



AMERICAN  
ASSETS  
TRUST



# Investor Presentation

March 2019



# American Assets Trust

## 12% RETURN

STRIP CENTER SECTOR LEADING  
ANNUALIZED TSR (2011-2018)<sup>(1)</sup>

## \$30 PSF ABR

STRIP CENTER SECTOR  
LEADING PSF ABR

## 11.5% NAV CAGR

STRIP CENTER SECTOR LEADING NET  
ASSET VALUE CAGR (2011-2018)<sup>(1)</sup>

## 9.5% CAGR

FFO  
(2011-2018)<sup>(1)</sup>

## 4.5% CAGR

DIVIDENDS  
(2011-2018)<sup>(1)</sup>

### HISTORY OF SUCCESS

- + AAT has been in business for **50 plus** years
- + Annualized TSR of **12%** since IPO<sup>(1)</sup>
- + Senior management team with significant experience working together
- + Over 12 million square feet of acquisitions and development

### IRREPLACEABLE PORTFOLIO

- + Premier costal markets on the West Coast
- + High barrier-to-entry markets and infill locations
- + Strong demographics-high population density and household income

### BEST-IN-CLASS OPERATING PLATFORM

- + Vertically integrated with significant experience in core markets
- + Expertise in all facets of the real estate industry across property types



### DISCIPLINED FINANCIAL STRATEGY & BALANCE SHEET STRENGTH

- + Vertically integrated with significant experience in core markets
- + Expertise in all facets of the real estate industry across property types

### EXECUTIVE MANAGEMENT TEAM



ERNEST RADY  
CHAIRMAN, PRESIDENT  
AND CEO



ROBERT BARTON  
EXECUTIVE VICE  
PRESIDENT AND CFO



ADAM WYLL  
SENIOR VICE PRESIDENT,  
GENERAL COUNSEL



JERRY GAMMIERI  
VICE PRESIDENT OF  
DEVELOPMENT



CHRIS SULLIVAN  
VICE PRESIDENT OF  
RETAIL PROPERTIES



STEVE CENTER  
VICE PRESIDENT OF  
OFFICE PROPERTIES



WADE LANGE  
VICE PRESIDENT,  
PORTLAND



VALERIE GANNAWAY  
VICE PRESIDENT OF  
OPERATIONS



ABIGAIL REX  
DIRECTOR OF  
MULTIFAMILY

(1) Source: Bloomberg. Total Shareholder Return (TSR) assumes dividends are reinvested in security through December 31, 2018. AAT IPO on January 13, 2011. See NAV estimate disclaimer on page 4.



# Diversified Sharpshooter In West Coast Gateway Markets

**97.1%**

RETAIL GLA LEASED

**23.3%**

OFFICE INPLACE RENTS  
BELOW MARKET

**6.1%**

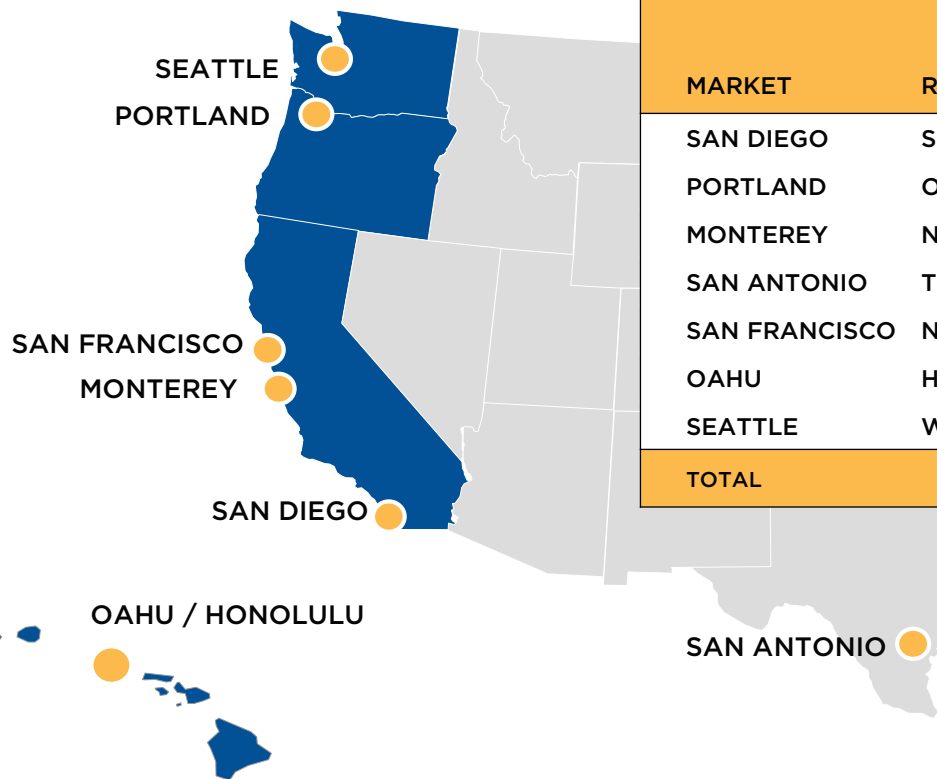
RETAIL INPLACE RENTS  
BELOW MARKET

**9.5%**

MAX RETAIL GLA EXPIRATION  
IN A GIVEN YEAR (2019-2021)

**10.5%**

MAX OFFICE GLA EXPIRATION  
IN A GIVEN YEAR (2019-2021)



MARKET	REGION/STATE	SQUARE FEET (IN 000's)				UNITS	
		RETAIL	OFFICE	MIXED-USE	TOTAL	MULTIFAMILY	HOTEL
SAN DIEGO	SOUTHERN CALIFORNIA	1,322	822	-	2,144	1,455	-
PORTLAND	OREGON	44	820	-	864	657	-
MONTEREY	NORTHERN CALIFORNIA	674	-	-	674	-	-
SAN ANTONIO	TEXAS	589	-	-	589	-	-
SAN FRANCISCO	NORTHERN CALIFORNIA	35	517	-	552	-	-
OAHU	HAWAII	430	-	97	527	-	369
SEATTLE	WASHINGTON	-	497	-	497	-	-
<b>TOTAL</b>		<b>3,094</b>	<b>2,656</b>	<b>97</b>	<b>5,847</b>	<b>2,112</b>	<b>369</b>

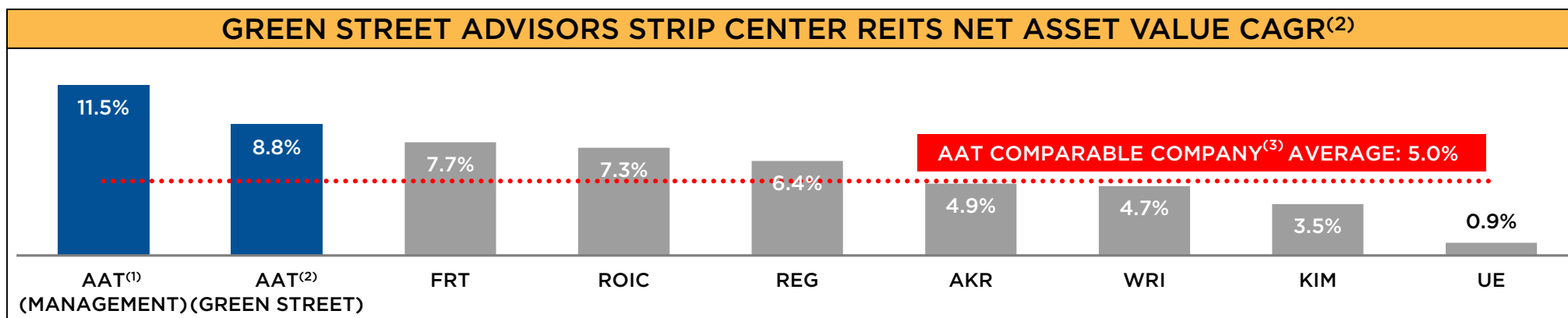
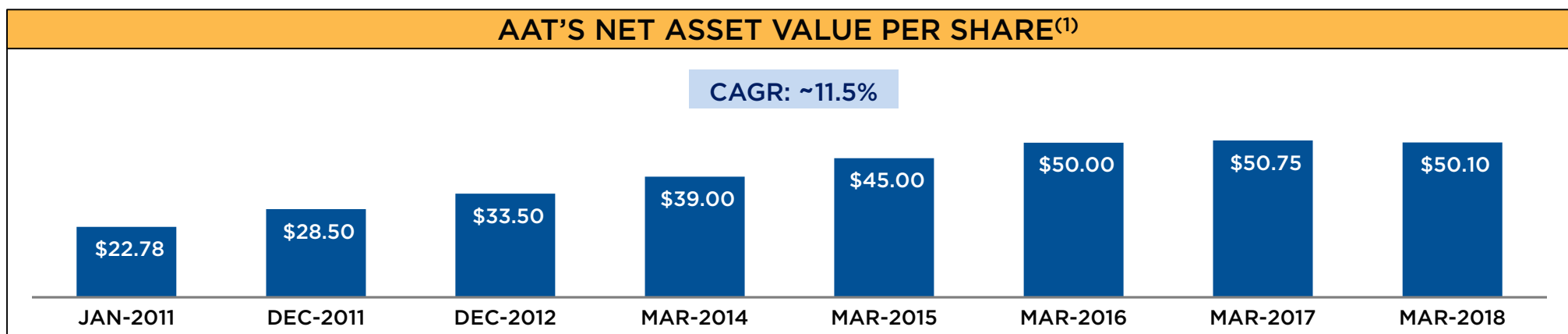
NET OPERATING INCOME BREAKDOWN			
BY GEOGRAPHIC REGION		BY SEGMENT	
SOUTHERN CALIFORNIA	37%	RETAIL	36%
HAWAII	19%	OFFICE	36%
NORTHERN CALIFORNIA	18%	MULTIFAMILY	15%
OREGON	12%	MIXED-USE	13%
TEXAS	7%		
WASHINGTON	7%		

As of December 31, 2018.

Source: As reported in AAT's supplemental information disclosure package as furnished to the SEC and available on AAT's website.



# AAT's Estimated Net Asset Value Per Share



Note: The NAV estimates contained herein have been prepared in good faith by the Company based on both management's knowledge of its core markets and published pricing data. All of such information presented herein is unaudited. In some cases, valuations use assumptions that may be complex and susceptible to significant uncertainty, and may ultimately prove incorrect. Actual NAV may be materially different from the Company's internal estimates and therefore all of such data should only be taken as the Company's indicative values for information only. No reliance should be placed on any estimated valuations without the investor or analyst's own independent determination. Furthermore, the actual value of the Company's assets, as indicated in the Company's stock price, may be materially different from the NAV set forth above. Such estimations and valuations are particularly susceptible to inaccuracies during periods of market volatility or uncertainty, and additional information may become available subsequently which materially alters assumptions or other inputs to the estimates. In the event that an estimated valuation subsequently proves to be incorrect, no adjustment to a previously provided estimated valuation is expected to be made and the Company disclaims any obligation to update same.

(1) AAT's NAV CAGR estimate is based on both management's knowledge of its core markets and published pricing data since IPO.

