

## **AMB Property Corporation Announces 2002 Third Quarter Results; Progress On International Alliance Platform**

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SAN FRANCISCO

AMB Property Corporation, a leading owner and operator of industrial real estate, today reported third quarter 2002 results. Earnings per share (EPS) were \$0.30 for the quarter including \$0.05 per share in net gains on the disposition of real estate and developments held for sale. Third quarter 2002 EPS was 11.8% below 2001 EPS of \$0.34 for the same period which included less than \$0.01 per share in net gains on the disposition of real estate and developments held for sale. Year-to-date 2002 EPS was \$0.94, including \$0.08 per share in net gains on the disposition of real estate, reflecting a decrease of 19.7% from 2001 EPS for the same period of \$1.17 which included \$0.41 per share in net gains on the disposition of real estate and losses of \$0.24 per share for all of the Company's investments in technology related companies.

AMB's industrial assets, located predominantly in infill submarkets of major hub and gateway distribution markets, were 94.4% leased as of September 30, 2002, unchanged from June 30, 2002. The Company's same store cash basis net operating income increased 0.2% for the quarter. Year-to-date tenant retention was 73.7%, while rents on renewals and rollovers increased by a modest 0.1% as the Company continued to focus on occupancy. Year-to-date same store cash basis net operating income increased 1.1%.

"AMB's quarterly and year-to-date results are consistent with our expectations in a difficult operating environment. We believe the industrial market is in the early stages of a slow recovery. We are seeing evidence of increasing cargo volumes and a modest up-tick in leasing activity -- signs we believe will lead to positive absorption in time. Historically, positive absorption and constrained new supply lead to growth in occupancy and, subsequently, to growth in rents. However, it will take time for the recovery, which is slower than we originally envisioned, to positively impact our results," noted Chairman and CEO, Hamid R. Moghadam.

### Investment Activity

During the third quarter, AMB acquired eight industrial facilities for a total investment of \$89.2 million and disposed of six properties for a cumulative price of \$33.6 million. During the quarter, AMB completed and stabilized five industrial development projects, totaling 937,000 square feet for a total investment of \$50.4 million. The industrial development and renovation pipeline currently stands at \$128.1 million and consists of 2.9 million square feet, of which \$98.6 million, or 77.0%, has been funded and 53% is preleased.

The Company significantly advanced its on-tarmac strategy in the quarter with the acquisition of two on-tarmac cargo facilities at John F. Kennedy International Airport. The buildings combined have more than 426,500 rentable square feet, 61 truck doors with immediate ramp access and two parking spots for wide body planes. The acquisition brings AMB's on-tarmac presence to 12 domestic airports; on-tarmac real estate now accounts for over 7% of the Company's annualized base rents.

AMB's President, W. Blake Baird, summarized, "In our view, the domestic transaction environment for industrial real estate increasingly favors sellers over buyers. As a result, we plan to accelerate our dispositions of non-strategic assets and more quickly reduce our presence in non-target markets in the U.S. We now expect to exceed our previously announced disposition guidance, including net contributions to joint ventures, of \$200 million for 2002. Our anticipated disposition activity, combined with more modest acquisition volumes, should result in net real estate sales over the next several quarters. The ensuing liquidity will dilute our short-term results but should contribute to stronger long-term results once deployed into either more strategic industrial assets or share repurchases."

Furthering the Company's international expansion plan, AMB has formed a strategic alliance with Boustead Projects, the real estate development subsidiary of the multi-national Boustead Singapore Ltd., that will initially focus on distribution facilities in the eastern Singapore submarket of Changi Airport and in Jurong, the industrial heart of Singapore. Further, AMB is aligning with SIRIUS L'Immobilier D'Enterprise, one of the largest owners of airport-adjacent industrial buildings at France's Charles de Gaulle Roissy International Airport (CDG), to focus on projects at or near CDG airport.

Mr. Moghadam commented, "Our operating model is based on partnering with the best local entrepreneurs in each market. Combining our customer relationships and investment expertise with our partners' local operating expertise, we expect to meet our customers' needs and provide solid returns to our investors. Singapore and Paris are both integral links in the global supply chain and we are delighted to be forming strategic alliances with Boustead and SIRIUS. We expect to announce additional alliances in other international target markets in

future quarters."

