

AMB Property Corporation Announces Third Quarter 2003 Results

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SAN FRANCISCO

AMB Property Corporation , a leading owner and operator of industrial real estate, today reported that earnings per share (EPS) in the third quarter 2003, excluding the effects of SFAS 150, were \$0.26, including \$0.10 per share of gains on disposition of real estate, compared with EPS of \$0.30 for the same period in 2002, which included \$0.04 in gains.

For the year-to-date, excluding the effects of SFAS 150, EPS was \$1.15, including \$0.57 per share of gains on disposition of real estate, up from \$0.94 per share for the year-to-date 2002, which included \$0.07 of gains.

The third quarter and year-to-date EPS numbers include a \$0.04 charge consistent with the SEC's July 31, 2003 statement that costs associated with redemption of preferred stock should be factored into the calculation of net income per share (EITF Issue D-42). Absent this required accounting change, EPS in the quarter of \$0.31 was at the top end of the company's prior guidance of \$0.29 to \$0.31 per share.

The Financial Accounting Standards Board (FASB) is scheduled to review the application of SFAS 150 with respect to minority interests in finite-lived entities at its meeting on Wednesday, October 29, 2003. Any action taken by the FASB could have an impact on the manner and timing in which AMB and other companies are required to account for minority interests in certain consolidated joint ventures. If the FASB elects to implement SFAS 150 in its current form, AMB will adopt SFAS 150 and present its financial statements, including the effects of SFAS 150 in its Quarterly Report on Form 10-Q for the quarter ended September 30, 2003. A presentation of the liability amounts that would be required under SFAS 150, as well as the impact on the periods reported, is presented in the tables attached to this press release.

Occupancy in the company's industrial operating portfolio increased 50 basis points over the prior quarter reaching 92.0% at September 30, 2003, compared with 94.4% at September 30, 2002. Cash-basis same store net operating income decreased 7.7% in the quarter and decreased 2.2% year-to- date, reflecting the impact of lower occupancy and rental rate levels from the year-ago period.

Hamid R. Moghadam, chairman and CEO, said, "We are encouraged by the first meaningful occupancy increase in our portfolio in almost two years and our continued ability to outperform the national industrial real estate market in both up and down cycles. While market rents remain below in-place rents in many markets, improving occupancy is a welcome signal. We believe the stage is set for increased demand for industrial space. Fiscal and monetary stimulus, strong consumer spending combined with historically low inventory levels and reported increases in corporate profits are positive indicators for the kind of capital spending and industrial production that result in positive industrial space absorption."

Investment Activities

During the third quarter, AMB continued to be an opportunistic seller of non-strategic assets selling one 332,900 square foot retail asset in Miami for \$56.7 million and nine industrial buildings in various markets totaling 483,600 square feet for \$45.5 million. The stabilized cash capitalization rate for these dispositions averaged 7.9%.

"While we were once again net sellers in the third quarter, and are net sellers year-to-date through September, we are seeing better capital deployment opportunities," stated W. Blake Baird, AMB's president. "In addition to the \$481 million IAC acquisition announced earlier this month, our committed development pipeline has roughly doubled this year to over \$200 million, with international developments accounting for approximately one-third of the pipeline. Looking forward, we are particularly excited about development opportunities in Mexico and Japan," added Baird.

The company acquired 13 buildings totaling 839,300 square feet for a total investment of \$57.4 million, adding to its market presence in Chicago, Miami, Northern New Jersey and to its on-tarmac holdings during the third quarter.

AMB began development of two new projects in Mexico City and the LA Basin in the third quarter totaling an approximate 1.6 million square feet for an estimated investment of \$67.5 million. AMB's committed industrial development and renovation pipeline through 2005 currently stands at \$207.5 million and consists of an expected 4.0 million square feet.

AMB continues to create profits from development projects available for sale. During the third quarter, three

such projects were sold generating a net cash gain to AMB of \$2.2 million. The company's build-to-sell program now includes a planned 603,200 square feet in four projects, consisting of both build-to-suit and speculative developments with an estimated total investment of \$41.6 million.

Financing Activities

During the quarter, AMB redeemed all 3,995,800 of its outstanding shares of 8.5% Series A Cumulative Redeemable Preferred Stock . The preferred redemption price was \$25.0826 per share, which was equal to the original issuance price of \$25.00 per share plus accumulated and unpaid dividends through the redemption date of July 28, 2003.

