same store NOI growth in the fourth quarter was 11.2%, driven by 31.1% rental increases -- Issued \$225 million of fixed rate senior unsecured notes at an average rate of 7.5% under medium-term note program during the fourth quarter 2000 -- Acquired \$730 million of HTD(TM) industrial properties in 2000 -- Completed \$144 million of renovation and development projects in 2000 -- Disposed of \$176 million of non-core assets and exited three non-core markets in 2000

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AMB Property Corporation today reported adjusted earnings per share (EPS), before gain, extraordinary and one-time items of \$1.33, reflecting an increase of 8.1% for the year. Adjusted EPS for the fourth quarter was \$0.34, an increase of 6.3% over the fourth quarter 1999. Fully diluted EPS for the fourth quarter and year ended December 31, 2000 was \$0.28 and \$1.35, respectively, reflecting a decrease of 51.7% and 30.4% over the same periods in 1999.

Funds from Operations (FFO) rose to a record \$2.32 per fully diluted share for the full-year 2000, a 10.5% increase over 1999. Fourth quarter FFO per fully diluted share increased 11.1% over the fourth quarter of 1999 to \$0.60. Since going public in the fourth quarter of 1997, AMB has grown FFO per share by an average of 11.9% per year.

The strength of AMB's operating properties, located in major metropolitan markets, was illustrated by an 8.4% increase in internal growth for the year and 11.2% for the quarter, measured by same store cash basis net operating income. Same store growth for the year was driven by a 28.0% increase in same store base rents on leases commencing during the year and 58.9% tenant retention at the same-store properties. For the entire portfolio, rent increases on new leases signed during the year were 26.5% and occupancy was 96.3% at year-end, up from 95.9% at year-end 1999.

"The strong fourth quarter and full-year 2000 financial results, in the face of an economic slowdown and significant stock market declines, affirm our strategy to dispose of nearly \$1 billion of retail assets and focus our investment strategy on industrial real estate located in supply-constrained markets nationwide," stated Hamid R. Moghadam, chairman and CEO of AMB.

During the year, AMB continued to sharpen its hub market HTD(TM) focus by exiting smaller, non-strategic markets and through the disposition of non-core assets. Dispositions totaled \$176 million in 2000, including \$68 million in the fourth quarter. W. Blake Baird, president of AMB, stated "Our long-term capital recycling and private equity funding efforts are on track and we have made significant progress this past year executing our investment strategy."

AMB acquired 57 industrial buildings totaling 4.8 million square feet for \$322 million during the fourth quarter, including the acquisition of a 95% interest in 20 on-tarmac air cargo facilities at eight U.S. airports from investors in Aviation Facilities Company (AFCO). This acquisition makes AMB one of the largest owners of on-tarmac air cargo facilities in the U.S. and allows AMB to better serve existing customers and to expand relationships with new airport-related customers.

AMB acquired \$730 million of HTD(TM) industrial assets in 2000, totaling 10.5 million square feet. "The AFCO acquisition and the presence we established surrounding New York's JFK airport exemplify our strategy," said Baird.

AMB completed and stabilized 12 industrial development and renovation projects for a total investment of \$144 million, including five projects in the fourth quarter totaling \$70 million. The company's industrial development pipeline currently stands at \$306 million and consists of 5.5 million square feet, of which \$163 million, or 53%, has been funded.

AMB Institutional Alliance Fund I, a multi-investor fund including 16 pension funds, foundations and endowments that have co-invested alongside AMB, has invested \$315 million in operating assets and committed \$63 million to renovation and development projects. "AMB has been able to grow our core business through access to private capital sources," said John T. Roberts, president of AMB Investment Management. "Our private capital strategy continues an 18-year tradition of meeting institutional investors real estate needs,

and today, allows us to maximize value for our public stockholders."

Financing activity during the quarter strengthened the balance sheet and provided additional flexibility to the debt maturity schedule. During the fourth quarter AMB issued \$75 million of 10-year notes at a fixed rate of 8.0% and \$150 million of five-year notes at a fixed rate of 7.2%. In 2000, AMB issued a total of \$280 million of notes under the medium-term note (MTN) program at an average rate of 7.6%. "Despite the capital market pressure that the REIT industry faces, AMB has successfully managed its balance sheet through its capital recycling program, the repayment of mortgage debt and by opportunistically tapping the public debt market through our MTN program," said Michael A. Coke, chief financial officer.

AMB will host its fourth quarter 2000 conference call tomorrow, January 23, 2001 at 11:00 A.M. PDT/ 2:00 P.M. EDT. You will have the opportunity to listen to the conference call over the Internet through AMB's website at <http://www.amb.com/>. To listen to the call live, please go to the web site at least fifteen minutes early to register, download, and install any necessary audio software. For those who are not able to listen to the live broadcast, a replay will be available from our website shortly after the call.

AMB Property Corporation is one of the leading owners and operators of industrial real estate nationwide. As of December 31, 2000, AMB owned, managed and had renovation and development projects totaling 92 million square feet and 1005 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).