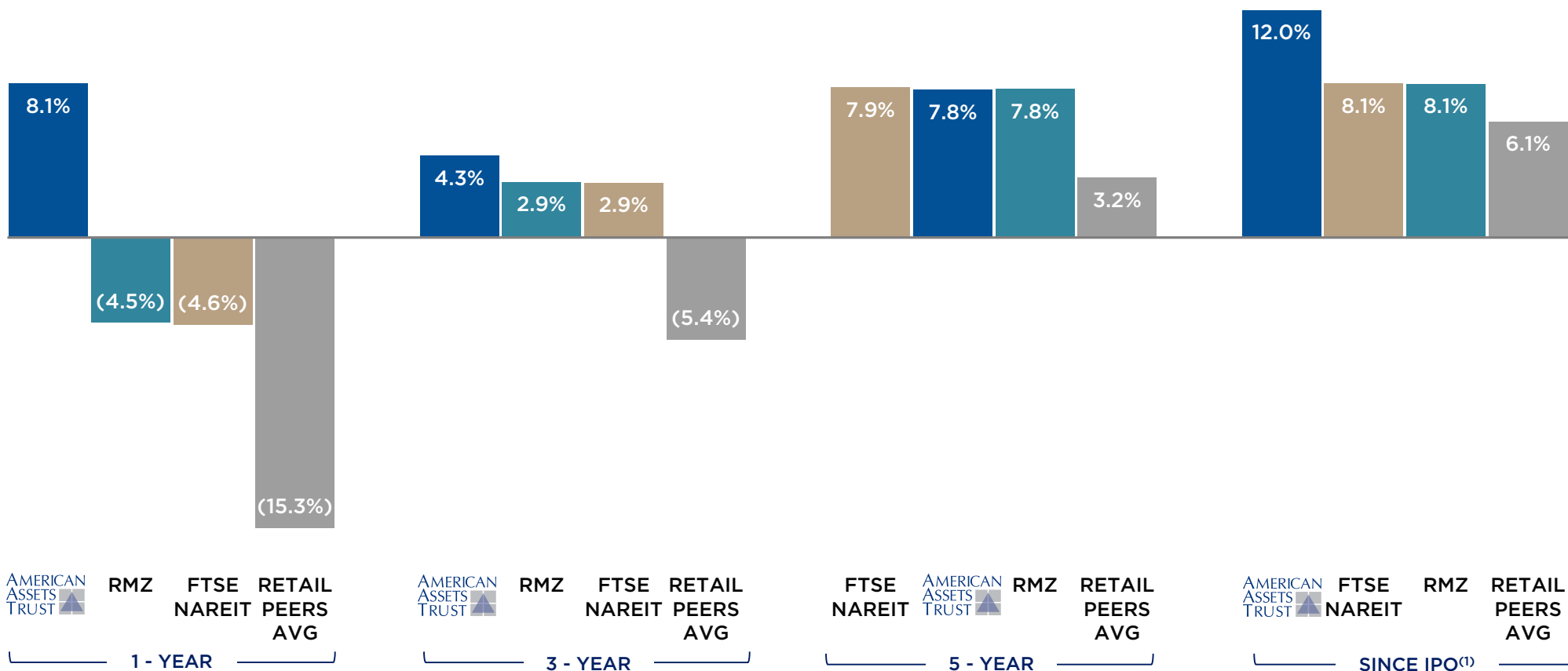
(2) On a comparable basis, using data from Green Street Advisors "Estimates and Opinions" reports from 7/1/2011 through 11/21/2018. AAT's NAV CAGR is 8.8%.

(3) NAV CAGR of Retail comparable companies based on data from Green Street Advisors "Estimates and Opinions" reports from 7/1/2011 through 11/21/2018. Retail peer companies include Federal Realty (FRT), Retail Opportunity Investments Corp (ROIC), Regency Centers (REG), Acadia Realty Trust (AKR), Weingarten Realty (WRI), Kimco Realty (KIM) and Urban Edge (UE). Urban Edge data as of 1/16/2015.



# Strip Center Sector Leading Performance

## TOTAL SHAREHOLDER RETURNS (ANNUALIZED)



Source: Bloomberg

Note: Annualized Returns. Assumes dividends are reinvested. Total Returns are through 12/31/2018.

Retail peer companies include Federal Realty (FRT), Retail Opportunity Investments Corp (ROIC), Regency Centers (REG), Acadia Realty Trust (AKR), Weingarten Realty (WRI), Kimco Realty (KIM) and Urban Edge (UE). Urban Edge data as of January 5, 2015.

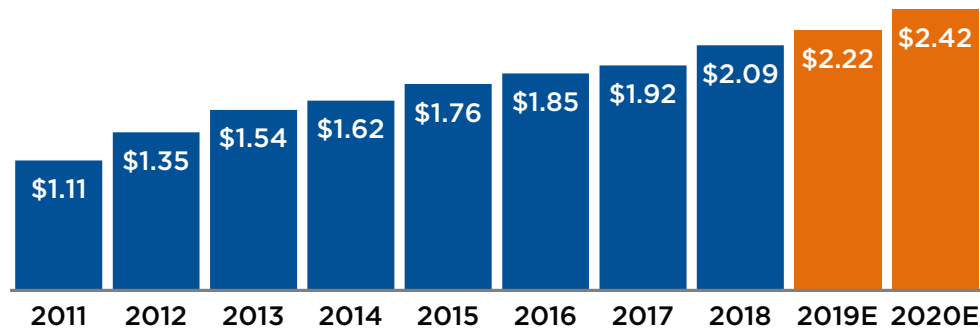
(1) AAT IPO was January 13, 2011.



# Shareholder Value Growth

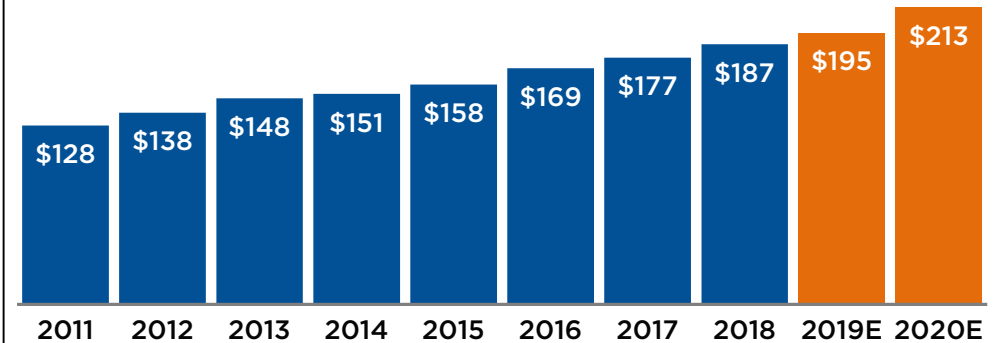
## FFO PER SHARE

CAGR (2011-2020E): 8.9%



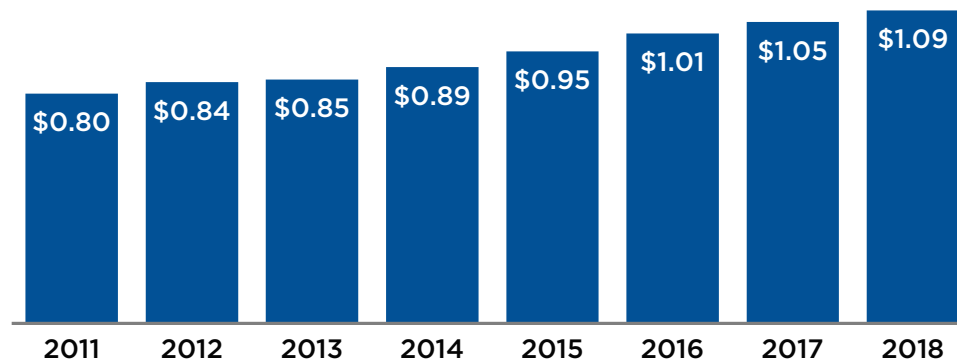
## EBITDA (\$ MILLIONS)

CAGR (2011-2020E): 5.8%



## DIVIDENDS PER SHARE

CAGR (2011-2018): 4.5%

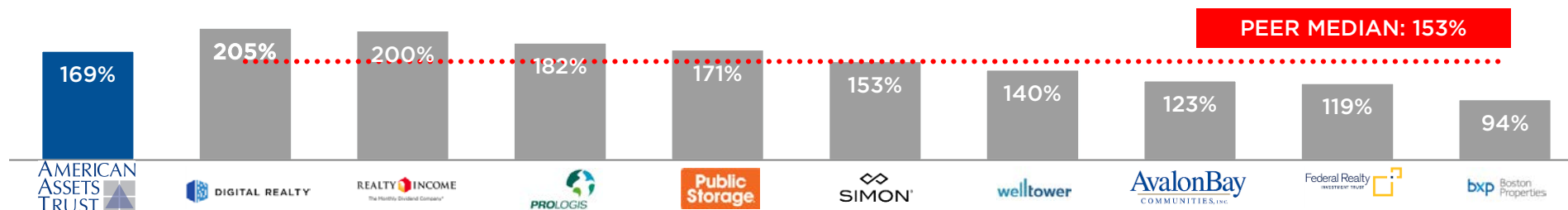


Source: As of 12/31/2018. As reported in AAT's supplemental information disclosure package as furnished to the SEC and available on AAT's website. Proforma calculation for potential FFO & EBITDA growth in 2019 and 2020. See forward looking disclosure on page 34.

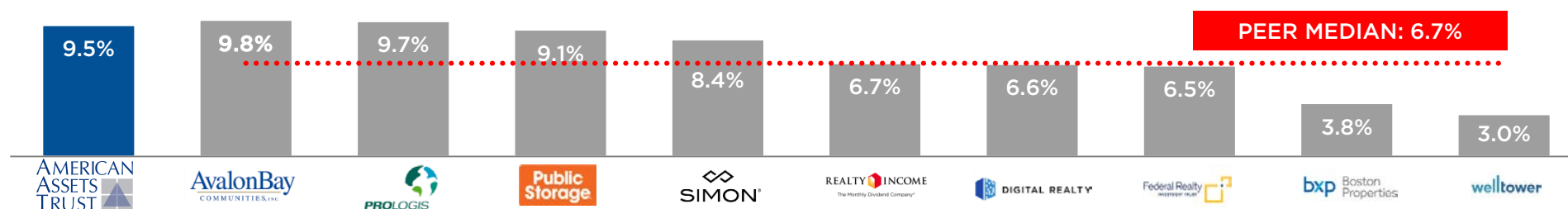


# AAT Has Outperformed The Best-In-Class REITs Since Its IPO

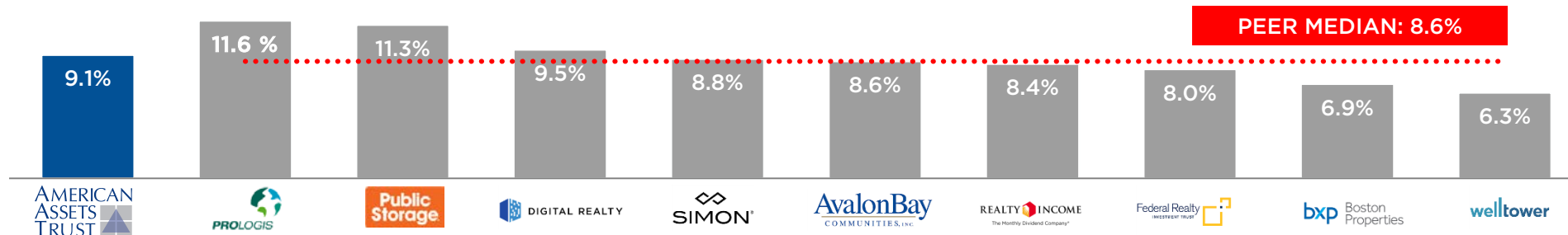
## TOTAL SHAREHOLDER RETURN SINCE IPO<sup>(1)</sup>



