Macro Drivers and Trends

Top 20 Worldwide Ports

<table>
<thead>
<tr>
<th>World Ranking</th>
<th>Port Name</th>
<th>Total TEU</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Hong Kong</td>
<td>21,932,000</td>
</tr>
<tr>
<td>2</td>
<td>Singapore</td>
<td>20,600,000</td>
</tr>
<tr>
<td>3</td>
<td>Shanghai</td>
<td>14,557,200</td>
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<tr>
<td>4</td>
<td>Shenzhen</td>
<td>13,650,000</td>
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<tr>
<td>5</td>
<td>Los Angeles/Long Beach</td>
<td>13,101,292</td>
</tr>
<tr>
<td>6</td>
<td>Busan</td>
<td>11,430,000</td>
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<tr>
<td>7</td>
<td>Kaohsiung</td>
<td>9,710,000</td>
</tr>
<tr>
<td>8</td>
<td>Rotterdam</td>
<td>8,200,000</td>
</tr>
<tr>
<td>9</td>
<td>Hamburg</td>
<td>7,003,479</td>
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<tr>
<td>10</td>
<td>Dubai</td>
<td>6,428,883</td>
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<td>11</td>
<td>Antwerp</td>
<td>6,063,746</td>
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<tr>
<td>12</td>
<td>Port Klang</td>
<td>5,243,593</td>
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<td>13</td>
<td>Qingdao</td>
<td>5,139,700</td>
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<tr>
<td>14</td>
<td>New York/New Jersey</td>
<td>4,478,480</td>
</tr>
<tr>
<td>15</td>
<td>Tanjung Pelepas</td>
<td>4,020,421</td>
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<tr>
<td>16</td>
<td>Ningbo</td>
<td>4,005,500</td>
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<tr>
<td>17</td>
<td>Tianjin</td>
<td>3,814,000</td>
</tr>
<tr>
<td>18</td>
<td>Laem Chabang</td>
<td>3,624,000</td>
</tr>
<tr>
<td>19</td>
<td>Tokyo</td>
<td>3,580,000</td>
</tr>
</tbody>
</table>

Transshipment

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China Share of Transpacific Import Volume (by TEU)

- **1995**:
  - China: 31%
  - Others: 69%

- **2000**:
  - Others: 50%
  - China: 50%

- **2004**:
  - Others: 34%
  - China: 66%

Source: PIERS Trade Horizons

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US Import Share by Country - 2004

**Northeast Asia**
Total 9.3 million TEUs
- China: 65%
- Korea: 6%
- Japan: 9%
- HK: 13%
- Taiwan: 7%
- Korea: 6%

**Southeast Asia**
Total 1.2 million TEUs
- Singapore: 35%
- Thailand: 35%
- Malaysia: 22%
- Indonesia: 24%
- Philippines: 12%

**Northern Europe**
Total 1.5 million TEUs
- Belgium: 12%
- France: 12%
- Germany: 31%
- U.K.: 13%
- Netherlands: 15%
- Scandinavia and other N Europe: 17%

**Source:** PIERS Trade Horizons

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Percentage of products Shipped via Ocean (% of TEUs)

**Eastbound**
- PAPER&PAPERBOARD, INCLUDES WASTE: 9%
- PET&ANIMAL FEEDS: 8%
- FABRICS/RAW COTTON: 7%
- MIXED METAL SCRAP: 6%
- LOGS&LUMBER: 5%
- WOOD PULP: 5%
- PLASTIC PRODS, MISC: 5%
- PAPER&PAPERBOARD, INCLUDES WASTE: 4%
- PET&ANIMAL FEEDS: 4%
- FABRICS/RAW COTTON: 4%
- MIXED METAL SCRAP: 4%
- LOGS&LUMBER: 4%
- WOOD PULP: 4%
- AUTO PARTS: 4%
- COMPUTERS: 4%
- LAMPS&PARTS: 4%
- VEGETABLES: 4%
- HARDWARE: 4%
- AUTO&TRUCK TIRE&TUBES: 4%
- FURNITURE: 4%
- TOYS: 4%
- FOOTWARE: 4%
- SYNTHETIC RESINS & PLASTICS: 4%
- AUTO PARTS: 4%
- COMPUTERS: 4%
- LAMPS&PARTS: 4%
- VEGETABLES: 4%
- HARDWARE: 4%
- AUTO&TRUCK TIRE&TUBES: 4%
- FURNITURE: 4%
- TOYS: 4%
- FOOTWARE: 4%
- SYNTHETIC RESINS & PLASTICS: 4%