AMB's press releases are available on the company website at <http://www.amb.com/> or by contacting the Investor Relations department toll-free at 877-285-3111.

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 September 30, 2000.

CONSOLIDATED BALANCE SHEETS
(dollars in thousands)

| | Dec. 31, 2000 | Sept. 30, 2000 | June 30, 2000 | March 31, 2000 | Dec. 31, 1999 |
|------------------|------------------|-------------------|------------------|-------------------|------------------|
| Assets | | | | | |
| Investments | | | | | |
| in real estate: | | | | | |
| Total | | | | | |
| investments in | | | | | |
| properties | \$4,026,597 | \$3,787,451 | \$3,564,744 | \$3,288,333 | \$3,249,452 |
| Accumulated | | | | | |
| depreciation | (177,467) | (160,880) | (142,037) | (120,193) | (103,558) |
| Net investments | | | | | |
| in properties | 3,849,130 | 3,626,571 | 3,422,707 | 3,168,140 | 3,145,894 |
| Investment in | | | | | |
| unconsolidated | | | | | |
| joint ventures | 80,432 | 77,981 | 77,959 | 67,414 | 66,357 |
| Properties held | | | | | |
| for divestiture, | | | | | |
| net | 197,146 | 149,842 | 235,359 | 232,109 | 181,201 |

| | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|
| Net investments in real estate | 4,126,708 | 3,854,394 | 3,736,025 | 3,467,663 | 3,393,452 |
| Cash and cash equivalents | 42,722 | 37,840 | 21,674 | 89,094 | 137,019 |
| Mortgage receivables | 115,969 | 77,920 | -- | -- | -- |
| Accounts receivable, net | 69,874 | 67,667 | 55,157 | 54,064 | 35,516 |
| Investments in affiliated companies | 35,731 | 27,388 | 3,436 | 10,349 | 150 |
| Investments in other companies, net | 15,965 | 22,371 | 25,321 | 25,575 | 43,512 |
| Other assets | 18,657 | 15,462 | 11,408 | 9,882 | 11,901 |
| Total assets | \$4,425,626 | \$4,103,042 | \$3,853,021 | \$3,656,627 | \$3,621,550 |

Liabilities and Stockholders' Equity

| | | | | | |
|-------------------------------------|-----------|-----------|-----------|-----------|-----------|
| Unsecured credit facility | \$216,000 | \$233,000 | \$176,000 | \$43,000 | \$83,000 |
| Unsecured senior debt securities | 680,000 | 455,000 | 400,000 | 400,000 | 400,000 |
| Alliance Fund I credit facility | -- | -- | 51,000 | 53,000 | 80,000 |
| Secured debt | 940,276 | 825,477 | 751,091 | 766,211 | 707,037 |
| Other liabilities | 147,042 | 144,104 | 136,168 | 128,720 | 89,371 |
| Total liabilities | 1,983,318 | 1,657,581 | 1,514,259 | 1,390,931 | 1,359,408 |

Minority

| | | | | | |
|-------------------------------|---------|---------|---------|---------|---------|
| interests: Preferred units | 318,053 | 318,176 | 276,233 | 276,222 | 256,641 |
| Minority interests | 356,325 | 354,274 | 283,729 | 207,138 | 176,242 |
| Total minority interests | 674,378 | 672,450 | 559,962 | 483,360 | 432,883 |

Stockholders'

| | | | | | |
|----------------------------------|-----------|-----------|-----------|-----------|-----------|
| equity: Common stock | 1,671,830 | 1,676,911 | 1,682,700 | 1,686,236 | 1,733,159 |
| Preferred stock | 96,100 | 96,100 | 96,100 | 96,100 | 96,100 |
| Total stockholders' equity | 1,767,930 | 1,773,011 | 1,778,800 | 1,782,336 | 1,829,259 |

Total

| | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|
| liabilities and stockholders' equity | \$4,425,626 | \$4,103,042 | \$3,853,021 | \$3,656,627 | \$3,621,550 |
|--|-------------|-------------|-------------|-------------|-------------|

CONSOLIDATED STATEMENTS OF FUNDS FROM OPERATIONS (dollars in thousands, except share data)

| | For the Quarters Ended December 31, | | For the Years Ended December 31, | |
|--|---|----------|--|------------|
| | 2000 | 1999 | 2000 | 1999 |
| Income from operations | \$37,344 | \$40,775 | \$ 159,699 | \$ 158,851 |
| Real estate related depreciation and amortization: Total depreciation and amortization | 31,123 | 18,210 | 96,258 | 67,505 |
| FF&E depreciation and ground lease amortization (A) | (257) | (353) | (1,114) | (1,002) |
| FFO attributable to minority interests: (B) | | | | |

| | | | | |
|---|----------|----------|------------|------------|
| Separate account co-investors | (1,258) | (1,147) | (4,935) | (5,148) |
| AMB Institutional Alliance Fund I | (3,854) | (677) | (7,752) | (804) |
| Other joint venture partners | (374) | (539) | (2,368) | (2,230) |
| Adjustments to derive FFO in unconsolidated JV: (C) | | | | |
| Company's share of net income | (1,206) | (1,122) | (5,212) | (4,701) |
| Company's share of FFO | 1,700 | 1,616 | 7,188 | 6,677 |
| Preferred stock dividends | (2,125) | (2,125) | (8,500) | (8,500) |
| Preferred unit distributions | (6,835) | (5,601) | (24,613) | (19,501) |
| Funds from operations | \$54,258 | \$49,037 | \$ 208,651 | \$ 191,147 |
| FFO per common share and unit: | | | | |
| Basic | \$0.61 | \$0.54 | \$2.33 | \$2.11 |
| Diluted | \$0.60 | \$0.54 | \$2.32 | \$2.10 |