Also during the quarter, AMB obtained long-term secured debt financing on behalf of three of its co-investment joint ventures, totaling \$137 million at an average rate of 4.5% and a weighted average maturity of approximately eight years.

Eugene F. Reilly Joins Senior Management Team

On October 7, 2003, AMB announced that Gene Reilly joined the company as executive vice president, North American Development. "Gene is an outstanding addition to our team and brings a wealth of target-market industrial development expertise to AMB," said Hamid Moghadam. "In the last 20 years, he has been a leader in the development, acquisition, disposition, financing and leasing of more than \$1 billion of industrial properties. We look forward to his leadership as we develop properties to serve our customers and create value for our stockholders."

Working from AMB's Boston office, Reilly is responsible for all of the company's development activities in North America and is a member of AMB's investment committee.

Supplemental Reporting Measure

AMB reports funds from operations per fully diluted share and unit (FFOPS) in accordance with the standards established by NAREIT as a supplemental earnings measure. Third quarter 2003 FFOPS before the impact of required accounting changes was \$0.52, compared with \$0.58 in the same period of 2002, above the company's guidance of \$0.50 to \$0.51 per share. Including required accounting changes for preferred stock redemption costs of \$0.04 per share, which are required under EITF Issue D-42, FFOPS in the quarter was \$0.48, compared with \$0.58 in 2002.

Similarly, FFOPS for the nine months ended September 30, 2003 before required accounting changes was \$1.65 compared with \$1.78 for the same period in 2002. FFOPS for the year-to-date inclusive of changes in accounting for impairment losses and offering costs for preferred stock redemptions totaling \$0.10 per share was \$1.54, compared with \$1.79 for the same period in 2002. These numbers exclude any changes to the definition of FFO that NAREIT may implement in connection with SFAS 150.

Previously, in accordance with NAREIT's FFO implementation guidance, the company excluded unrealized impairment losses on real estate investment either held for sale or for long-term investment. Recently, NAREIT issued guidance that such losses should no longer be added back for purposes of calculating FFO.

In the footnotes to the attached financial statements, AMB provides a discussion of why management believes FFO is a useful measure of operating performance; of ways in which investors might use FFO when assessing the financial performance of the company; and of FFO's limitations as a measurement tool.

A reconciliation from net income to funds from operations is provided in the attached tables and published in AMB's quarterly supplemental analyst package, available on the company's website at www.amb.com.

Conference Call and Supplemental Information

The company will host a conference call to discuss its third quarter 2003 results on October 29, 2003 at 10:00 a.m. PST/1:00 p.m. EST. Stockholders and interested parties may listen to a live broadcast of the conference call by dialing +1-913-981-5545 and using reservation code 513253 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 5:00 PM PST on Wednesday, October 29, 2003. The telephone replay will be available until 5:00 PM PST on Wednesday, November 19, 2003 and can be accessed by dialing +1-719-457-0820 and using reservation code 513253. The webcast can be accessed through a link on the company's website at www.amb.com and will be available until 5:00 PM PST on Wednesday, November 19, 2003.

In addition, the company will post a summary of the guidance given on the call and a supplement detailing the components of net asset value to the Investor Information portion of its website on Tuesday, November 4, 2003

by 5:00 PM PST.

AMB Property Corporation is a leading owner and operator of industrial real estate, focused on major hub and gateway distribution markets throughout North America, Europe and Asia. As of September 30, 2003 AMB owned, managed and had renovation and development projects totaling 96.9 million square feet (9.0 million square meters) and 1,004 buildings in 32 markets. AMB invests in industrial properties located predominantly in the infill submarkets of its targeted 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 www.amb.com or by contacting the Investor Relations department at +1-877-285-3111.