Mr. Baird added, "Our international expansion is proceeding with significant traction. As we said in January this year, we are seeking investment opportunities in three Mexican distribution markets and eight large international airport markets. The first phase of our previously announced Mexico City development project with Strategic Alliance Partner(R) G. Accion was delivered in September to the customer on time and on budget. We hope to announce additional capital deployment in Mexico over the next few quarters. Dialogue with our global customers indicates strong interest in our target locations; we are currently working on potential development opportunities adjacent to Changi Airport in Singapore and potential acquisition and development opportunities near Charles de Gaulle in Paris with our respective alliance partners."

Other investment activity in the quarter included the repurchase of \$11.4 million of the Company's common stock and \$7.1 million of preferred units. In total, 433,200 shares of common stock were purchased at an average price of \$26.41 per share under the Company's current share repurchase plan, leaving \$88.6 million of common stock repurchase capacity under the plan. AMB's preferred unit repurchases included 130,000 of its Series F units and all of its outstanding Series G units.

#### Supplemental Reporting Measure

AMB reported third quarter 2002 Funds from Operations (FFO) of \$0.58 per share, representing a 7.9% decrease over third quarter 2001 FFO of \$0.63 per share. Year-to-date FFO per share was \$1.79, up 9.1% from the same period in 2001 of \$1.64. Both the current quarter and third quarter 2001 include \$0.01 per share of gains on developments held for sale projects; 2001 year-to-date FFO included a \$0.23 write-off of the Company's investments in technology related companies.

#### Conference Call

AMB will host a conference call to discuss its third quarter 2002 results Tuesday, October 8, 2002 at 11:00 AM PDT/ 2:00 PM EDT. Stockholders and interested parties may listen to a live broadcast of the call by dialing (719) 457-2727 and using reservation code 392057. The conference call can also be accessed through the Internet on AMB's website at [www.amb.com](http://www.amb.com); please visit the website 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, replays will be available shortly after the call until October 29, 2002 via telephone by dialing 719-457-0820 with reservation code 392057 and until October 29, 2002 on the Company's website.

AMB Property Corporation is a leading owner and operator of industrial real estate in North America. As of September 30, 2002 AMB owned, managed and had renovation and development projects totaling 97.2 million square feet (9.0 million square meters) and 1,032 buildings in 27 markets. AMB invests in industrial properties located predominantly in infill submarkets of major hub and gateway distribution markets. The Company's portfolio is comprised largely of High Throughput Distribution(R) facilities - industrial properties built for speed and located near airports, seaports and ground transportation systems.

AMB's press releases are available on the Company website at [http://www.amb.com/](http://www.amb.com) or by contacting the Investor Relations department toll- free at 877-285-3111.

#### CONSOLIDATED BALANCE SHEETS (dollars in thousands)

	As of			
	September 30, 2002	June 30, 2002	March 31, 2002	December 31, 2001
<b>Assets</b>				
Investments in real estate:				
Total investments in properties	\$4,883,497	\$4,732,321	\$4,566,951	\$4,530,711
Accumulated depreciation	(344,949)	(311,058)	(289,701)	(265,653)
Net investments in properties	4,538,548	4,421,263	4,277,250	4,265,058
Investment in unconsolidated joint ventures	64,822	64,083	71,137	71,097
Properties held for divestiture, net	105,613	133,934	139,370	157,174
Net investments in real estate	4,708,983	4,619,280	4,487,757	4,493,329
Cash and cash equivalents	90,840	119,287	99,492	81,732
Mortgage receivables	13,155	87,175	87,214	87,214

Accounts receivable, net	81,003	80,366	75,399	70,794
Other assets, including discontinued operations	48,608	39,390	39,392	35,874
Total assets	\$4,942,589	\$4,945,498	\$4,789,254	\$4,768,943
Liabilities and Stockholders' Equity				
Secured debt	\$1,305,320	\$1,360,436	\$1,237,564	\$1,228,214
Unsecured senior debt securities	800,000	800,000	800,000	780,000
Unsecured debt	10,319	--	--	--
Unsecured credit facility	12,000	--	--	12,000
Alliance Fund II credit facility	72,500	52,000	116,000	123,500
Other liabilities, including discontinued operations	189,076	162,629	155,568	138,601
Total liabilities	2,389,215	2,375,065	2,309,132	2,282,315
Minority interests:				
Preferred units	308,388	315,847	275,987	275,987
Minority interests	506,533	508,577	455,428	458,299
Total minority interests	814,921	824,424	731,415	734,286
Stockholders' equity:				
Common stock	1,642,459	1,649,909	1,652,607	1,656,242
Preferred stock	95,994	96,100	96,100	96,100
Total stockholders' equity	1,738,453	1,746,009	1,748,707	1,752,342
Total liabilities and stockholders' equity	\$4,942,589	\$4,945,498	\$4,789,254	\$4,768,943