## REPORTED FFO PER SHARE CAGR SINCE IPO<sup>(2)</sup>



## SNL CONSENSUS NAV PER SHARE CAGR SINCE IPO<sup>(3)</sup>

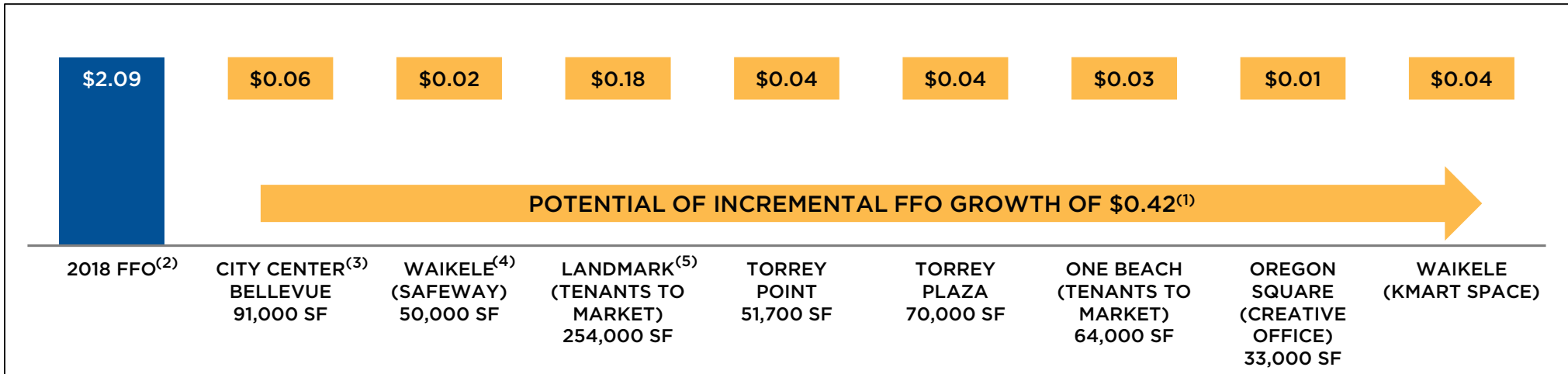


Source: SNL, Capital IQ, Bloomberg; market data as of March 1, 2019; AAT IPO on January 13, 2011.

- (1) Total shareholder return represents share price appreciation plus dividends from January 13, 2011 to March 1, 2019. AAT share price appreciation uses IPO price of \$20.50. Dividends assumed to be paid on ex-dividend date and reinvested.
- (2) FFO CAGR represents growth from CY2011 to CY2018.
- (3) NAV CAGR represents growth in SNL consensus mean estimates from March 1, 2011 to March 1, 2019.

# Future Growth Potential

Estimated FFO Per Share, Upon First Year Of Stabilization



	2019	2020	2021	TOTAL
PRIOR YEAR FFO PER SHARE	\$ 2.09	\$ 2.22	\$ 2.42	
POTENTIAL INCREMENTAL FFO GROWTH PER SHARE:				
CITY CENTER BELLEVUE	\$ 0.06	\$ -	\$ -	\$ 0.06
TORREY POINT	0.02	0.02	-	0.04
TORREY PLAZA	0.01	0.03	-	0.04
LANDMARK	0.10	0.08	-	0.18
ONE BEACH	-	-	0.03	0.03
OREGON SQUARE CREATIVE OFFICE	-	0.01	-	0.01
SAFEWAY AT WAIKELE	-	0.02	-	0.02
REDEVELOPED KMART SPACE AT WAIKELE	-	-	0.04	0.04
<b>TOTAL POTENTIAL INCREMENTAL FFO GROWTH PER SHARE</b>	<b>\$ 0.19</b>	<b>\$ 0.16</b>	<b>\$ 0.07</b>	<b>\$ 0.42</b>
ESTIMATED NET FFO GROWTH FROM EXISTING PORTFOLIO <sup>(6)</sup>	(0.06)	0.04	0.04	
<b>POTENTIAL FFO PER SHARE</b>	<b>\$ 2.22</b>	<b>\$ 2.42</b>	<b>\$ 2.53</b>	



# Future Growth Potential

## Forecasted Market Cap Increase Through Organic Growth

	2018	2019	2020	2021
FFO AS SHOWN ON THE FUTURE GROWTH POTENTIAL SLIDE <sup>(1)</sup>	\$2.09	\$2.22	\$2.42	\$2.53
ACTUAL CLOSING STOCK PRICE AT 12/31/18 AND 2/19/2019	\$40.17	\$43.78	-	-
ACTUAL FFO MULTIPLE	19.22	19.72	-	-
ESTIMATED FUTURE FFO MULTIPLE	-	-	20.00	20.00
PROJECTED STOCK CLOSING PRICE USING FFO MULTIPLE	-	-	\$48.40	\$50.60
SHARES OF COMMON STOCK OUTSTANDING AS OF 12/31/2018	47,335,409	47,335,409	47,335,409	47,335,409
MARKET CAP	\$1,901,463,380	\$2,072,344,206	\$2,291,033,796	\$2,395,171,695
FORECASTED ANNUAL ORGANIC GROWTH OF MARKET CAP (\$)	-	\$170,880,826	\$218,689,590	\$104,137,900
FORECASTED ANNUAL ORGANIC GROWTH OF MARKET CAP (%)	-	9.0%	10.6%	4.5%

(1) Proforma calculation for potential FFO growth. FFO growth amounts are approximate and do not assume any additional equity issuances. See forward looking disclosure on page 34.

(2) As reported in AAT's supplemental information disclosure package as furnished to the SEC and available on AAT's website.

(3) The vacant 91,000 SF at City Center Bellevue was backfilled during 1Q-2018 at 24.2% increase in base rent (cash basis % change over expiring rent).

(4) The vacant 50,000 SF former Sports Authority space at Waikale was leased to Safeway in July 2018.

(5) On November 2, 2018, AAT entered into an office lease and office sublease with a new tenant for approximately 253,000 SF at Landmark at One Market, which includes most of the space currently leased by Salesforce.com, Inc. The estimated annual base rent under the office lease and office sublease with the new tenant (calculated in accordance with GAAP) is expected to contribute approximately \$0.39 per share of FFO once the new tenant has taken possession of the entirety of its leased space (anticipated to be calendar year 2020) and is expected to contribute approximately \$0.10 per share of FFO in 2019 as it begins to accept possession of certain of the leased space. The estimated \$0.39 per share of FFO reflects incremental growth of \$0.18 per share of FFO over the expiring Salesforce.com annual base rent (calculated in accordance with GAAP).

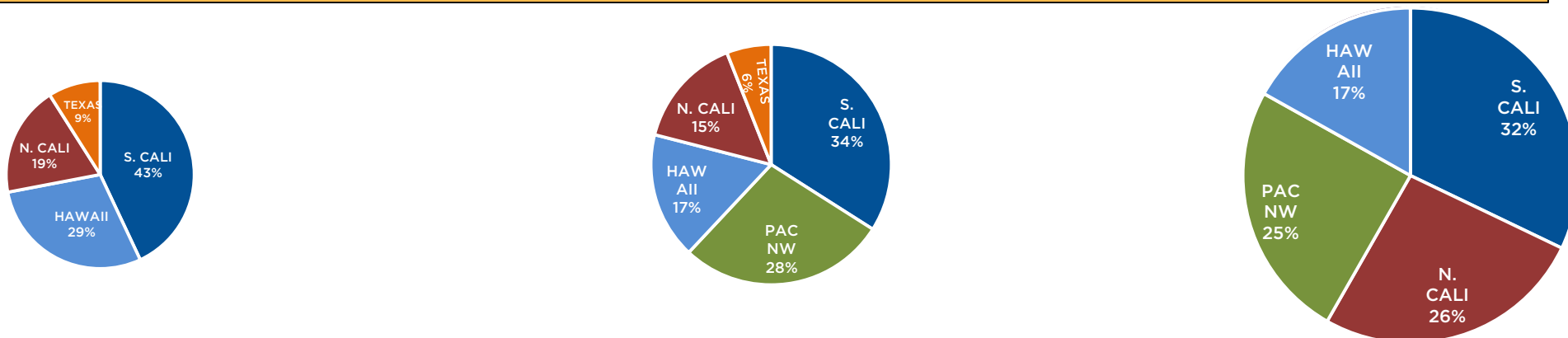
(6) Decrease primarily due to the renovations and room refresh at Embassy Suites.

# Potential Growth Through Accretive Acquisitions

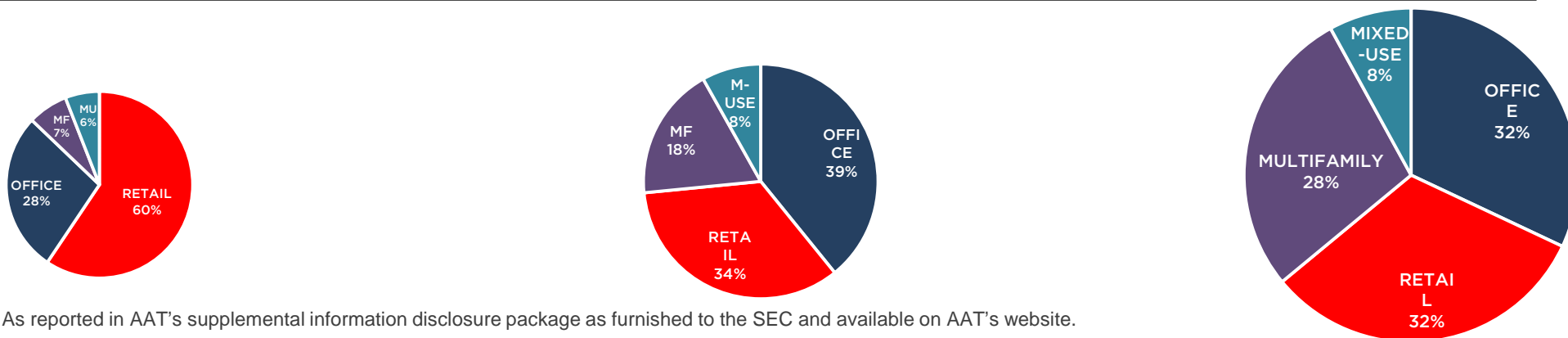
## ASSET VALUE



## ASSET VALUE - BY GEOGRAPHIC REGION



## ASSET VALUE - BY PROPERTY TYPE



Source: As reported in AAT's supplemental information disclosure package as furnished to the SEC and available on AAT's website.  
Proforma calculation for potential asset growth. See forward looking disclosure on page 34.

