



## American Association of Port Authorities

### Focus on Sustainability

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# AMB Property Corporation – Overview

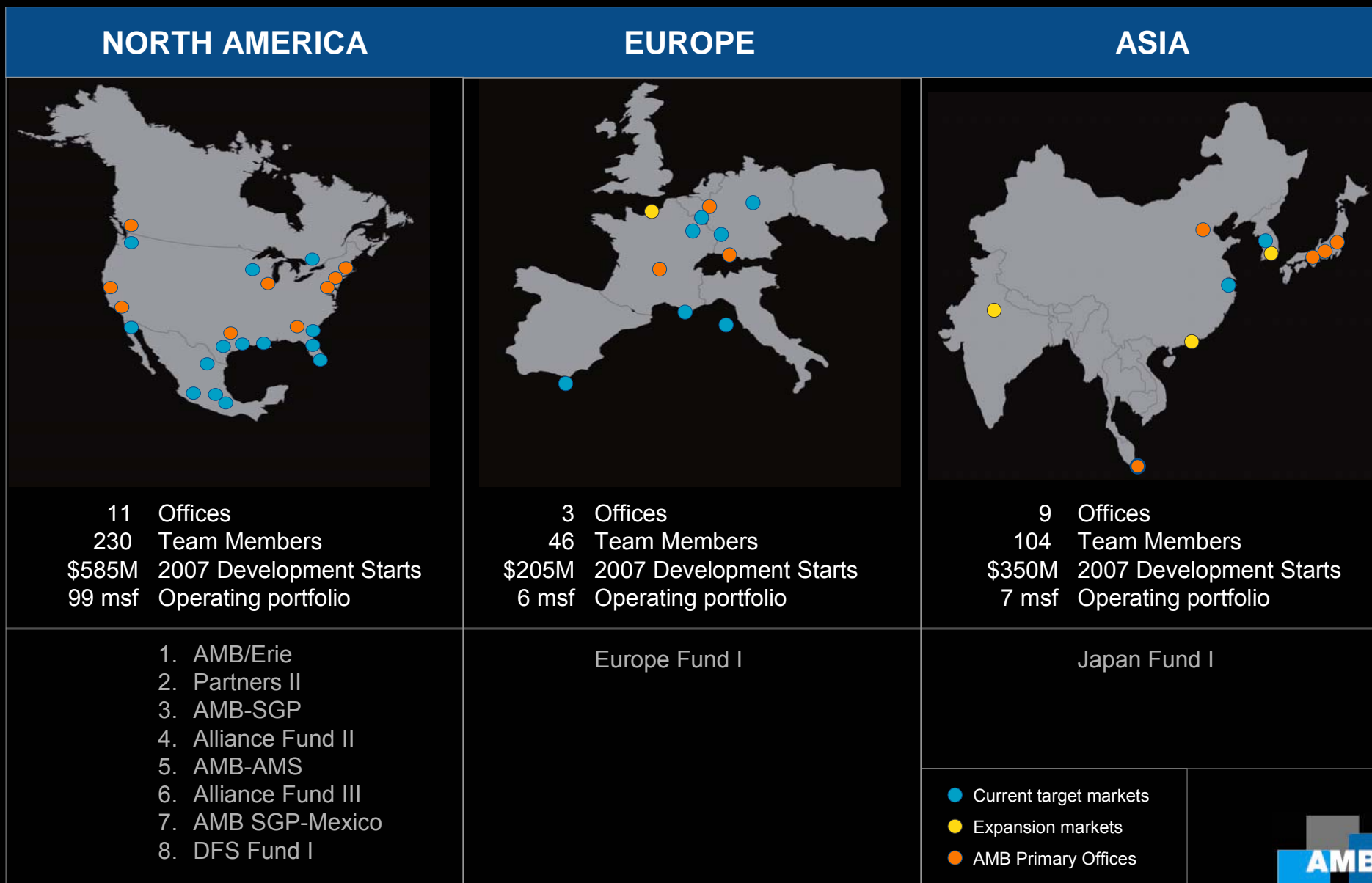
- Investment Strategy
  - Invest in distribution facilities in locations vital to the global supply chain
- Property Portfolio
  - 137 msf platform in 44 markets in 13 countries<sup>(1)</sup>
  - \$13.1 billion assets under management; \$15.5 billion with committed capital
  - 2,800 customers<sup>(2)</sup>
- Organization
  - Deep and experienced regional teams
  - Robust development platform capable of \$1.1 billion in annual starts today, growing to \$1.6 billion in starts by 2010
  - Value-Added Conversion business
  - Industry-leading private capital franchise