This document 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. We assume no obligation to update or supplement forward-looking statements. In particular, a number of factors could cause AMB's actual results to differ materially from those anticipated, including, among other things, changes in general economic conditions or in the real estate sector; non-renewal of leases by customers or renewal at lower than expected rent; a downturn in California's economy or real estate conditions; we experience losses in excess of our insurance coverage; difficulties in identifying properties to acquire and in effecting acquisitions on advantageous terms and the failure of acquisitions to perform as we expect; our failure to divest of properties on advantageous terms or to timely reinvest proceeds from any such divestitures; risks and uncertainties affecting property development and renovation (including construction delays, cost overruns, our inability to obtain necessary permits and financings); unknown liabilities acquired from our predecessors or in connections with acquired properties; risks of doing business internationally, including unfamiliarity with new markets and currency risks; risks associated with using debt to fund acquisitions and development, including re-financing risks; our failure to obtain necessary outside financing; changes in local, state and federal regulatory requirements; environmental uncertainties; and our failure to qualify and maintain our status as a real estate investment trust under the Internal Revenue Code of 1986. AMB's success also depends upon economic trends generally, various market conditions and fluctuations. 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 June 30, 2003. The quarterly financial data contained herein is unaudited and the historical financial information is not necessarily indicative of future results.

Consolidated Balance Sheets
(dollars in thousands)

	As of			
	Sept. 30 2003	June 30, 2003	March 31, 2003	
			December 31, 2002	
Assets				
Investments in real estate:				
Total investments				
in properties	\$5,094,573	\$5,016,014	\$4,869,741	\$4,925,982
Accumulated depreciation	(442,755)	(412,990)	(382,900)	(362,540)
Net investments				
in properties	4,651,818	4,603,024	4,486,841	4,563,442
Investment in unconsolidated joint ventures	56,159	68,566	67,754	64,428
Properties held for divestiture, net	20,467	73,000	59,742	107,871
Net investments				
in real estate	4,728,444	4,744,590	4,614,337	4,735,741
Cash and cash equivalents	152,432	91,161	149,908	117,214
Mortgage receivable	13,066	13,097	13,112	13,133
Accounts receivable, net	80,927	83,116	76,056	74,207
Other assets	70,208	44,300	51,909	52,199
Total assets	\$5,045,077	\$4,976,264	\$4,905,322	\$4,992,494

Liabilities and Stockholders' Equity

Secured debt	\$1,312,105	\$1,215,135	\$1,250,528	\$1,284,675
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Unsecured senior debt securities	800,000	800,000	800,000	800,000
Unsecured debt	9,772	9,909	10,050	10,186
Alliance Fund II credit facility	--	--	51,500	45,500
Unsecured credit facility	91,335	19,420	17,464	95,000
Accounts payable and other liabilities	179,558	167,621	188,050	181,716
Total liabilities	2,392,770	2,212,085	2,317,592	2,417,077
Minority interests:				
Joint venture partners	644,413	640,095	497,760	488,524
Preferred unitholders	305,197	308,369	308,369	308,369
Limited partnership unitholders	88,553	93,209	94,500	94,374
Total minority interests	1,038,163	1,041,673	900,629	891,267
Stockholders' equity:				
Common stock	1,565,923	1,578,087	1,591,107	1,588,156
Preferred stock	48,221	144,419	95,994	95,994
Total stockholders' equity	1,614,144	1,722,506	1,687,101	1,684,150
Total liabilities and stockholders' equity	\$5,045,077	\$4,976,264	\$4,905,322	\$4,992,494

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

	For the Quarters Ended		For the Nine Months Ended	
	September 30, 2003	2002	September 30, 2003	2002
Revenues				
Rental revenues	\$148,239	\$146,926	\$450,912	\$425,915
Private capital income	1,928	2,766	7,844	8,468
Total revenues	150,167	149,692	458,756	434,383
Costs and expenses				
Property operating costs	(40,020)	(37,629)	(118,228)	(105,646)
Depreciation and amortization	(32,584)	(31,446)	(99,269)	(88,650)
Impairment losses	--	--	(5,251)	--
General and administrative	(10,843)	(12,376)	(35,187)	(34,207)
Total costs and expenses	(83,447)	(81,451)	(257,935)	(228,503)
Operating income	66,720	68,241	200,821	205,880
Other income and expenses				
Equity in earnings of unconsolidated joint ventures	1,365	1,322	4,222	4,443
Interest and other income	701	2,609	3,643	9,921
Gains from dispositions of real estate	--	--	7,429	2,480
Merchant development profits, net of minority interests and taxes	2,181	618	2,181	618
Interest, including amortization	(35,867)	(37,501)	(107,963)	(109,133)
Total other income and expenses	(31,620)	(32,952)	(90,488)	(91,671)