CONSOLIDATED STATEMENTS OF OPERATIONS  
(dollars in thousands)

	For the Nine Months			
	For the Quarters Ended		Ended	
	September 30, 2002	2001	September 30, 2002	2001
Revenues				
Rental revenues	\$158,283	\$145,140	\$459,505	\$418,519
Equity in earnings of unconsolidated joint ventures	1,322	1,636	4,443	4,365
Private capital income	2,766	2,340	8,468	8,022
Interest and other income	2,609	5,392	9,921	12,505
Total revenues	164,980	154,508	482,337	443,411
Expenses				
Property operating	40,658	35,151	114,440	101,222
Interest, including amortization	38,661	32,842	112,044	94,314
Depreciation and amortization	33,749	28,835	95,186	82,758
General administrative and other (1) (2)	12,376	8,796	34,207	26,180
Loss on investments in other companies	--	--	--	20,758
Total expenses	125,444	105,624	355,877	325,232
Income before minority interests and gains	39,536	48,884	126,460	118,179
Minority interests' share of income:				
Preferred units	(6,403)	(7,423)	(18,770)	(21,626)
Minority interests	(10,863)	(10,556)	(29,498)	(26,324)
Total minority interests	(17,266)	(17,979)	(48,268)	(47,950)
Net income before discontinued operations, gains, and extraordinary				

items	22,270	30,905	78,192	70,229
Discontinued operations, gains, and extraordinary items:				
Discontinued operations	330	471	1,349	1,399
Gains on developments held for sale	618	1,341	618	1,341
Gains/(losses) from disposition of real estate, net of minority interests (3)	3,944	(1,227)	6,424	33,332
Extraordinary items	(88)	87	(356)	(351)
Total discontinued operations, gains, and extraordinary items	4,804	672	8,035	35,721
Net income	27,074	31,577	86,227	105,950
Preferred stock dividends	(2,123)	(2,125)	(6,373)	(6,375)
Preferred unit redemption discount	412	--	412	--
Net income available to common stockholders	\$25,363	\$29,452	\$80,266	\$99,575
Net income per common share (diluted)	\$0.30	\$0.34	\$0.94	\$1.17
Weighted average common shares (diluted)	85,527,829	85,644,840	85,360,210	85,097,692

- (1) Includes share-based plans expense of \$0.3 million and \$0.7 million for the quarter and nine months ended September 30, 2002, respectively, related to the adoption of SFAS 123.
- (2) Prior to May 31, 2001, G&A did not include expenses incurred by two unconsolidated preferred stock subsidiaries, Headlands Realty Corporation and AMB Capital Partners. Adjusted G&A for the nine months ended September 30, 2001, would have been \$29,713 had the subsidiaries been consolidated beginning January 1, 2001.
- (3) Includes unrealized losses on assets held for sale of \$10.0 million for the quarter and nine months ended September 30, 2001.

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

	For the Nine Months			
	For the Quarters Ended		Ended	
	September 30,	September 30,	September 30,	September 30,
	2002	2001	2002	2001
Income before minority interests and gains	\$39,536	\$48,884	\$126,460	\$118,179
Gains on developments held for sale	618	1,341	618	1,341
Total depreciation and amortization	33,749	28,835	95,186	82,758
FF& E depreciation, ground lease amortization, and other (1)	(815)	(483)	(1,742)	(1,456)
Discontinued operations' FFO	405	597	1,634	1,779
FFO attributable to minority interests	(13,635)	(13,393)	(37,753)	(29,119)
Adjustments to derive FFO from unconsolidated JVs:				
AMB's share of net income	(1,322)	(1,636)	(4,443)	(4,365)
AMB's share of FFO	2,048	2,235	6,611	6,488
Preferred stock dividends	(2,123)	(2,125)	(6,373)	(6,375)
Preferred units distributions	(6,403)	(7,423)	(18,770)	(21,626)
Funds from operations	\$52,058	\$56,832	\$161,428	\$147,604

FFO per common share and

unit (diluted)	\$0.58	\$0.63	\$1.79	\$1.64
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Weighted average common  
shares and units

(diluted)	90,379,023	90,799,887	90,239,149	90,263,046
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(1) Ground lease amortization represents the amortization of the Company's investments in ground leased properties, for which the Company does not have a purchase option.

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