(1) As of June 30, 2007

(2) AUM comprises Total Market Cap, AMB's Share of Debt, Preferred Equity and Co-Investors Share of Fair Market Value of Fund Real Estate as of June 30, 2007



# Global Reach – 13 Countries, 44 Markets in 23 Offices<sup>(1)</sup>



# AMB's Long-Term Seaport Strategy

- Establishing major presence in port markets since the mid – 1980's
- Major concentrations in the U.S.; prominent market position in top two European ports; significant presence in top ranking Asian port markets
- AMB's U.S. port markets have outperformed the 5-year NCREIF<sup>(1)</sup> returns by 330 bps<sup>(2)</sup>
- Expanding presence in top port markets in North America, Europe and Asia

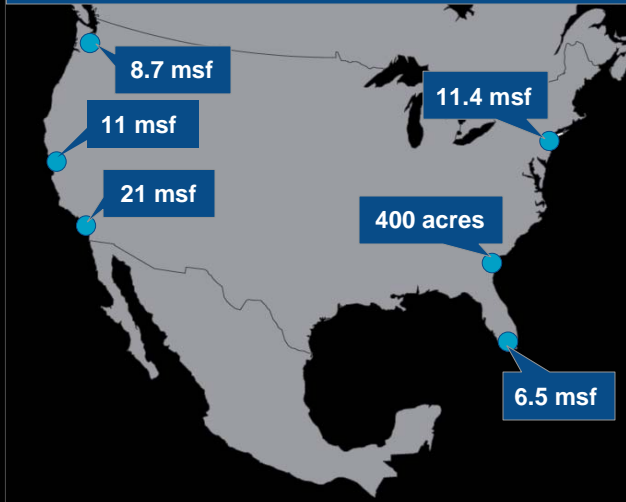
(1) NCREIF National Council of Real Estate Investment Fiduciaries Index

(2) Five year industrial total return premium to rest of NCREIF markets



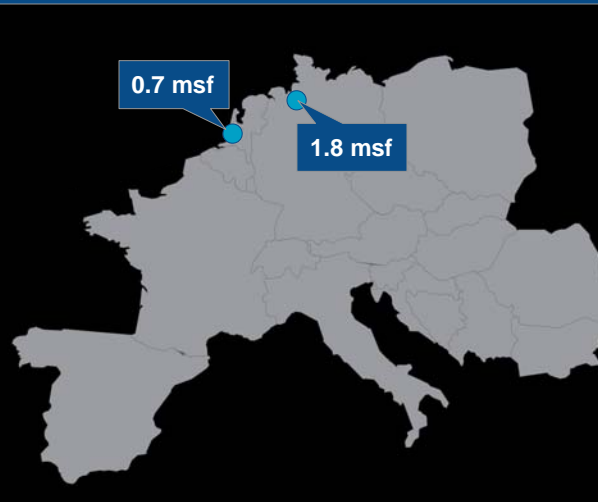
# Global Seaport Presence

## NORTH AMERICA



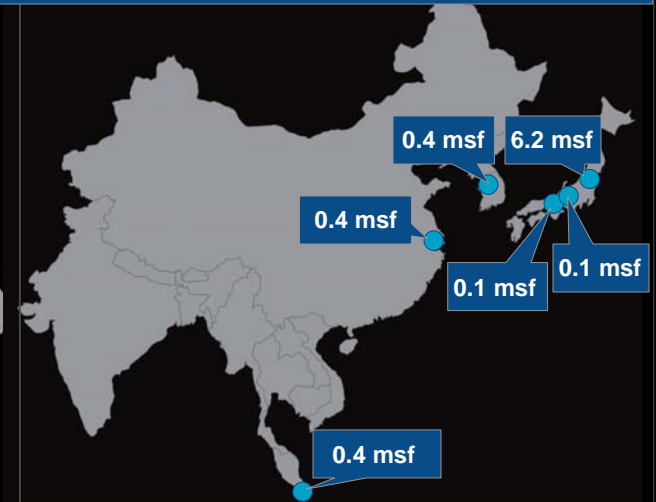
**U.S.** Los Angeles/Long Beach  
New Jersey/New York  
Oakland/San Francisco  
Savannah  
Seattle/Tacoma  
Miami