Income before minority interests and discontinued operations	35,100	35,289	110,333	114,209
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Minority interests' share of income:				
Joint venture partners	(9,809)	(8,771)	(26,410)	(23,104)
Preferred unitholders	(6,314)	(6,403)	(19,073)	(18,770)
Limited partnership unitholders	(740)	(942)	(3,093)	(3,622)
Total minority interests share of income	(16,863)	(16,116)	(48,576)	(45,496)

Income from continuing operations	18,237	19,173	61,757	68,713
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Discontinued operations:				
Income attributable to discontinued operations, net of minority interests	828	4,167	3,151	13,780
Gains from dispositions of real estate, net of minority interests	7,888	3,734	39,549	3,734
Total discontinued operations	8,716	7,901	42,700	17,514
Net income	26,953	27,074	104,457	86,227

Preferred stock dividends	(1,470)	(2,123)	(5,788)	(6,373)
Preferred stock and unit redemption discount/ (issuance costs)	(3,671)	412	(3,671)	412

Net income available to common stockholders	\$21,812	\$25,363	\$94,998	\$80,266
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Net income per common share (diluted)	\$0.26	\$0.30	\$1.15	\$0.94
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Weighted average common shares (diluted)	82,720,130	85,527,829	82,539,800	85,360,210
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Consolidated Statements of Funds from Operations (D)
(dollars in thousands, except share data)

For the Quarters Ended September 30,	For the Nine Months Ended September 30,		
2003	2002(A)	2003	2002 (A)

Net income	\$26,953	\$27,074	\$104,457	\$86,227
Gains from dispositions of real estate, net of minority interests	(7,888)	(3,734)	(46,978)	(6,214)
Real estate related depreciation and amortization:				
Total depreciation and amortization	32,584	31,446	99,269	88,650

Discontinued operations'				
depreciation	339	2,378	1,910	6,821
FF& E depreciation	(170)	(179)	(548)	(526)
Ground lease amortization(B)	--	(781)	--	(1,471)
Adjustments to derive FFO from consolidated JVs:				
Joint venture partners'				
minority interests	9,809	8,771	26,410	23,104
Limited partnership unitholders'				
minority interests	740	942	3,093	3,622
Discontinued operations'				
minority interests	883	940	1,096	2,562
FFO attributable to minority interests	(17,345)	(13,635)	(47,847)	(37,753)
Adjustments to derive FFO from unconsolidated JVs:				
AMB's share of net income	(1,365)	(1,322)	(4,222)	(4,443)
AMB's share of FFO	2,345	2,193	7,620	6,866
Preferred stock dividends	(1,470)	(2,123)	(5,788)	(6,373)
Preferred stock and unit redemption discount/(issuance costs)	(3,671)	412	(3,671)	412
Funds from operations	\$41,744	\$52,382	\$134,801	\$161,484
FFO per common share and unit (diluted)	\$0.48	\$0.58	\$1.54	\$1.79
FFO per common share and unit (excluding impairment losses and preferred stock redemption issuance costs)(C)	\$0.52	\$0.58	\$1.65	\$1.78
Weighted average common shares and units (diluted)	87,399,544	90,379,023	87,342,075	90,239,149

(A) FFO for the quarter and nine months ended September 30, 2002, was adjusted for the retroactive adoption of SFAS No. 145 for the treatment of extraordinary items, resulting in a reduction of \$0.1 million and \$0.4 million, respectively, from previously reported FFO.

(B) In the quarter ended June 30, 2003, and effective January 1, 2003, the Company discontinued its practice of deducting amortization of investments in leasehold interests from FFO as such an adjustment is not provided for in NAREIT's FFO definition. As a result, FFO for the nine months ended September 30, 2003, includes an adjustment of \$0.9 million to reflect the change. Had the Company not made the change, reported FFO per share for the quarter and nine months ended September 30, 2003, would have been \$0.47 and \$1.51, respectively. Had the Company made the change effective January 1, 2002, reported FFO per share for the quarter and nine months ended September 30, 2002, would have been \$0.59 and \$1.81, respectively.