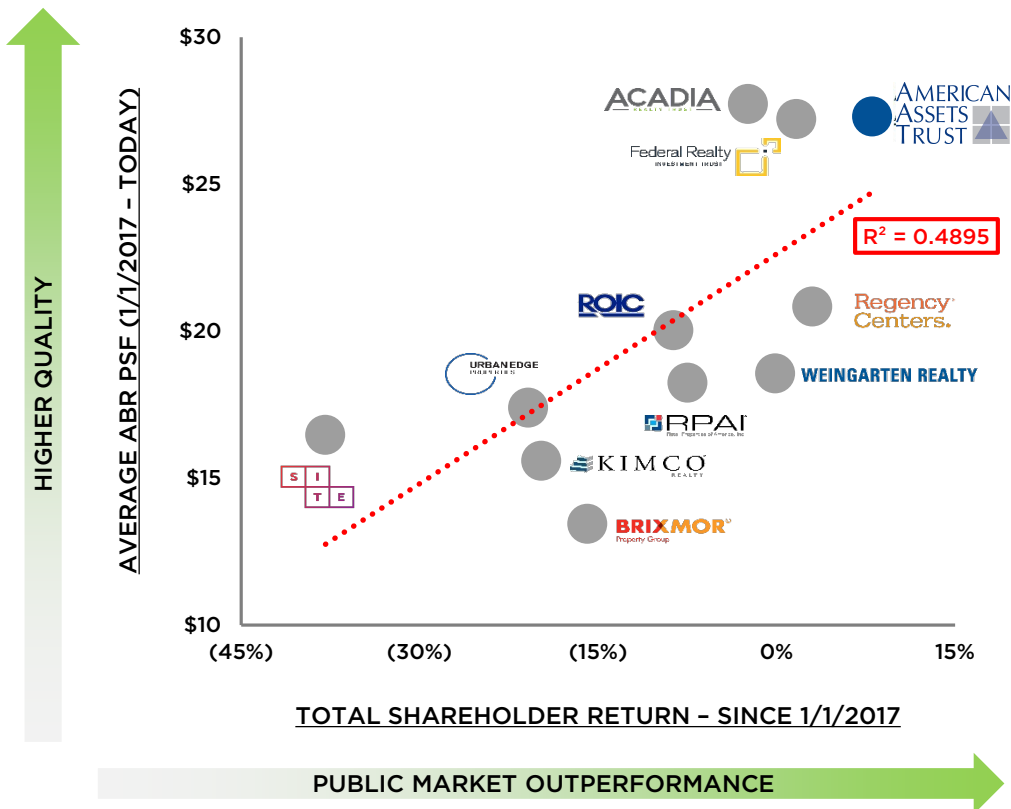


# AAT Quality And Location Drive Superior Total Return

## SHOPPING CENTER REITS

### Strong Correlation Between ABR PSF and Total Return since 2017

- + ABR PSF is a key driver of total performance over the past two years
- + Investors seeking **higher quality retail portfolios** in affluent MSAs
- + **AAT #1 shopping center REIT<sup>(1)</sup>** by total return since 2017; among top players by ABR PSF



## GATEWAY OFFICE REITS

### West Coast Office REITs Outperforming; NYC / DC Challenged

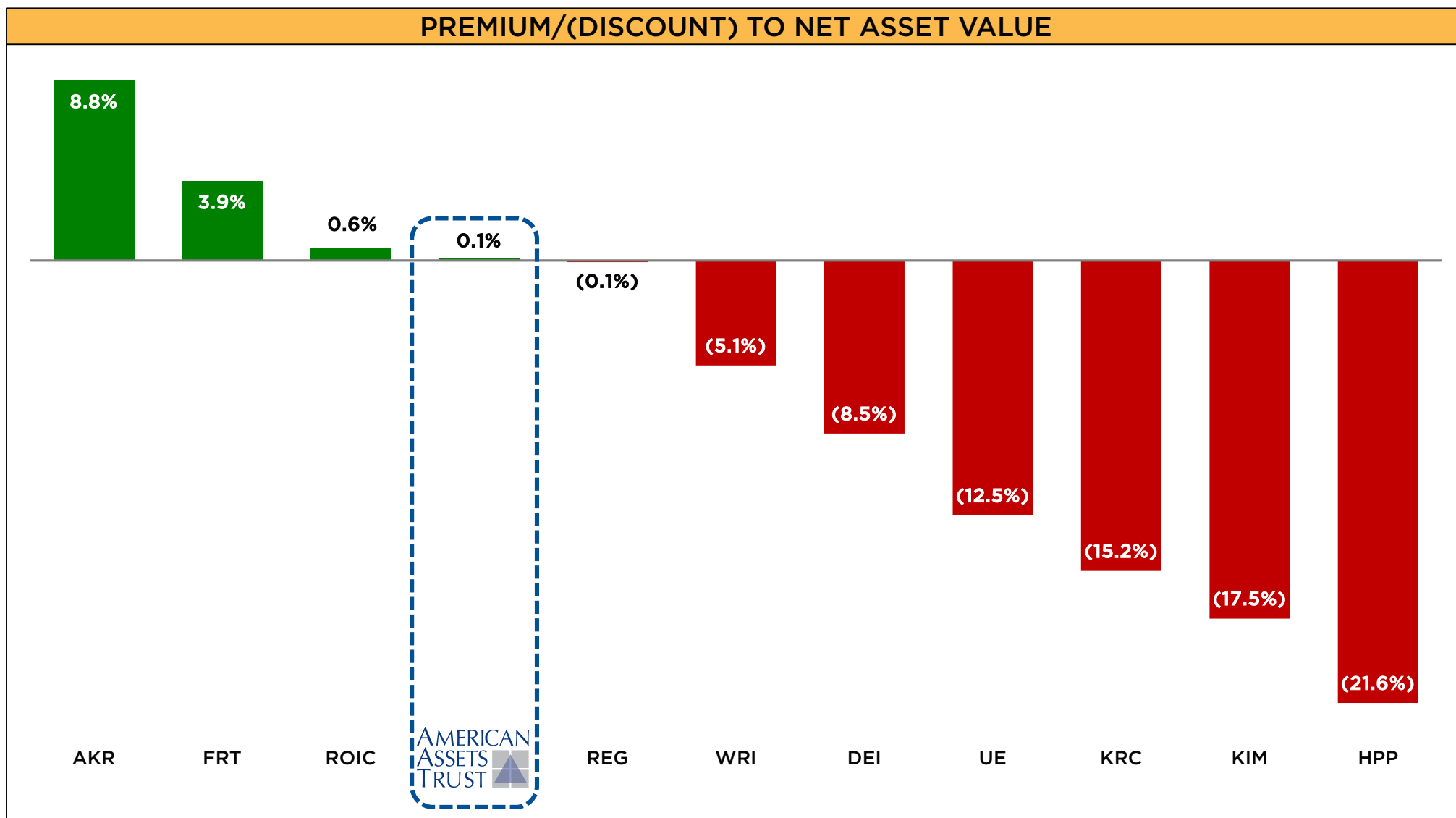
- + Clear divide among CBD office REITs - **west coast players in favor**
- + SF, LA, San Diego lead office revenue growth forecasts: **+3.0%**, **+2.5%**, **+2.3%** respectively over the next five years
- + NYC Metro / Long Island experiencing significant supply growth

REIT	TSR SINCE 1/1/2017	WEST COAST	EAST COAST
<b>bxp</b> Boston Properties	12.0%	✓	✓
<b>Douglas Emmett</b>	11.1%	✓	
<b>AMERICAN ASSETS TRUST</b>	8.0%	✓	
<b>KILROY REALTY CORPORATION</b>	6.0%	✓	
<b>PARAMOUNT GROUP, INC.</b>	(3.7%)	✓	✓
<b>SL GREEN REALTY CORP.</b>	(9.0%)		✓
<b>WASHINGTON REIT</b>	(11.0%)		✓
<b>VORNADO REALTY TRUST</b>	(11.9%)		✓
<b>EMPIRE STATE REALTY TRUST</b>	(19.4%)		✓

Source: HFF Securities and Green Street Advisors (ABR PSF, revenue growth forecasts), SNL Financial (Total Shareholder Return)

(1) As compared to all shopping center REITs in Green Street's coverage universe.

# AAT Trades At A Premium Among Peers



Source: HFF Securities and Green Street Advisors, SNL Financial  
As of February 15, 2019.



**CITY CENTER  
BELLEVUE, WA**



**PACIFIC RIDGE APARTMENTS  
SAN DIEGO, CA**

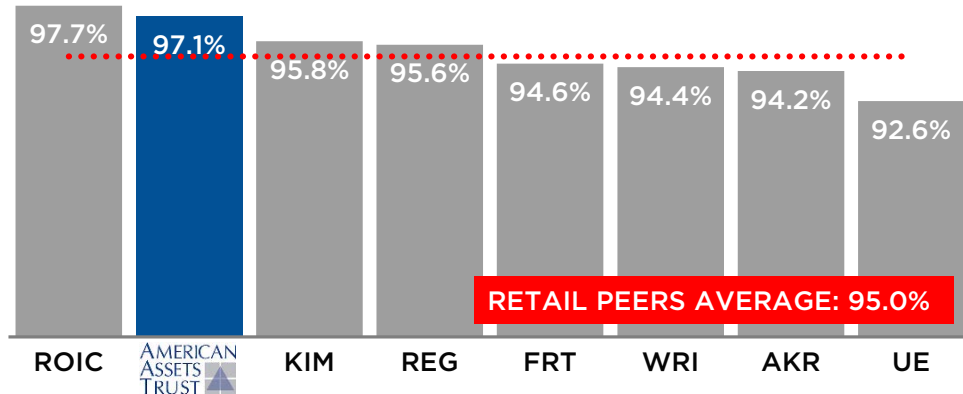




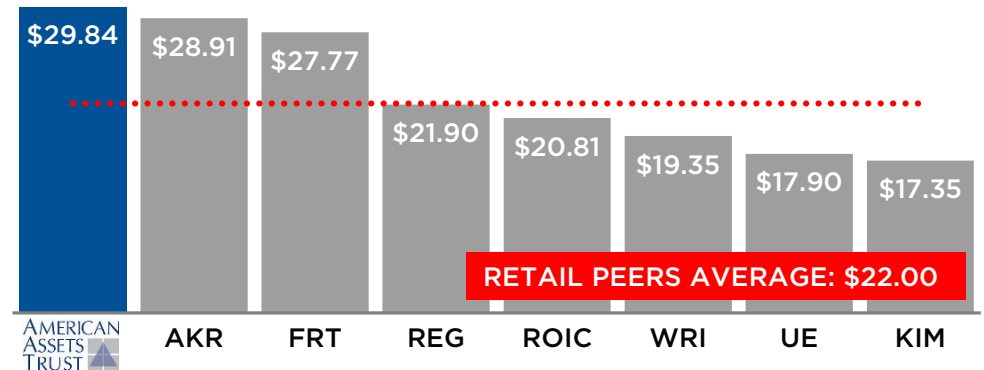
# High Quality, Class A Retail Portfolio

Collection Of Irreplaceable Retail Assets That Command Premium Rental Rates And Occupancy