**Westbound**
- PAPER&PAPERBOARD, INCLUDES WASTE: 11%
- PET&ANIMAL FEEDS: 12%
- FABRICS/RAW COTTON: 8%
- MIXED METAL SCRAP: 7%
- LOGS&LUMBER: 6%
- WOOD PULP: 5%
- PLASTIC PRODS, MISC: 5%
- PAPER&PAPERBOARD, INCLUDES WASTE: 5%
- PET&ANIMAL FEEDS: 5%
- FABRICS/RAW COTTON: 5%
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Macro Drivers and Trends

Major Ocean Carriers and Capacity (in TEUs)

- Maersk: 11.6%
- MSC: 11.6%
- PONL: 4.64%
- CMA CGM: 5.64%
- Evergreen: 3.42%
- APL: 4.00%
- Cosco: 4.14%
- Hanjin: 3.75%
- CSCL: 3.42%
- NYK: 3.31%
- OOCL: 3.12%
- MOL: 2.87%
- K Line: 2.87%
- HLCL: 2.67%
- CP Ships: 2.57%
- Yang Ming: 2.46%
- Zim: 2.46%
- HMM: 2.19%
- Hamburg Sud: 1.95%
- World Fleet: 7,292,726 TEUs
- Grand Alliance: 6.61%
Macro Drivers and Trends

Capacity and Ships on Order by Capacity October 2005 - 2007

**Existing** Capacity by Container Ship Size in TEU, As of January 2005

- 5000+: 21%
- 3000 to 4999: 23%
- Under 3000: 56%


- 5000+: 64%
- 3000 to 4999: 20%
- Under 3000: 16%

Source: Containerization International Yearbook 2004

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Macro Drivers and Trends

Capacity and Ships on Order by Capacity October 2005 - 2007

**Existing** Capacity by Container Ship Size in TEU, As of January 2005

- 3000 to 4999: 23%
- 5000+: 21%
- Under 3000: 56%

**Estimated** Container Ship Capacity Including new orders October 2005 - 2007

- 3000 to 4999: 22%
- Under 3000: 47%
- 5000+: 30%

Source: Containerization International Yearbook 2004

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Impact of larger ships

Existing terminal capacity (5,000 TEU)
> 75 acres per marine Terminal
> 2-3 days
> 3-4 Cranes
> 1,500 trucks
> 3.75 stack trains (1,500 TEUs)
> 1,000 foot berth

New Terminal demands (8,000 TEU vessel)
> 140 acres per marine Terminal
> 5-7 Days to unload
> 6 Gantry Cranes
> 2,400 trucks required to move 50% of containers
> 6 stack trains to move 50% of TEUs (2,400 TEUs)
> 1,250 foot berth
Macro Drivers and Trends

U.S./Canada/Mexico Container Traffic – 2004 (000,000 TEUs)
Key Canadian Ports

Prince Rupert – 0.0
- Deepest port
- Tie to CP Rail
- NYK signed
- No local mkt
- 0.5 m TEU shift
- Day closer sail

Vancouver – 1.7
- Small local market
- Delta Port expansion
- Rail congestion

Fraser River – .03
- land constrained
- Tie to rail
- Up Fraser river
- only panamex ships