## EUROPE



**Germany** Hamburg  
**Netherlands** Rotterdam

## ASIA



**Singapore** Singapore  
**China** Shanghai  
Pearl River Delta\*  
Bohai Basin\*  
**Japan** Tokyo  
Osaka  
Nagoya  
**Korea** Seoul

# Customer-Driven Global Expansion





# AMB's Port Position in the U.S.

- 60% of our portfolio in top U.S. port markets
- Targeting 7 of the top 10 U.S. port markets as ranked by volume
- Expanding presence is development driven
- Pursuing inland port opportunities



AMB Portview Commerce Center, NNJ



AMB Portside Distribution Center, Seattle/Tacoma

# AMB's Port Position in Europe

- AMB has prominent market position at Europe's 2 largest ports
- Largest private owner at Port of Hamburg
  - Significant and growing interest in Port of Rotterdam
- 100% leased in operating facilities
- Customers include: Nippon Express, APL Logistics, Unisped Logistik and Buss Logistik



Port of Hamburg, 12 AMB facilities totaling 1.8 msf



Port of Rotterdam, 4 AMB facilities totaling 715 ksf



# AMB's Seaport Position in Japan

- 88% of portfolio in seaport markets
- Maximizing land values with multi-story development
- Tokyo, Osaka and Nagoya presence
- 95% occupancy in operating facilities
- Customers include Nippon Express, Sagawa, Ryoshoku, Shibusawa, Narimato



Tokyo, AMB Ohta Distribution Center, 790 ksf



Osaka, AMB Amagasaki Distribution Centers 1 & 2, totaling 1.9 msf

# Sustainability: Connecting the Dots

- Requirements focused on port drayage services provided by 3PL's, trucking companies and IO's
- Increasing focus on truck management programs at Ports as part of environmental mitigation planning
- Local and regional transportation plans designed to reduce emissions and mitigate impacts associated with port related trucking and operations on LIA
- Customer/User sustainability initiatives targeting specific facility requirements
- Providing best-in-class buildings that meet user sustainability requirements but remain economical



# Focus on Sustainability: Understanding the Parts and Where They Fit

- Administration: procurement, information technology, health and safety, services
- Business and Finance: operational and economic considerations
- Planning: facilities planning, environmental impact assessment, natural resources management
- Design and construction: facility and site environmental design, best practices
- Operations and Security: port operations, ground and transportation services
- Facilities: architectural/engineering, facilities operation and maintenance, utilities, wastewater treatment/stormwater management, solid waste management
- Communications/Marketing: education/training, public and community outreach



# Sustainable Buildings - Key Drivers

- Customers understand the total cost of leasing space includes operating expenses
- Rising energy prices highlight buildings that are the most and least energy efficient; Customers will migrate to space with lower total costs
- Provide best-in-class energy efficient space for customers, proactively addressing building energy performance concerns
- Actively engage existing customers through HVAC, roofing and lighting retrofit initiatives to pursue energy efficient improvements to their space
- Creates value-added partnerships between AMB and its customers
- Energy performance regulations play an increasing role
- Globally, European building regulations, often a precursor to eventual US standards, now require all buildings to be graded according to their energy performance



# Sustainability: What's It All About

- **Green building** is the practice of creating buildings and supporting infrastructure that minimize the use of resources, reduce harmful effects on the environment, and create healthier environments for people. Although often referred to as sustainable building or environmental building, there are slight differences in the definitions
- **Sustainable development** is defined as balancing the fulfillment of human needs with the protection of the natural environment so that these needs can be met not only in the present, but in the indefinite future. The term, rather than focusing solely on environmental issues, more broadly encompasses economic, environmental, and social policy
- **Social responsibility** is a doctrine that claims an entity has a responsibility to society, both to the people and community as well as to the environment. Companies by nature act on a far larger scale than individuals, with impacts far greater
- **Socially responsible investing** describes an investment strategy that combines the intentions to maximize both financial return and social welfare





# Examples of Measures That Can Be Taken to Improve Building Performance Include:

- Incorporating the most efficient heating, ventilation, and air conditioning systems, along with operations and maintenance of such systems to assure optimum performance
- Using state-of-the-art lighting and optimizing daylighting
- Using recycled content building and interior materials
- Reducing potable water usage
- Using renewable energy
- Implementing proper construction waste management
- Siting the building near public transportation
- Using locally produced building materials