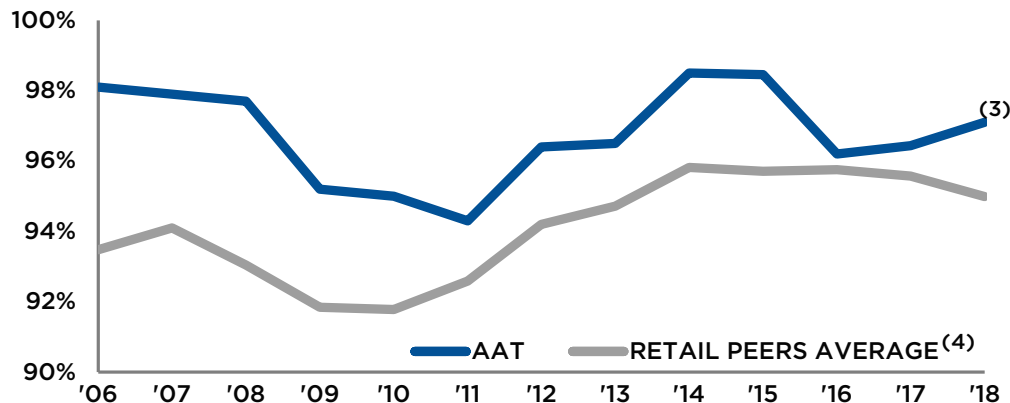
AVERAGE RETAIL OCCUPANCY<sup>(1)</sup>



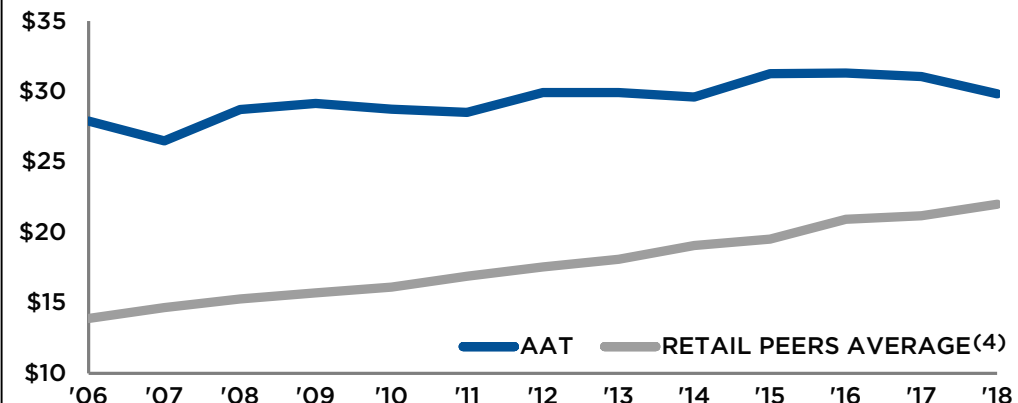
AVERAGE RETAIL ABR PER LEASED SF<sup>(1)(2)</sup>



HISTORICAL OCCUPANCY<sup>(1)</sup>



HISTORICAL ABR PER LEASED SF<sup>(1)(2)</sup>



All figures as of December 31, 2018 for occupancy and annualized base rent per leased square foot data.

As reported in AAT's supplemental information disclosure package as furnished to the SEC and available on AAT's website. AAT data includes Waikiki Beach Walk Retail numbers.

(1) AAT's Occupancy and Average Base Rent per Leased SF excludes ground leases. Includes the At Home lease (108K SF) at Carmel Mountain.

(2) See page 33 for a note regarding the calculation of annualized base rent.

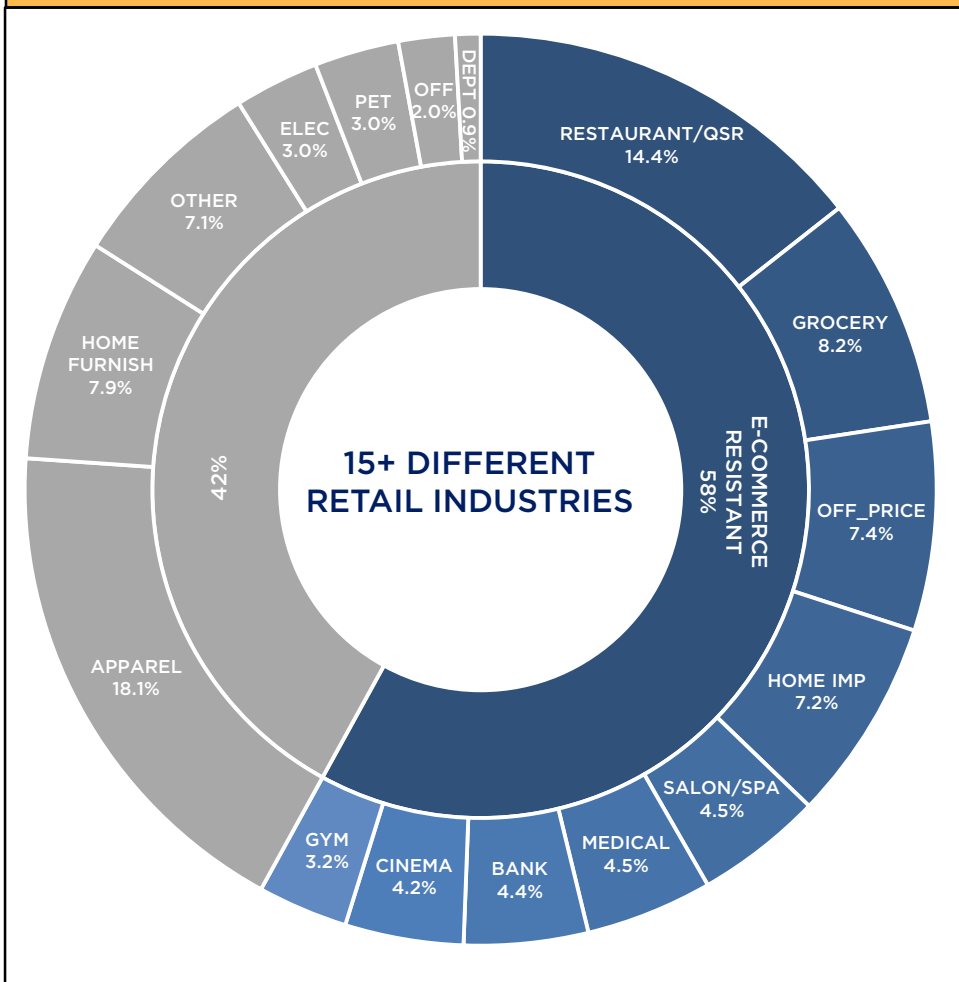
(3) Temporary decline in 2016 due to Sports Authority bankruptcy.

(4) Retail peers include AKR, FRT, REG, WRI, KIM, ROIC and UE.

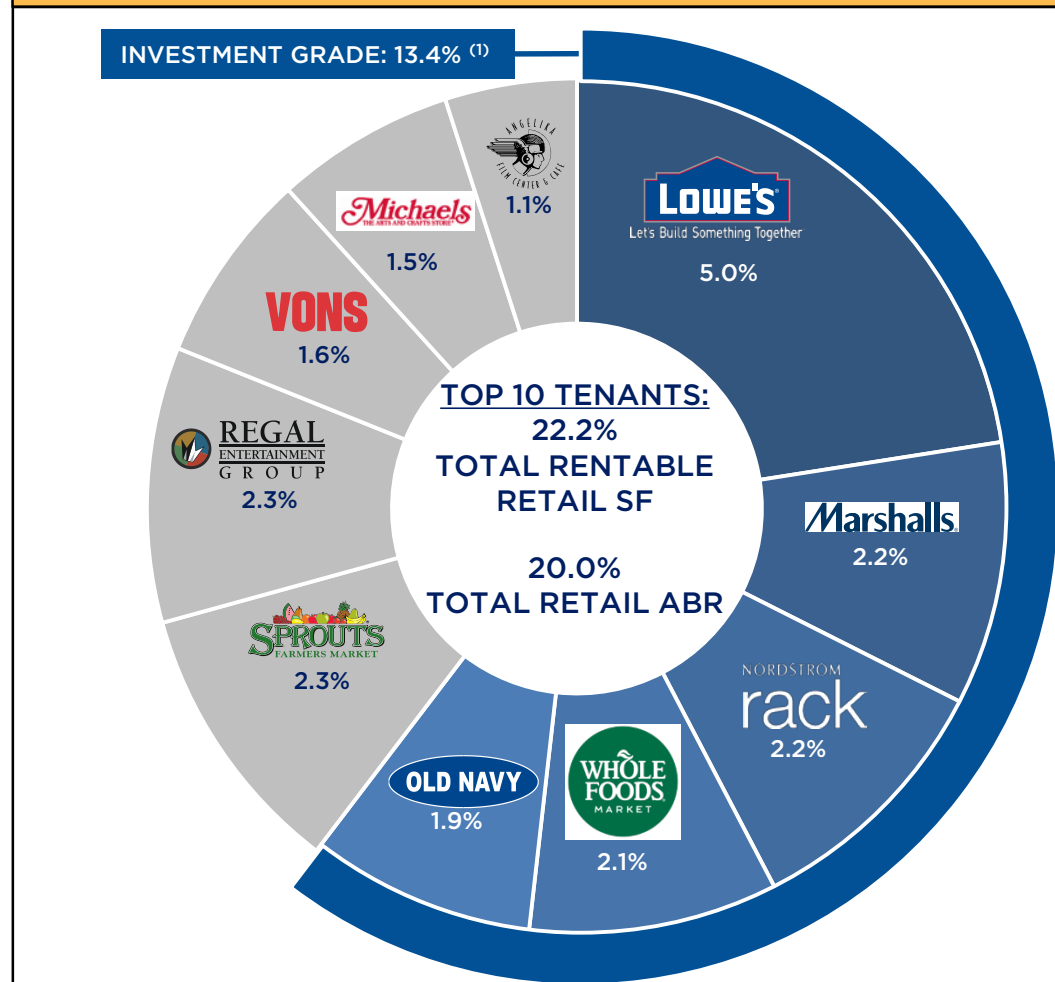


# Diversified Tenant Base Resistant To E-Commerce

INDUSTRY DIVERSIFICATION WITHIN  
RETAIL TENANTS (% OF ABR)



TOP 10 RETAIL TENANTS  
(% OF TOTAL RENTABLE RETAIL SF)



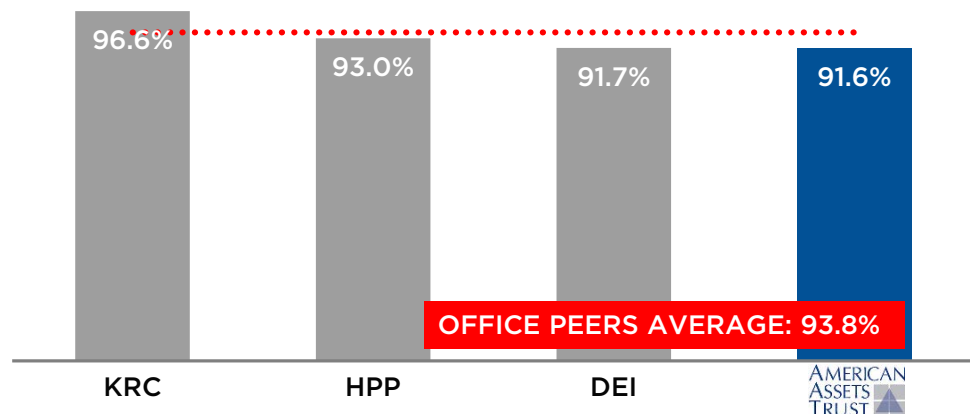
Source: As reported in AAT's supplemental information disclosure package as furnished to the SEC and available on AAT's website.

(1) Investment grade rated tenant or parent company.

