

AMB Property Corporation Announces Fourth Quarter and Full Year 2002 Results

Strong Operations Drive Solid Results in Difficult Operating Environment; Global Expansion Continues

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SAN FRANCISCO

AMB Property Corporation, a leading owner and operator of industrial real estate, today reported fourth quarter and full-year 2002 results. Earnings per share (EPS) for the fourth quarter were \$0.43, including \$0.16 per share in net gains; EPS for the full year was \$1.37, including \$0.24 per share in net gains. Fourth quarter and full-year 2002 EPS were positively impacted by lease termination fees of \$0.10 and \$0.13 per share, respectively, net of related charges for straight line rents and capitalized leasing costs. Fourth quarter 2002 EPS increased 43.3% from EPS of \$0.30 in the same period of 2001; full-year 2002 EPS decreased 6.8% from EPS of \$1.47 in the same period of 2001.

AMB's industrial portfolio, predominantly located in infill submarkets of major distribution markets, was 94.6% leased as of December 31, 2002, 20 basis points above portfolio occupancy as of September 30, 2002 and December 31, 2001. The Company's same store cash basis net operating income increased 10.1% during the quarter and 3.5% during the year. Tenant retention was 74.2% during 2002, while rents on renewals and rollovers decreased by 1.0% during the year.

Chairman and CEO, Hamid R. Moghadam, commented, "We are pleased with our full-year results in what turned out to be a difficult operating environment. Our unique investment and operating strategies led to results that we believe will set the standard for occupancy and same store net operating income growth in the industrial sector." Moghadam added, "Based on available data since 1989, the national industrial real estate market did not post a single year of negative net absorption prior to 2001. Following an unprecedented two consecutive years of negative net absorption in 2001 and 2002, we are seeing indications of increased leasing demand which we believe will lead to positive -- albeit modest -- net absorption in 2003."

Investment Activity

During the fourth quarter, AMB acquired seven properties for a total investment of \$157.2 million, disposed of a 4.4 million square foot industrial portfolio in Houston and Dallas for an aggregate price of \$155.3 million and sold an additional \$73.2 million co-investment partnership interest to an existing partner. Other industrial sales activity in the quarter included two development for sale projects for \$5.9 million. During the quarter, AMB also completed and stabilized five industrial development projects, totaling 1.7 million square feet for a total investment of \$57.8 million. The industrial development and renovation pipeline through 2004 currently stands at \$106.8 million and consists of an estimated 1.7 million square feet, of which \$57.8 million, or 54.1%, has been funded and 28% is preleased. AMB's full-year 2002 transaction activity included \$403.3 million in acquisitions, \$394.1 million in dispositions and contributions to joint ventures and \$135.4 million in development completions.

W. Blake Baird, AMB president, commented, "We are optimizing our portfolio through strategic dispositions domestically, including exiting certain non-strategic markets, and targeted acquisitions in the U.S. and abroad. Although our net dispositions of more than \$50 million in the fourth quarter are dilutive in the short-term, we believe capital redeployment into investments more closely aligned with our investment focus will offer superior long-term total returns." Baird added, "Importantly, our fourth quarter transaction activity included the entry into Guadalajara, Paris and Singapore and the exit from one-third of our facilities in Dallas and all but our on-tarmac activities in Houston."

Additional investment activity in the quarter included the repurchase of 2.2 million shares of AMB's common stock for a total investment of \$57.9 million, at a weighted average purchase price of \$26.08 per share. During the fourth quarter, the board of directors increased the Company's common share repurchase plan to \$200 million, from \$100 million; \$130.6 million of repurchase capacity remains under the updated plan. Since its IPO, the Company has repurchased a total of 5.4 million shares of common stock for a total investment of \$129.3 million, at a weighted average purchase price of \$23.72 per share.

AMB's private capital activity in the quarter consisted of an additional \$110 million equity commitment from long-standing joint venture partner, the City and County of San Francisco Employees' Retirement System (CCSFERS). The new equity increases CCSFERS' ownership in the existing partnership from 50% to 80% and provides the partnership with additional capital for further investment in distribution facilities nationwide.

AMB renewed its \$500 million unsecured revolving line of credit during the quarter. The three-year credit facility includes a multi-currency component under which up to \$150 million can be drawn in British pounds sterling, euros or yen. The line of credit matures in December 2005 and replaces the Company's previous \$500 million credit facility, which was to mature in May 2003.

Company Director and Officer Changes

AMB's board of directors appointed J. Michael Losh as an independent director to the Company's board. Losh, who joined the board of directors and audit committee on January 1, 2003, brings to AMB 36 years of financial and international expertise, most recently as General Motor's chief financial officer.

"AMB is committed to market-leading corporate governance. We take pride in our strong, independent and active board and consider Mike an important addition. He brings an extensive combination of operating, financial and international business experience to our board and we look forward to working with him," noted Moghadam.