Montreal – 1.2
- 50’ approved
- Inland Port
- 10.5% growth

Halifax – 0.5
- Deep Water Port
- Access Problems
- Small Population

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Key US Ports

NY/NJ – 4.1
- 50’ approved
- Inland Port
- 10.5% growth

VPA – 1.8
- next to Navy
- Creaney Is
- 5% growth

Charleston – 1.8
- access problem
- good labor
- lots of land

Savannah – 1.6
- fast 16% growth
- expansion
- good labor

LA/LB – 13.1
- 13.5% growth
- Large local market
- little dredging
- congestion
- Environmental

Oakland – 2.0
- 6 % growth
- export
- all carriers
- 50’ depth
- both RR

Seattle/Tacoma – 3.6
- capacity
- small local mkt
- Puget

Port Everglades – 0.6
- Berth capacity issues
- Draft issues
- Master Plan calls for 1.2 M TEUs

Miami – 1.0
- trans-shipment
- island/no expansion
- no inter-modal access
- Maersk dropped service
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Key Mexican Ports

- **Ensenada** – 0.05
  - Very small
  - Rocky bottom
  - max .5m TEU shift
  - Access back to US
  - Infrastructure issues

- **Colonet** – 0.00
  - Hutchinson investment
  - tie to US via Rail
  - 6 years off
  - minimal impact
  - Infrastructure cost

- **Manzanillo** – 0.7
  - Longer sail
  - Small Population
  - No Scale

- **Lazaro Cardenas** – 0
  - Longer sail
  - Small Population
  - Rail tie to KCS
  - fin resources

- **Altimira** – 0.3
  - Not on trade route

- **Veracruz** – 0.6
  - Not on trade route
Macro Drivers and Trends

Impact of larger ships-Market share by East Coast Port

- New Jersey
- Norfolk- Hampton
- Baltimore
- Charleston
- Savannah
- Jacksonville
- Port Everglades
- Miami
- Houston

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Panama Canal

> 50% increase in volume over 2003
> 76 weekly services from Asia… 17 are Panama Canal 22%
> 60 million TEU 20% go through Canal
> 4-5 extra days to travel to east coast. (Suez 7-10 days)
> 60% of Panama GDP is from the Canal
  - Container ships represent 60% of canal revenues

> New locks
  - 8 years to construct
  - $5-8 billion in today’s dollars
  - Construction to start in 2006
  - Average toll to increase 65% over next 3 years
Real Estate Trends

Port Issues and their effect on demand for Port related Real Estate

- Reduced Dwell time
- Demurrage and Detention Fees
- IDC vs RDC
- Expedited container movements
  - Night time port operations-Piers Pass (15% of cargo)
  - Grounded vs. Wheeled Port operations
- Short Sea Shipping
- Security-New Regulations, Electronic seals, RFID tags
- Additional on dock, near dock rail
- Labor unions
Real Estate Opportunities

- Transloading facilities
- Merchant Build markets
- Container staging lots
- Two Story Design in supply constrained markets
Real Estate Opportunities

Real Estate Opportunities – Transloading

> Growing trend on both coasts
> It’s estimated that 30% of cargo transported to the midwest is then shipped back to the west coast for delivery.
> In LA/LB, some 56% of inland cargo is currently transloaded.
Real Estate Opportunities

Real Estate Opportunities—Merchant build Markets

- Houston
- Savannah

Characteristics:
- Large Y-o-Y containerized cargo growth
- Lots of cheap land
- Low construction cost
- Low Population base (except Houston)
- Good infrastructure access
Summary

> Trade growth shows little sign of slowdown
> Vessel dimensions continue to impact trade dynamics, including infrastructure pressures
> New supply trends will continue to evolve, in order to deal with growth in trade
> Global sourcing will continue to evaluate new markets, although China seems well positioned for the short to medium term
> Real estate dynamics at both origin and destination, will continue to play a key role in many supply chain evaluations
> Flexibility will be key for quite sometime into the future
THANK YOU
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