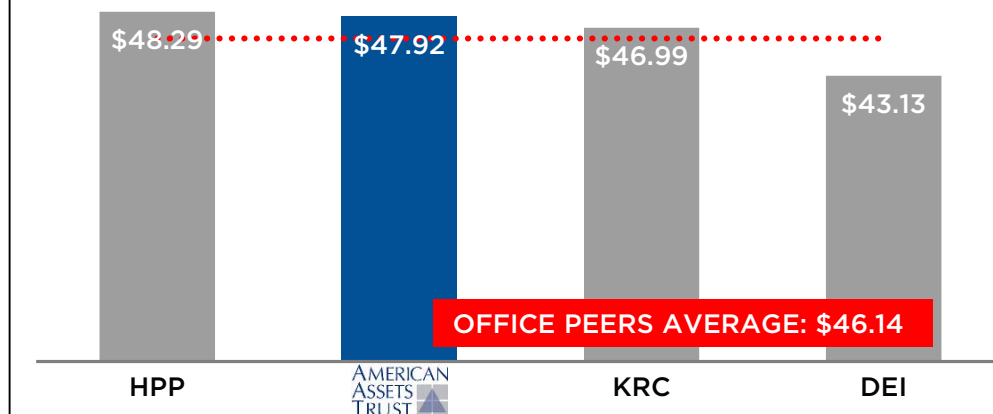
# High Quality, Class A Office Portfolio

Collection Of Irreplaceable Office Assets That Command Premium Rental Rates And Occupancy

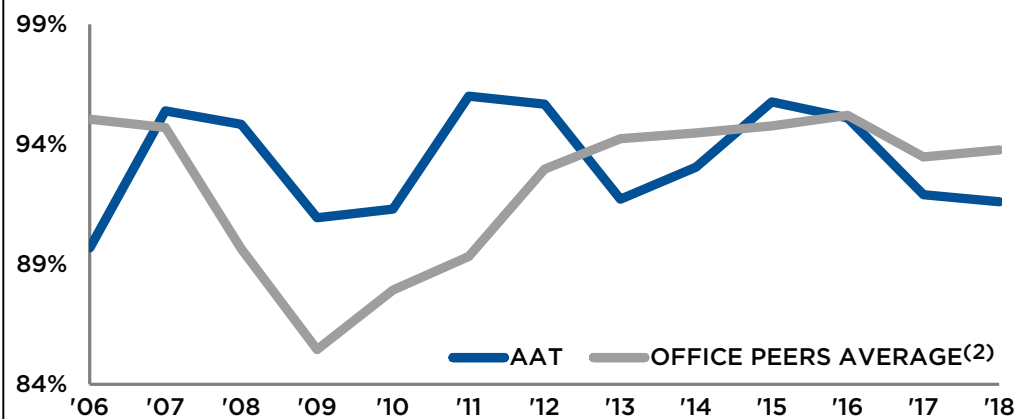
## AVERAGE OFFICE OCCUPANCY



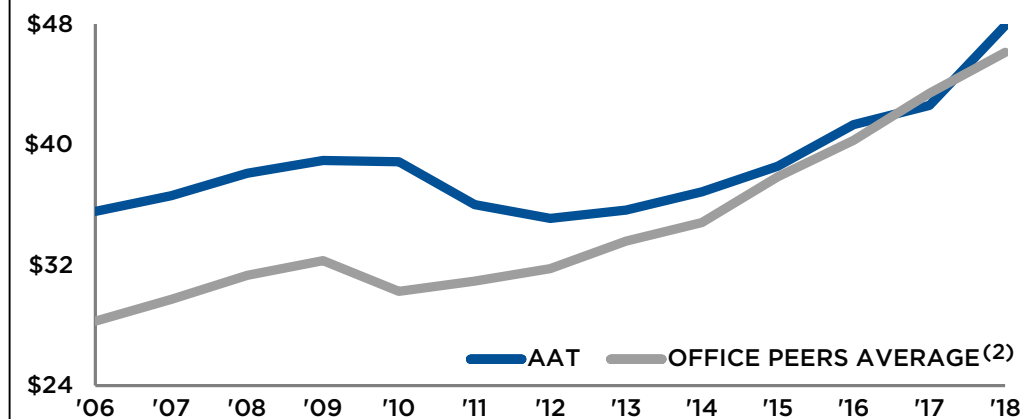
## AVERAGE OFFICE ABR PER LEASED SF<sup>(1)</sup>



## HISTORICAL OCCUPANCY



## HISTORICAL ABR PER LEASED SF<sup>(1)</sup>



All figures as of December 30, 2018 for occupancy and annualized base rent per leased square foot data.

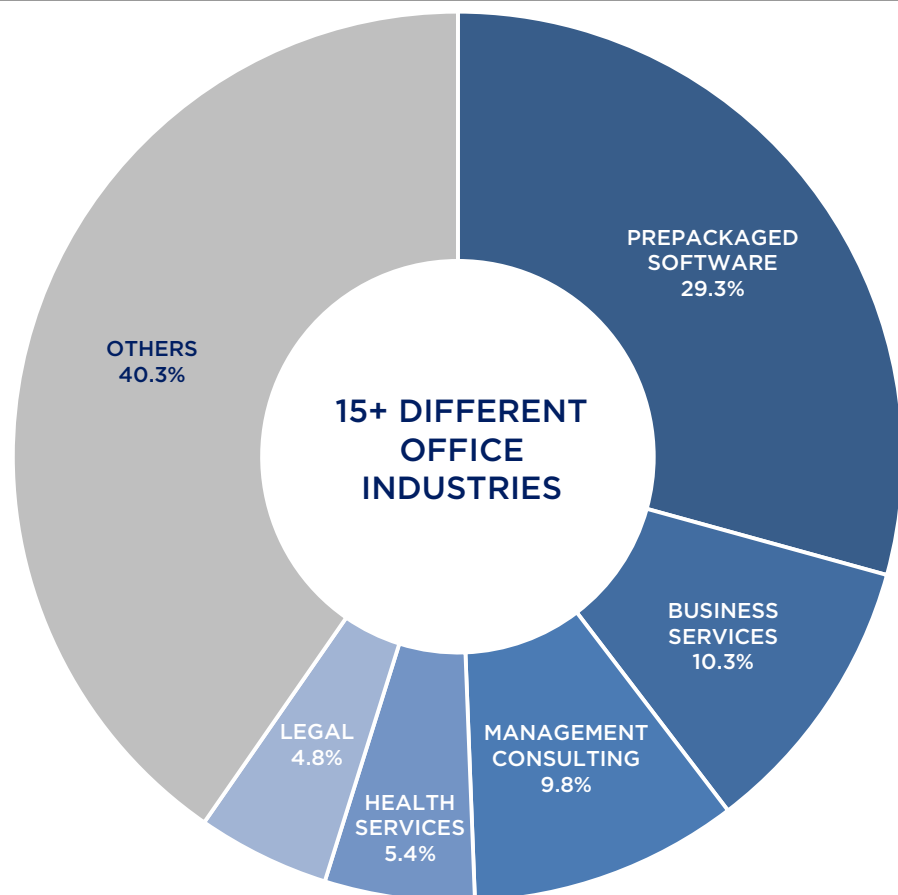
Source: As reported in AAT's supplemental information disclosure package as furnished to the SEC and available on AAT's website. Office data for AAT excludes Lloyd District.

(1) See page 33 for a note regarding the calculation of average annualized base rent. AAT data includes Google at Landmark.

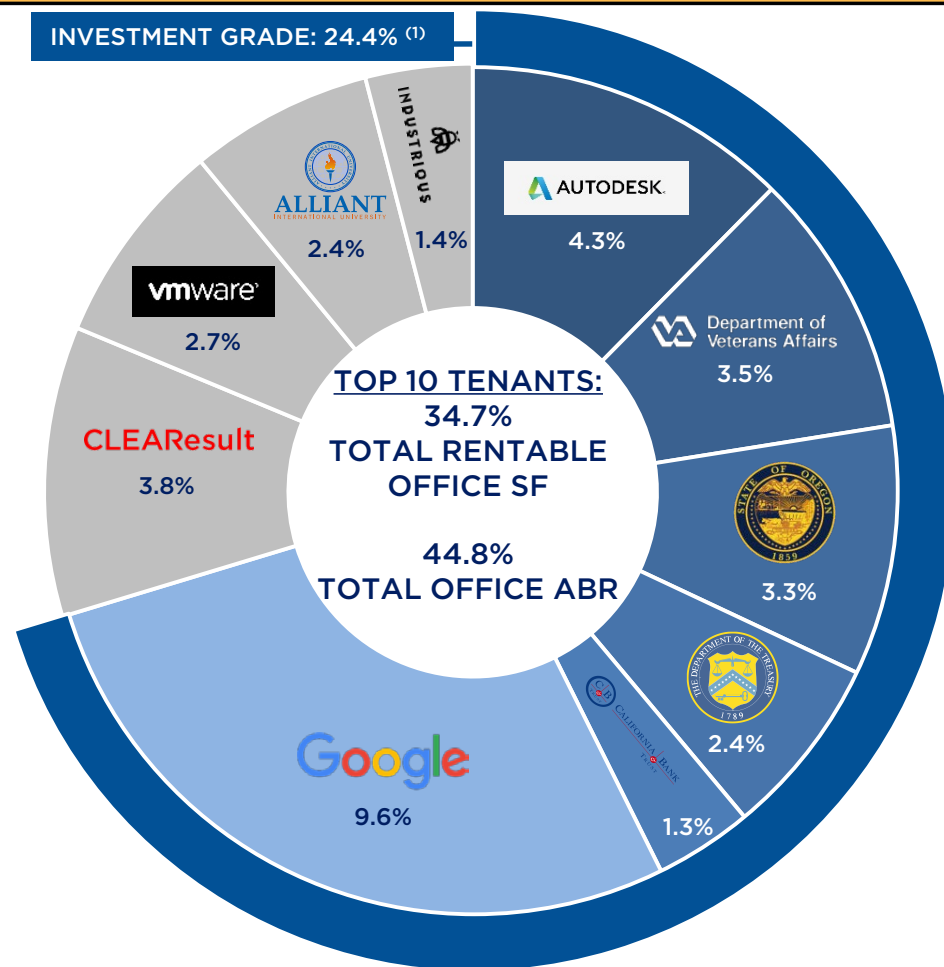
(2) Office peer companies include DEI, HPP and KRC.