# Benefits Incorporating Sustainable Features Into Buildings

- **Benefits**
  - **Operating costs:** Average expected decrease in operating costs of 8-9% across the industry
  - **Building values:** Average increase in values expected around 7.5%
  - **Return on investment (ROI):** Average ROI expected to improve 6.6%
  - **Occupancy ratio:** Occupancy rate expected to increase by 3.5%
  - **Rent ratio:** On average, rents expected to increase by 3%

# Benefits Cont...

- **Intangible Benefits**
  - **Appeal to socially responsible.** We believe companies that invest in socially responsible practices benefit from an environmentally conscious market
  - **Public relations, branding and marketing.** Companies can enhance their perceived image and marketability by implementing green procedures that are good for the environment
  - **Improved sales and lease-up of properties.** It is generally believed that, all else equal, a tenant is more likely to rent from a green building than a nongreen building
  - **Increased workforce satisfaction and productivity.** Studies show that the physical workplace can affect job satisfaction as much as 24%, leading to reduced employee turnover and lower operational costs for training new employees (BOSTI Associates)



# Additional Incentives

- **Tax credits.** In an effort to expand the universe of green certified buildings and homes, the federal (and many state) governments have implemented personal, corporate, sales, and property tax breaks, as well as rebates, grants, and loans to owners whose buildings meet a specific requirement
- **Insurance benefits.** Insurance companies also support green construction as there is generally less risk in buildings with state of the art technology that provide higher appraisal values and a healthier work environment
- **Improved loan conditions.** The bank sector has also begun to support green construction. Certain banks now offer financial incentives for green buildings through lower interest rates and a higher loan-to-value
- **Expedited permit applications.** In many locales, city and county authorities are beginning to offer preferential treatment to development applications that promise to achieve LEED certification



# Additional Incentives Cont...

- **Renewable energy incentives.** More than 20 states offer some form of incentive for solar power systems.<sup>5</sup> In addition, the 2005 Energy Policy Act offers a 30% federal tax credit for systems placed in service through the end of 2008, likely extended through 2016
- **Increasingly being mandated.** Though it may seem like the beginning of the green movement to many participants and observers, energy efficiency standards are increasingly being mandated



# Sustainability: Brownfield Redevelopment

- AMB has been an active buyer of environmentally impaired property since 1997
- Work with communities, regulators, and our customers to recycle sites and build state-of-the-art distribution facilities that incorporate the principles that are the foundation of sustainability
- AMB's portfolio is predominantly in dense infill urban locations, where there is a legacy of prior site use
- Example: AMB Liberty Logistics Center



AMB Liberty Logistics Center Site, Before



AMB Liberty logistics Center, After (Rendering)

# Sustainability: AMB's Development Platform

- Seek to maximize the energy performance of our buildings
- Utilize practical, intelligent design and construction features for buildings and industrial parks
- Continually expand and refine our construction specification guidelines to ensure that they include the latest energy efficiency and green building design
- Example: Morgan Distribution Center 1, part of a multi-building master planned development located near the Port of Savannah
  - First LEED-Silver certified speculative development in the southeastern U.S.



# Sustainability: Infill Locations and Multi-Story Development

- Importance of locating distribution facilities close to ports, airports, and major transportation corridors
- Key aspect of our investment strategy since the company's inception
- In-fill development in urban areas can have less environmental impact than Greenfield development because it utilizes pre-developed sites and their existing transportation and utility infrastructure
- Customers ultimately benefit from locating closer to their customers
- Urban locations are also more easily accessed by mass transit networks, reducing employee automobile dependence



# Infill Example



Properties Proximate to San Francisco International Airport and near Downtown

## Sustainability: Infill Locations and Multi-Story Development Cont...

- Multi-story logistics developments can also be a highly desirable sustainable solution
- High density distribution facilities located in urban areas significantly reduce the carbon impact by bringing our customers closer to their customers, reducing related transportation impacts
- Eighty percent of AMB's Japan portfolio is multi-story located within the densely developed distribution markets serving Tokyo and Osaka