The Company also announced officer promotions for the new year: Mo Barzegar was promoted to senior vice president, international; Tamra Browne to senior vice president and general counsel; Steve Campbell to senior vice president, environmental and engineering; John Meyer to senior vice president, airport facilities; Jill Blechschmidt to vice president, regional manager; Dave King to vice president, regional manager; and Steve Lueck, to vice president, regional manager.

"We are pleased to recognize this group of talented individuals for their sustained contributions to our business. They are integral to our pursuit of enduring excellence," noted Baird.

Supplemental Reporting Measure

AMB provides supplemental financial data -- including an analysis of funds from operations -- in its supplemental analyst package, located on the Investor Information section of its web site (www.amb.com).

Conference Call

AMB will host a conference call to discuss its fourth quarter and full-year 2002 results on Wednesday, January 15, 2003 at 11:00 AM PST/2:00 PM EST. Stockholders and interested parties may listen to a live broadcast of the conference call by dialing (719) 457-2633 and using reservation code 493454 or by webcast through a link on the Company's website at www.amb.com. If you are unable to listen to the live conference call, a telephone and webcast replay will be available after 5 PM PST on Wednesday, January 15, 2003. The telephone replay will be available until 5:00 PM PST on Wednesday, February 19, 2003 and can be accessed by dialing (719) 457-0820 and using reservation code 493454. The webcast can be accessed through a link on the Company's website at www.amb.com and will be available until 5 PM PST on Wednesday, February 19, 2003.

AMB Property Corporation is a leading owner and operator of industrial real estate, in North America, Europe and Asia. As of December 31, 2002 AMB owned, managed and had renovation and development projects totaling 94.6 million square feet (8.8 million square meters) and 992 buildings in 30 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/> or by contacting the Investor Relations department toll-free at 877-285-3111.

CONSOLIDATED BALANCE SHEETS (dollars in thousands)

	As of Dec. 31, 2002	Sept. 30, 2002	June 30, 2002
Assets			
Investments in real estate:			
Total investments in properties	\$4,925,982	\$4,883,497	\$4,732,321
Accumulated depreciation	(362,540)	(344,949)	(311,058)
Net investments in properties	4,563,442	4,538,548	4,421,263
Investment in unconsolidated			

joint ventures	64,428	64,822	64,083
Properties held for divestiture, net	107,871	105,613	133,934
Net investments in real estate	4,735,741	4,708,983	4,619,280
Cash and cash equivalents	117,214	90,840	119,287
Mortgage receivables	13,133	13,155	87,175
Accounts receivable, net	74,207	81,003	80,366
Other assets, including discontinued operations	52,199	48,608	39,390
Total assets	\$4,992,494	\$4,942,589	\$4,945,498

Liabilities and Stockholders' Equity			
Secured debt	\$1,284,675	\$1,305,320	\$1,360,436
Unsecured senior debt securities	800,000	800,000	800,000
Unsecured debt	10,186	10,319	--
Alliance Fund II credit facility	45,500	72,500	52,000
Unsecured credit facility	95,000	12,000	--
Other liabilities, including discontinued operations	181,716	189,076	162,629
Total liabilities	2,417,077	2,389,215	2,375,065
Minority interests:			
Preferred units	308,369	308,388	315,847
Minority interests	582,898	506,533	508,577
Total minority interests	891,267	814,921	824,424
Stockholders' equity:			
Common stock	1,588,156	1,642,459	1,649,909
Preferred stock	95,994	95,994	96,100
Total stockholders' equity	1,684,150	1,738,453	1,746,009
Total liabilities and stockholders' equity	\$4,992,494	\$4,942,589	\$4,945,498

CONSOLIDATED BALANCE SHEETS
(dollars in thousands)

March 31, 2002 Dec. 31, 2001

Assets

Investments in real estate:		
Total investments in properties	\$4,566,951	\$4,530,711
Accumulated depreciation	(289,701)	(265,653)
Net investments in properties	4,277,250	4,265,058
Investment in unconsolidated joint ventures	71,137	71,097
Properties held for divestiture, net	139,370	157,174
Net investments in real estate	4,487,757	4,493,329
Cash and cash equivalents	99,492	81,732
Mortgage receivables	87,214	87,214
Accounts receivable, net	75,399	70,794
Other assets, including discontinued operations	39,392	35,874
Total assets	\$4,789,254	\$4,768,943

Liabilities and Stockholders' Equity		
Secured debt	\$1,237,564	\$1,228,214
Unsecured senior debt securities	800,000	780,000
Unsecured debt	--	--
Alliance Fund II credit facility	116,000	123,500
Unsecured credit facility	--	12,000
Other liabilities, including discontinued operations	155,568	138,601

Total liabilities	2,309,132	2,282,315
Minority interests:		
Preferred units	275,987	275,987
Minority interests	455,428	458,299
Total minority interests	731,415	734,286
Stockholders' equity:		
Common stock	1,652,607	1,656,242
Preferred stock	96,100	96,100
Total stockholders' equity	1,748,707	1,752,342
Total liabilities and stockholders' equity	\$4,789,254	\$4,768,943