# Office Cash Flow Strength And Stability

**INDUSTRY DIVERSIFICATION WITHIN  
OFFICE TENANTS (% OF ABR)**



**TOP 10 OFFICE TENANTS  
(% OF TOTAL RENTABLE OFFICE SF)**

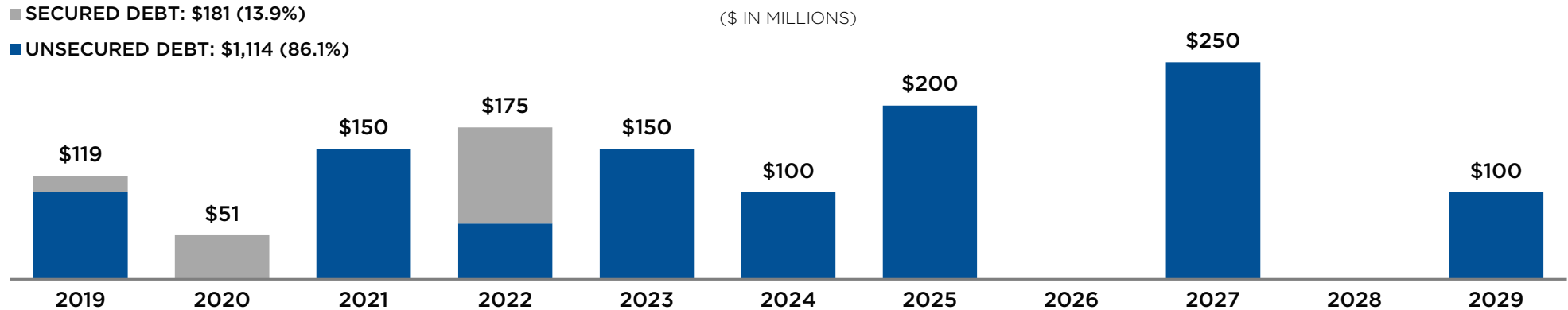


Source: As reported in AAT's supplemental information disclosure package as furnished to the SEC and available on AAT's website.

(1) Investment grade rated tenant or parent company.

# Debt Maturity

## WELL-STAGGERED DEBT MATURITY SCHEDULE



TOTAL WEIGHED AVERAGE FIXED INTEREST RATE: 3.9%  
WEIGHTED AVERAGE TERM TO MATURITY: 5.2 YEARS

CREDIT RATINGS		
FITCH	MOODY'S	STANDARD & POORS
BBB	BAA3	BBB-

**Named To Forbes<sup>®</sup> List Of America's 50 Most Trustworthy Financial Companies.<sup>(1)</sup>**

As of December 31, 2018

Source: As reported in AAT's supplemental information disclosure package as furnished to the SEC and available on AAT's website.

(1) Kathryn Dill, "America's 50 Most Trustworthy Financial Companies," Forbes, August 3, 2015 and August 2, 2016.

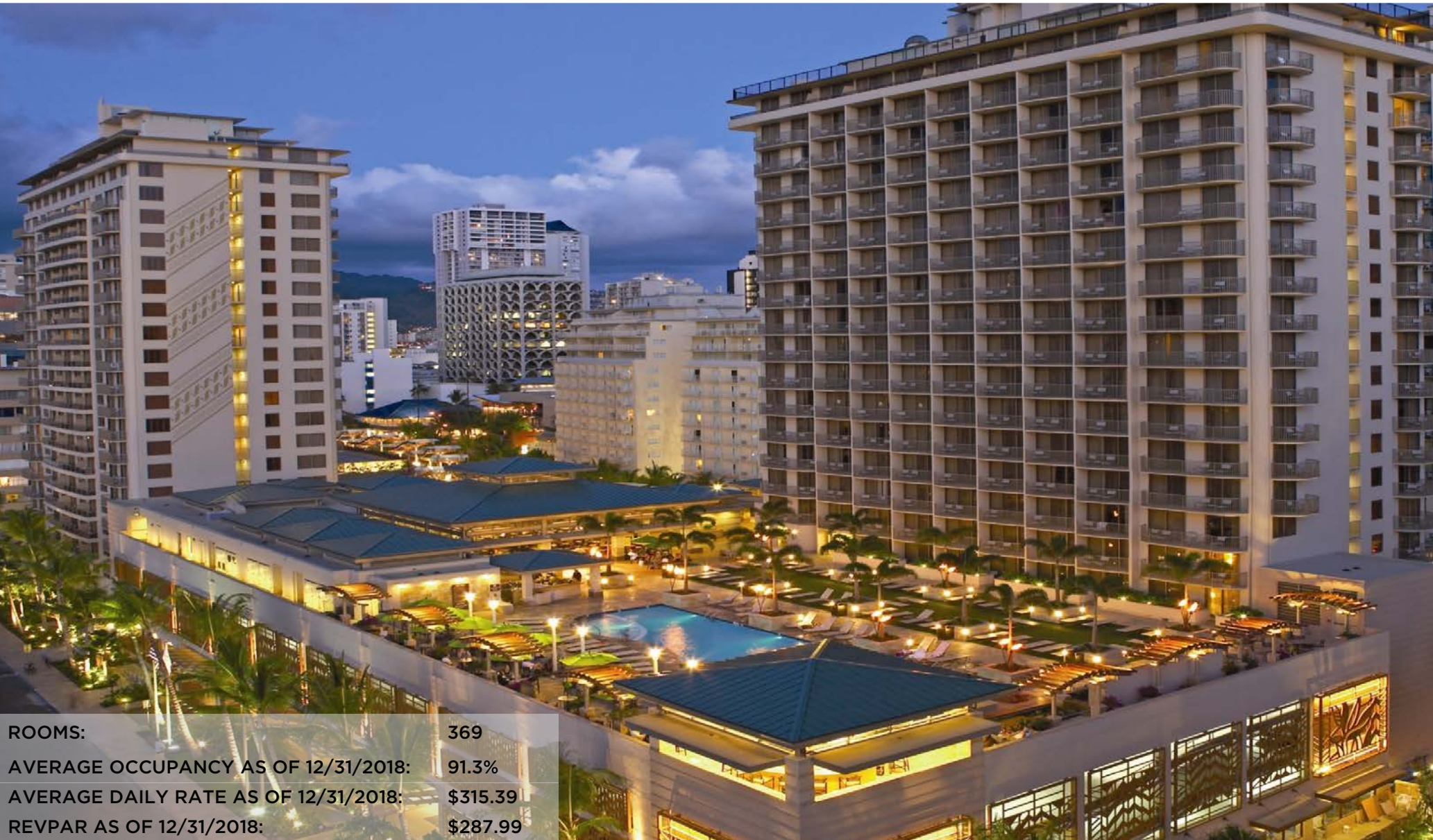
Karsten Strauss, "America's 50 Most Trustworthy Financial Companies," Forbes, April 28, 2017.



# Appendix

# Embassy Suites Waikiki Beach

## Honolulu, HI

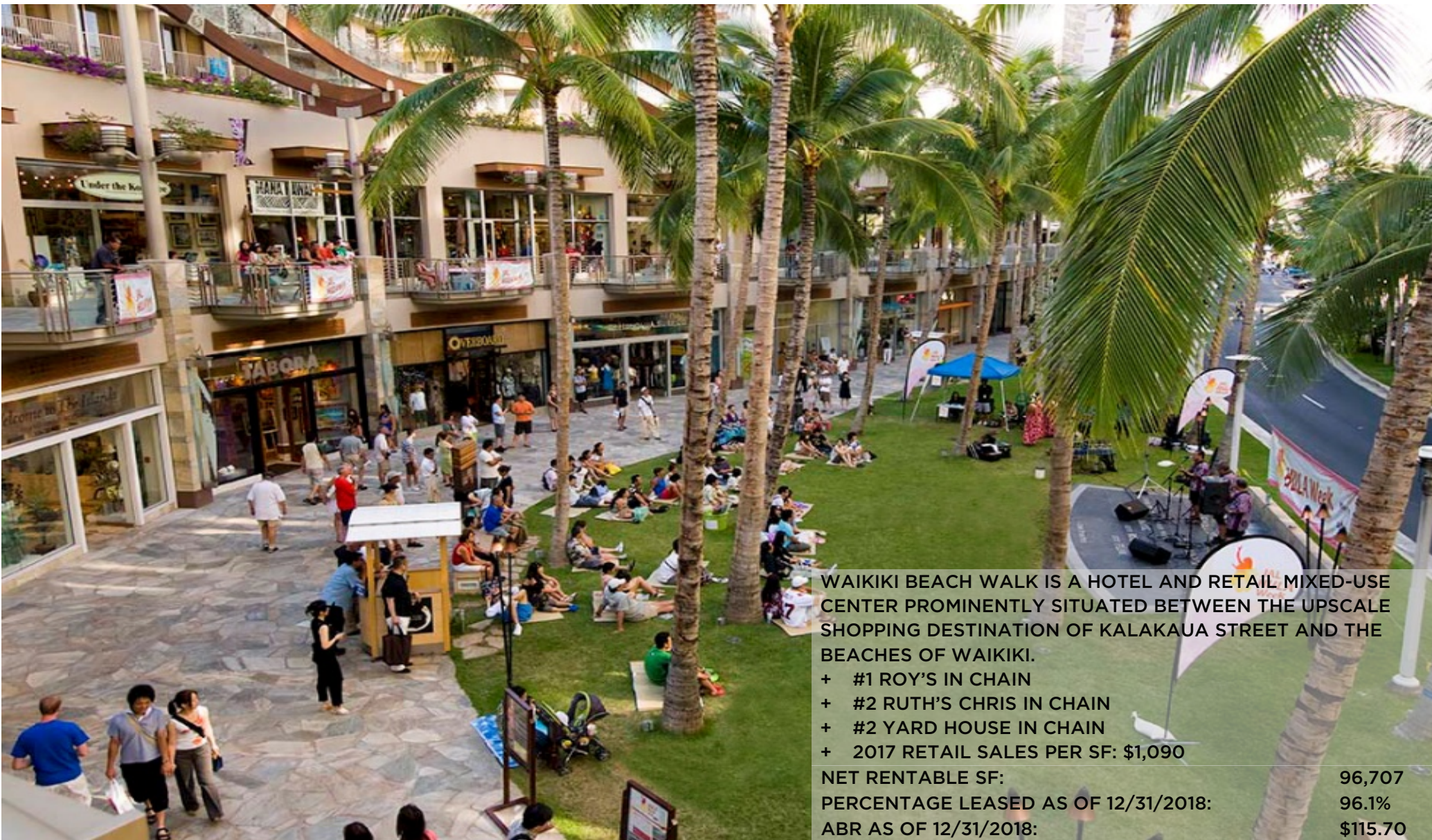


ROOMS:	369
AVERAGE OCCUPANCY AS OF 12/31/2018:	91.3%
AVERAGE DAILY RATE AS OF 12/31/2018:	\$315.39
REVPAR AS OF 12/31/2018:	\$287.99



# Waikiki Beach Walk

## Honolulu, HI



WAIKIKI BEACH WALK IS A HOTEL AND RETAIL MIXED-USE CENTER PROMINENTLY SITUATED BETWEEN THE UPSCALE SHOPPING DESTINATION OF KALAKAUA STREET AND THE BEACHES OF WAIKIKI.