(C) In the quarter ended September 30, 2003, and effective January 1, 2003, the Company no longer adds back impairment losses when computing FFO in accordance with NAREIT's FFO definition. As a result, FFO for the nine

months ended September 30, 2003, includes an adjustment of \$5.3 million to reflect the change. In addition, in the quarter ended September 30, 2003, and effective January 1, 2002, the Company adopted EITF D-42 and began including preferred stock and unit redemption discounts and issuance cost write-offs in FFO. As a result, FFO for the nine months ended September 30, 2002, includes an adjustment of \$0.4 million to reflect the change.

(D)The Company believes that net income, as defined by U.S. GAAP, is the most appropriate earnings measure. However, the Company considers funds from operations, or FFO, as defined by NAREIT, to be a useful supplemental measure of its operating performance. FFO is defined as net income, calculated in accordance with U.S. GAAP, less gains (or losses) from dispositions of real estate held for investment purposes and real estate-related depreciation, and adjustments to derive the Company's pro rata share of FFO of consolidated and unconsolidated joint ventures. In accordance with the NAREIT White Paper on FFO, the Company includes in FFO the effects of straight-line rents. Further, the Company does not adjust FFO to eliminate the effects of non-recurring charges. The Company believes that FFO, as defined by NAREIT, is a meaningful supplemental measure of its operating performance because historical cost accounting for real estate assets in accordance with U.S. 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, NAREIT created FFO as a supplemental measure of operating performance for real estate investment trusts that excludes historical cost depreciation and amortization, among other items, from net income, as defined by U.S. GAAP. The Company believes that the use of FFO, combined with the required U.S. 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. The Company considers FFO to be a useful measure 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 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 is a relevant and widely used measure of operating performance of real estate investment trusts, it does not represent cash flow from operations or net income as defined by U.S. GAAP and should not be considered as an alternative to those measures in evaluating the Company's liquidity or operating performance. FFO also does not consider the costs associated with capital expenditures related to its real estate assets nor is FFO necessarily indicative of cash available to fund its future cash requirements. Further, the Company's computation of FFO may not be comparable to FFO reported by other real estate investment trusts that do not define the term in accordance with the current NAREIT definition or that interpret the current NAREIT definition differently than the Company does.

SFAS 150 Summary Financial Information (A)
(dollars in thousands, except share data)

Without SFAS 150 adoption	Effect of FAS 150 adoption	With SFAS 150 adoption
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Consolidated Balance Sheet Data
(as of September 30, 2003)

Total assets	\$5,045,077	\$--	\$5,045,077
Total liabilities	2,392,770	661,369	3,054,139
Total minority interests	1,038,163	(644,413)	393,750
Total stockholders' equity	\$1,614,144	\$(16,956)	\$1,597,188

**Consolidated Statement
of Operations**
(for the quarter ended
September 30, 2003)

Net income before cumulative effect of accounting change	\$26,953	\$(949) (B)	\$26,004
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Cumulative effect of
accounting change:

SFAS 150 minority interests' change in value	--	(16,007)	(16,007)
Net income	\$26,953	\$(16,956)	\$9,997

Net income available to common stockholders	\$21,812	\$(16,956)	\$4,856
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Net income per common share

(diluted)	\$0.26	\$(0.20)	\$0.06
Funds from operations	\$41,744	\$(13,802)	\$27,942
FFO per common share and unit (diluted)	\$0.48	\$(0.16)	\$0.32

(A) The Financial Accounting Standards Board (FASB) is scheduled to review the application of SFAS 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity, with respect to minority interests in finite-lived entities at its meeting on October 29, 2003. Any action taken by the FASB could have an impact on the manner and timing in which AMB and other companies are required to account for minority interests in certain consolidated joint ventures. If the FASB elects to implement SFAS 150 in its current form, AMB will adopt SFAS 150 and present its financial statements including the effects of SFAS 150 in its third-quarter filing with the SEC on form 10-Q.

(B) Net of minority interests' share of merchant development profits and gains on dispositions of real estate.

SOURCE: AMB Property Corporation

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Web site: <http://www.amb.com/>

<http://prologis.mediaroom.com/2003-10-28-AMB-Property-Corporation-Announces-Third-Quarter-2003-Results>