# Multi-Story Example



AMB Ohta Distribution Center 1, Tokyo, Japan

# AMB As Industry Advisor

- Making significant steps toward continued (and greater) sustainability and energy efficiency
- “Green” for the industrial product type is a fairly elusive concept due to industry-wide characteristics including triple-net lease structure, limited tenant awareness and demand, and low-cost competition
- AMB is working on multiple advisory panels, including NAREIT, to adapt the LEED-recognized features so that the standards become more applicable to industrial buildings and result in wider adoption by industrial real estate



# Renewable Energy

- Making significant steps toward continued (and greater) sustainability and energy efficiency
- Reducing carbon emissions through the installations of grid-tied rooftop photovoltaic systems
- Solar systems provide a long term supply of emissions-free electricity for tenant use at market competitive prices with carbon emissions off-sets
- Over 20 million square feet of roof space in sunny LA basin
- Scheduled to be implemented in 2008 to provide emission-free electricity for participating tenants



# Carbon Emissions

- Carbon credits: the currency of climate change
- Chicago Climate Exchange voluntary market, will establish a domestic price for greenhouse gas emissions

# Enhancing Corporate and Shareholder Value

- Recognize that energy performance and sustainability is a process, not a product
- Requires long-term commitment to achieving measurable objectives



# Roofing and Retrofit Program

- Potential to reduce portfolio-wide energy consumption up to 13% through cost-neutral capital investments in energy efficient Energy Star-compliant roofing systems



Before



After



# Roofing and Retrofit Program Through 2007

- AMB has 108 million square feet of roofing in the US
- Choice between retrofitting roofs with traditional asphalt built-up roofing or rubber membranes, or Energy Star-compliant high reflectance white TPO roofing systems
- 55% of AMB's portfolio is located in regions with high solar irradiation levels and predominant cooling degree day climates
- Initiated in 2005, and has retrofitted more than 6.1 million square feet of warehouse space with Energy Star-compliant roofing products
- Saved our customers more than \$1.3 million per year in energy costs and reduced carbon emissions by nearly 25,000 tons since the program's inception



## Roofing and Retrofit Program Through 2007 Cont...

- Customers have responded positively to the new roofing, noting lower utility bills and a more comfortable working environment
- Energy Star roofing in place in 2008 will also have the effect of reducing indirect carbon emissions by an estimated 280,000 tons over the life of the roofing
- Equivalent impact on the atmosphere as planting more than 7.1 million trees, or taking more than 60,000 cars off the road in 2008
- These new roofing technologies also have virtually no up-front cost premium and reduce maintenance expenditures for years to come; They are sustainable from a business standpoint, not only from an environmental one
- When all roofing is retrofit, it is estimated that it will conserve more than 152 million kilowatt-hours and reduce carbon emissions by more than 92,000 tons annually; This is equivalent to removing nearly 20,000 cars from the road annually, or planting more than 2.3 million trees each year

# Lighting Retrofit Program



Before



After

# Lighting Retrofit Program Through 2007

- As part of our focus on infill property investments, AMB often acquires functionally obsolete and inefficient buildings
- Program to redevelop and upgrade these well located buildings that includes retrofitting lighting to optimize their operational efficiency
- Currently, less than 10 % of AMB's US portfolio utilizes high efficiency fluorescent T-5 and T-8 lighting
- AMB's lighting retrofit program is being rolled out to our tenants portfolio-wide in 2008 and high efficiency fluorescent lighting is already included in new development specifications
- When the US portfolio is fully retrofitted, energy savings will exceed 386 million kilowatt-hours per year, and will result in more than 233,000 tons of avoided carbon emissions annually
- This has an effect on the atmosphere similar to planting more than 5.7 million trees, or taking more than 48,000 cars off the road each year



# Conclusions

- With a domestic portfolio of 108 million square feet and 137 million square feet globally, AMB is a leading global developer and owner of industrial real estate, able to make a significant positive impact on the environment through energy performance and sustainability
- Our corporate operations have embraced environmentally responsible business practices for years, and we are actively exploring new ways to significantly reduce energy consumption throughout our extensive global portfolio
- We are establishing innovative partnerships with our customers to share the costs and savings of improvements and develop productive long term relationships
- We are also actively monitoring and managing our carbon footprint, seeking reductions through renewable energy and through the purchase of emissions offsets





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Local partner to global trade.™

This document contains forward-looking statements such as the size, completion and total investment in development projects which are made pursuant to the safe-harbor provisions of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. 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. For further information on 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 annual report on Form 10-K for the year ended December 31, 2006.