AMB PROPERTY CORPORATION

October 6, 2003

Letter of Comment No: 31
File Reference: 1100-LEU
Date Received: 10/06/03

Via fax: Fax: (203) 849-9714

Mr. Robert Herz
Chairman
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

Re: Statement of Financial Accounting Standard No. 150– *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity*

Dear Mr. Herz:

I am the Chief Financial Officer of AMB Property Corporation, a public real estate investment trust (REIT) with total assets of over $5 billion. I am writing the Financial Accounting Standards Board (the Board) to strongly urge the Board to reconsider certain aspects of Statement of Financial Accounting Standard No. 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity (SFAS 150).*

As currently being interpreted, SFAS 150 will significantly impact the real estate industry. The implications of SFAS 150 were not clear to us until we began to implement the standard.

AMB, like many other real estate companies, invests in entities that are organized in a partnership structure (or "partnership-like" structure such as a limited liability company). Significant portions of our assets are owned in partnerships that we consolidate for financial reporting purposes. By practice, or as required by certain state reporting statutes, our joint ventures have finite lives. Based upon current GAAP, prior to SFAS 150, we carry the minority interest liability at book value.

Based upon consultations with our accountants at PricewaterhouseCoopers, we understand that pursuant to the provisions of paragraph 9 of SFAS 150, effective in the third quarter of 2003, that our consolidated joint ventures will meet the definition of mandatorily redeemable financial instruments because they have finite lives. They would therefore be required to report the minority interests share of the joint ventures fair value as liabilities and be measured at their fair value at each balance sheet date. Further, the changes to the fair value of the minority interests will be included in our operating results for the periods in which the change occurs. This accounting will not result in financial reporting that faithfully represents the economics of a parent company's interest in consolidated jointly owned entities.

Pier 1, Bay 1 San Francisco, California 94111 Main 415 394.9000 Fax 415 394.9001 www.amb.com

The great majority of our joint ventures provide our minority investors with a residual interest in the final liquidation of the net assets of the entity that is included in the consolidated financial statements of AMB. When these entities are consolidated in the financial statements of AMB, SFAS 150 will produce an anomalous result of requiring the minority interest liability to be adjusted to settlement value based on the fair value of the joint venture's underlying assets that continue to be carried at historical cost in the consolidated financial statements. Said more simply, the very changes in asset value that create the recognized adjustments to the SFAS 150-minority interest liability are not themselves reflected in the parent's consolidated financial statements.

Since we determined the applicability of this standard several weeks ago, we have been working on implementation of SFAS 150 and I have been able to see first hand the complexities this standard will add to our financial statements. It is clear to me that this standard will only serve to confuse our investors and readers of our financial statements.

Late last week I learned that FASB is considering adding an agenda item to its October 8 meeting to discuss SFAS 150 and a possible deferral of its implementation or other changes to the standard. AMB is currently scheduled to announce its third quarter results on October 7; however, we are considering a delay so that we can have the benefit of any new guidance on this issue that may result from the October 8 meeting. As such, I would appreciate knowing what, if any action the FASB may take regarding SFAS 150.

If you have any questions regarding this response, please call me at 415-733-9405. Thank you in advance for your consideration.

Sincerely

AMB Property Corporation

Michael A. Coke
Chief Financial Officer

cc: George Yungmann
V.P. Financial Standards
NAREIT
1875 Eye Street, NW
Suite 600
Washington, DC 60006-5413