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

	For the Quarters Ended December 31,		For the Twelve Months Ended December 31,	
	2002	2001	2002	2001
Revenues				
Rental revenues	\$157,262	\$136,581	\$588,522	\$530,041
Equity in earnings of unconsolidated joint ventures	1,231	1,102	5,674	5,467
Private capital income	2,725	2,950	11,193	10,972
Interest and other income	539	3,826	10,454	16,297
Total revenues	161,757	144,459	615,843	562,777
Expenses				
Property operating	39,164	33,590	145,870	127,753
Interest, including amortization	37,442	33,019	147,101	124,866
Depreciation and amortization	37,286	26,504	127,160	104,838
General administrative and other (A)	13,000	9,640	47,207	35,820
Loss on investments in other companies	--	---	---	20,758
Total expenses	126,892	102,753	467,338	414,035
Income before minority interests and gains	34,865	41,706	148,505	148,742
Minority interests' share of income:				
Preferred units	(6,379)	(7,056)	(25,149)	(28,682)
Minority interests	(8,324)	(8,526)	(37,806)	(34,835)
Total minority interests	(14,703)	(15,582)	(62,955)	(63,517)
Net income before discontinued operations and gains from dispositions	20,162	26,124	85,550	85,225
Gains on developments and dispositions and discontinued operations:				
Gains on developments held for sale	414	11,828	1,032	13,169
Gains/(losses) from disposition of real estate, net of minority interests (B)	5,309	(10,073)	7,789	23,259
Discontinued operations	4,697	4,124	18,494	16,300
Gains from disposition of real estate,				

discontinued operations	7,428	--	11,372	--
Total gains on developments and dispositions and discontinued operations	17,848	5,879	38,687	52,728
Net income	38,010	32,003	124,237	137,953
Preferred stock dividends	(2,123)	(2,125)	(8,496)	(8,500)
Preferred unit redemption discount/(premium)	--	(4,400)	412	(4,400)
Net income available to common stockholders	\$35,887	\$25,478	\$116,153	\$125,053
Net income per common share (diluted)	\$0.43	\$0.30	\$1.37	\$1.47
Weighted average common shares (diluted)	83,648,772	84,338,812	84,795,987	85,214,066

(A) 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 twelve months ended December 31, 2001, would have been \$39,353 had the subsidiaries been consolidated beginning January 1, 2001.

(B) Includes unrealized losses of \$1.2 million and \$8.6 million for the quarters ended December 31, 2002 and 2001, respectively and \$1.2 million and \$18.6 million for the twelve months ended December 31, 2002 and 2001, respectively.

CONSOLIDATED STATEMENTS OF FUNDS FROM OPERATIONS
AND SUPPLEMENTAL CASH FLOW INFORMATION
(dollars in thousands, except share data)

	Quarters		Months Ended	
	December 31,		December 31,	
	2002	2001	2002	2001
Income before minority interests and gains	\$34,865	\$41,706	\$148,505	\$148,742
Gains on developments held for sale	414	11,828	1,032	13,169
Total depreciation and amortization	37,286	26,504	127,160	104,838
FF& E depreciation, ground lease amortization and other (A)	(708)	(507)	(2,450)	(1,963)
Discontinued operations' FFO	6,613	5,905	26,023	22,900
FFO attributable to minority interests	(14,298)	(11,025)	(52,051)	(40,144)
Adjustments to derive FFO from unconsolidated JVs:				
AMB's share of net income	(1,231)	(1,102)	(5,674)	(5,467)
AMB's share of FFO	2,117	1,526	8,728	8,014
Preferred stock dividends	(2,123)	(2,125)	(8,496)	(8,500)
Preferred units distributions	(6,379)	(7,056)	(25,149)	(28,682)
Funds from operations	\$56,556	\$65,654	\$217,628	\$212,907

Weighted average
common shares and
units (diluted) 88,495,159 89,317,086 89,689,310 89,954,598

Supplemental Cash
Flow Information:

Straight-line rents	\$628	\$2,514	\$11,013	\$10,093
AMB's share of unconsolidated JV's NOI	\$2,713	\$2,357	\$11,055	\$10,181
JV Partners' share of cash basis NOI	\$24,914	\$20,587	\$86,482	\$65,010
Discontinued operations' NOI	\$7,650	\$7,372	\$29,949	\$27,642
Stock-based compensation amortization	\$1,315	\$797	\$5,265	\$2,725
Capitalized interest	\$1,762	\$2,836	\$6,919	\$13,650

Recurring capital
expenditures:

Tenant improvements	\$4,340	\$2,149	\$18,977	\$8,168
Lease commissions and other lease costs	3,910	3,779	17,684	19,822
Building improvements	4,725	8,716	18,270	19,852
Sub-total	12,975	14,644	54,931	47,842
JV Partners' share of capital expenditures	(1,955)	(2,995)	(9,547)	(5,824)
AMB's share of recurring capital expenditures	\$11,020	\$11,649	\$45,384	\$42,018

(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.

SOURCE: AMB Property Corporation

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