Weighted average common shares and units:

| | | | | |
|-------------|------------|------------|------------|------------|
| Basic | 89,619,042 | 90,779,163 | 89,566,375 | 90,792,310 |
| Diluted (D) | 90,332,931 | 90,779,163 | 90,024,511 | 90,867,934 |

- (A) Ground lease amortization represents the straight-line amortization of the Company's investments in ground leased properties, for which the Company does not have a purchase option.
- (B) Represents FFO allocated to minority interests in consolidated joint ventures whose interests are not exchangeable into common stock. The minority interest's share of NOI for the quarters ended December 31, 2000 and 1999, was \$8,042 and \$4,326, respectively, and for the years ended December 31, 2000 and 1999, was \$24,979 and \$12,535, respectively.
- (C) AMB's share of NOI for the quarters ended December 31, 2000 and 1999, was \$1,998 and \$1,935, respectively, and for the years ended December 31, 2000 and 1999, was \$8,338 and \$7,983, respectively.
- (D) Includes the dilutive effect of stock options.

Consolidated Statements of Operations
(dollars in thousands, except share data)

| | For the Quarters Ended | | For the Years Ended | |
|---|------------------------|---------------------|---------------------|---------------------|
| | December 31 2000 | December 31 1999 | December 31 2000 | December 31 1999 |
| Revenues | | | | |
| Rental Revenues (A) | \$126,808 | \$108,763 | \$464,164 | \$439,658 |
| Equity in earnings of unconsolidated joint ventures | 1,206 | 1,121 | 5,212 | 4,701 |
| Investment management and other income | 4,520 | 1,566 | 8,331 | 3,824 |
| Total revenues | 132,534 | 111,450 | 477,707 | 448,183 |
| Operating Expenses | | | | |
| Property operating | 30,275 | 25,382 | 107,730 | 107,923 |
| Interest, including amortization (B) | 27,364 | 20,976 | 90,270 | 88,681 |
| Depreciation and amortization | 31,123 | 18,210 | 96,258 | 67,505 |
| General, administrative, and other | 6,428 | 6,107 | 23,750 | 25,223 |
| Total expenses | 95,190 | 70,675 | 318,008 | 289,332 |

| | | | | |
|------------------------|--------|--------|---------|---------|
| Income from operations | 37,344 | 40,775 | 159,699 | 158,851 |
|------------------------|--------|--------|---------|---------|

Minority interests:

| | | | | |
|--|----------|----------|-----------|-----------|
| Preferred units | (6,835) | (5,601) | (24,613) | (19,501) |
| Minority units | (5,449) | (4,043) | (20,348) | (14,510) |
| Total minority interests | (12,284) | (9,644) | (44,961) | (34,011) |
| Net income before gain from disposition of real estate | 25,060 | 31,131 | 114,738 | 124,840 |
| Gain from disposition of real estate | 824 | 22,409 | 7,044 | 55,466 |
| Net income before extraordinary items | 25,884 | 53,540 | 121,782 | 180,306 |
| Extraordinary items | -- | (1,347) | -- | (4,203) |
| Net income | 25,884 | 52,193 | 121,782 | 176,103 |
| Preferred stock dividends | (2,125) | (2,125) | (8,500) | (8,500) |
| Net income available to common stockholders | \$23,759 | \$50,068 | \$113,282 | \$167,603 |

Net income per common share:

| | | | | |
|---------|--------|--------|--------|--------|
| Basic | \$0.28 | \$0.58 | \$1.35 | \$1.94 |
| Diluted | \$0.28 | \$0.58 | \$1.35 | \$1.94 |

Weighted average common

shares:

| | | | | |
|-------------|------------|------------|------------|------------|
| Basic | 83,814,658 | 86,262,815 | 83,697,170 | 86,271,862 |
| Diluted (C) | 84,528,547 | 86,262,815 | 84,155,306 | 86,347,487 |

(A) Includes straight-line rents of \$4,018 and \$3,324 for the quarters and \$10,203 and \$10,848 for years ended December 31, 2000 and 1999, respectively.

(B) Net of capitalized interest of \$3,938 and \$2,574 for the quarters and \$15,461 and \$10,872 for the years ended December 31, 2000 and 1999, respectively.

(C) Includes the dilutive effect of stock options

SOURCE: AMB Property Corporation

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