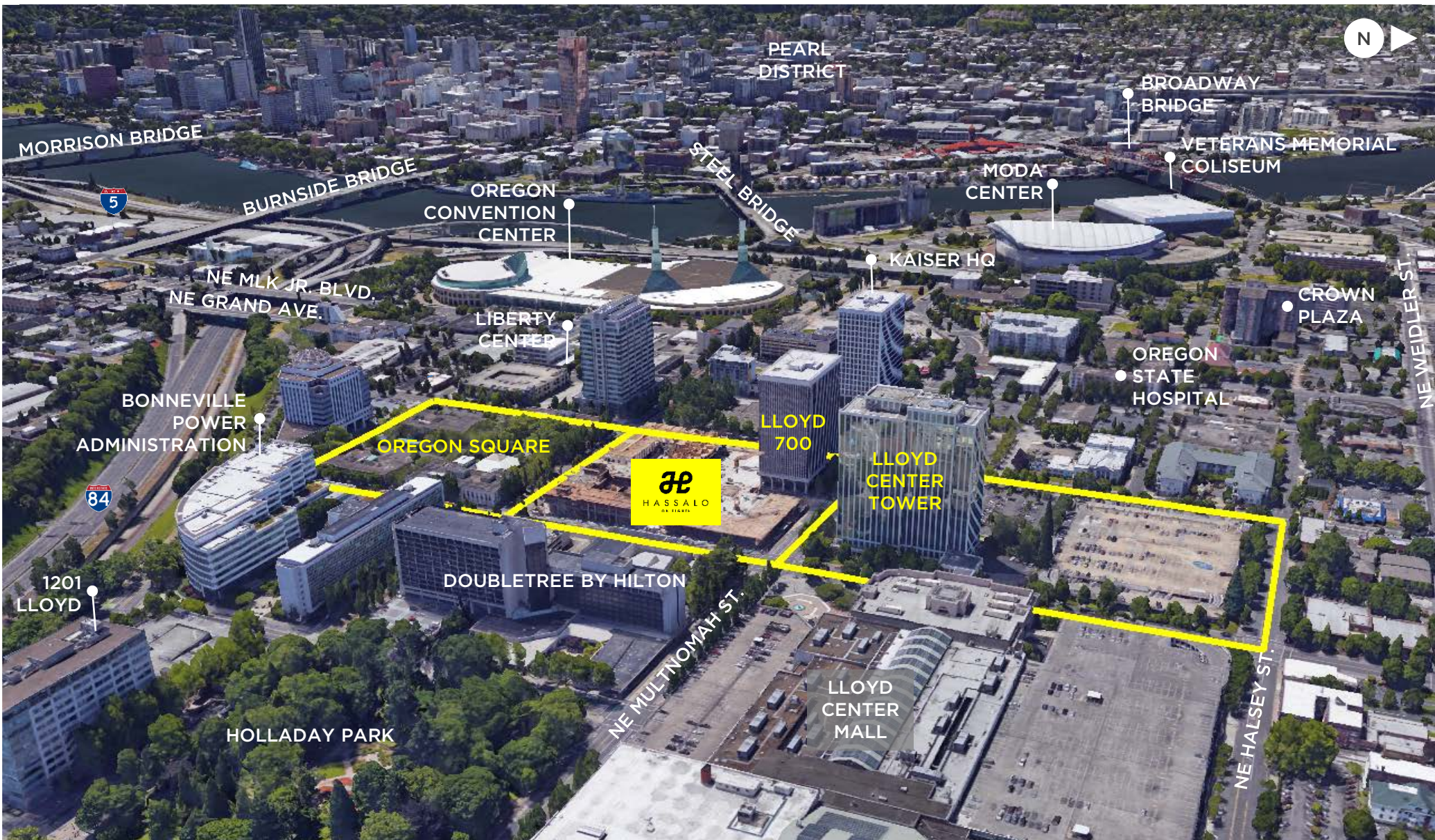
- + #1 ROY'S IN CHAIN
- + #2 RUTH'S CHRIS IN CHAIN
- + #2 YARD HOUSE IN CHAIN
- + 2017 RETAIL SALES PER SF: \$1,090

NET RENTABLE SF:	96,707
PERCENTAGE LEASED AS OF 12/31/2018:	96.1%
ABR AS OF 12/31/2018:	\$115.70



# Lloyd District

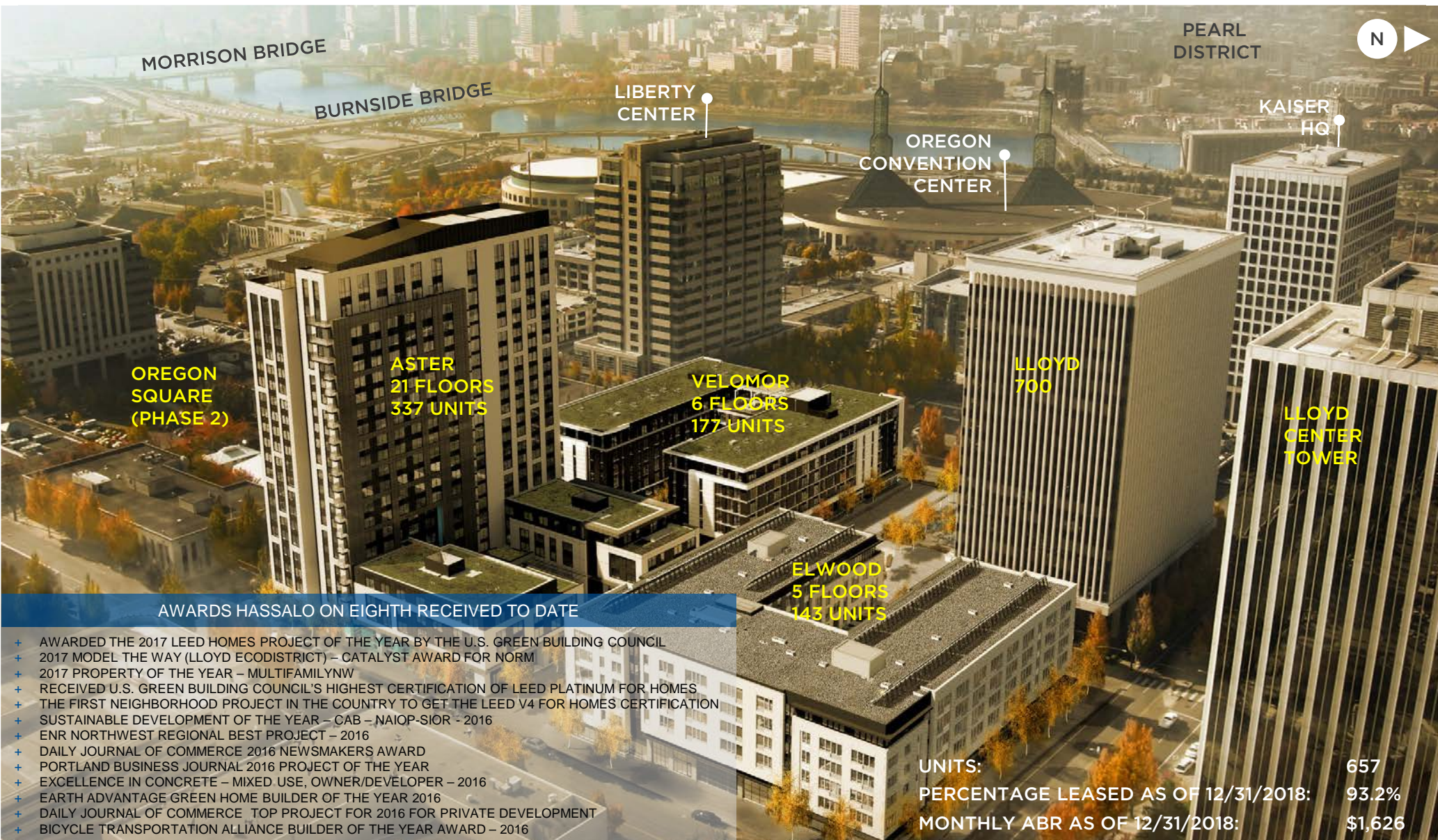
Portland, OR





# Hassalo On Eighth

## Portland, OR





# Hassalo On Eighth

Portland, OR





# Hassalo On Eighth

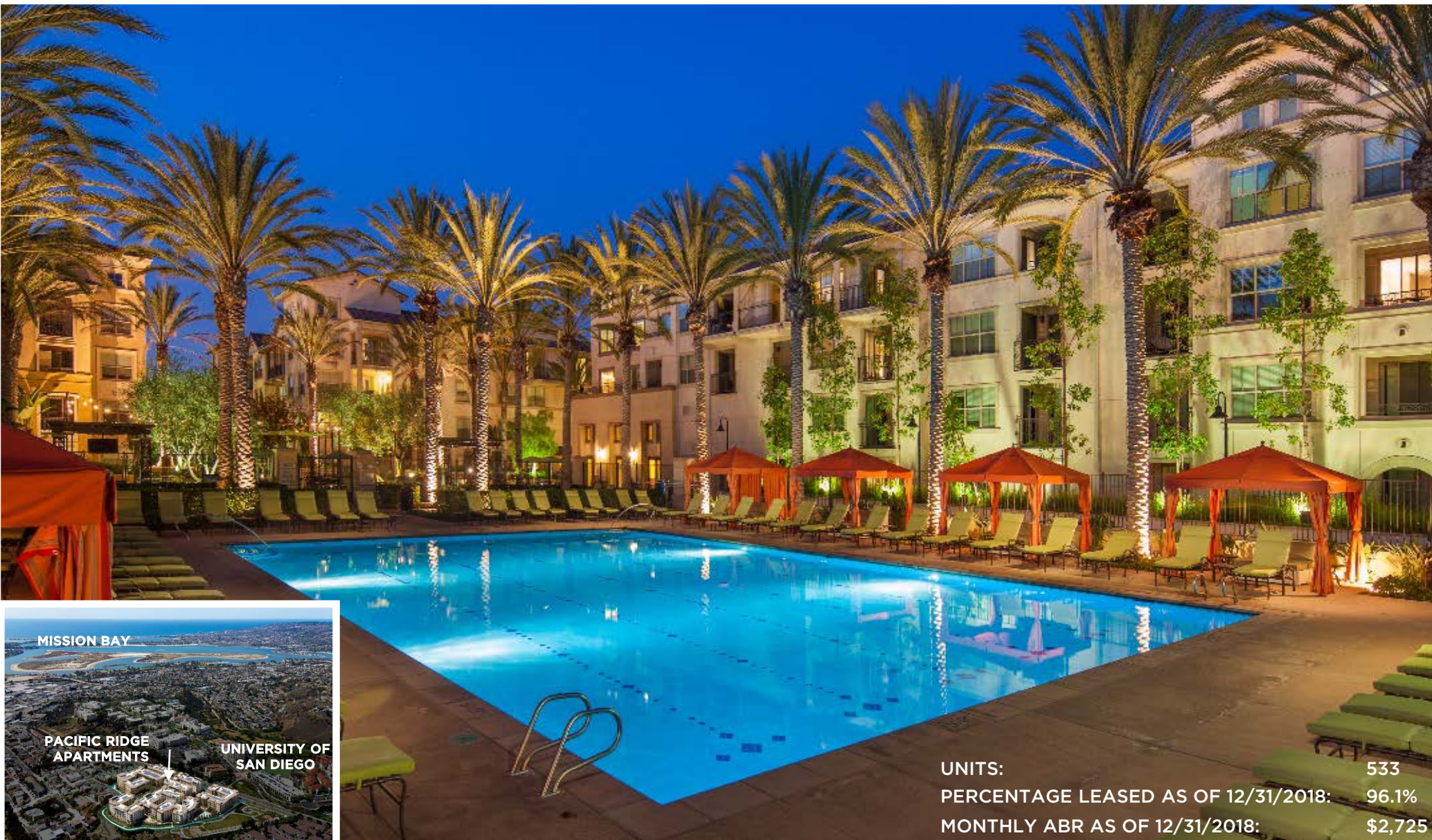
Portland, OR





# Pacific Ridge Apartments

## San Diego, CA



UNITS:	533
PERCENTAGE LEASED AS OF 12/31/2018:	96.1%
MONTHLY ABR AS OF 12/31/2018:	\$2,725



# Torrey Point

San Diego, CA

NET RENTABLE SF: 92,614





# First And Main

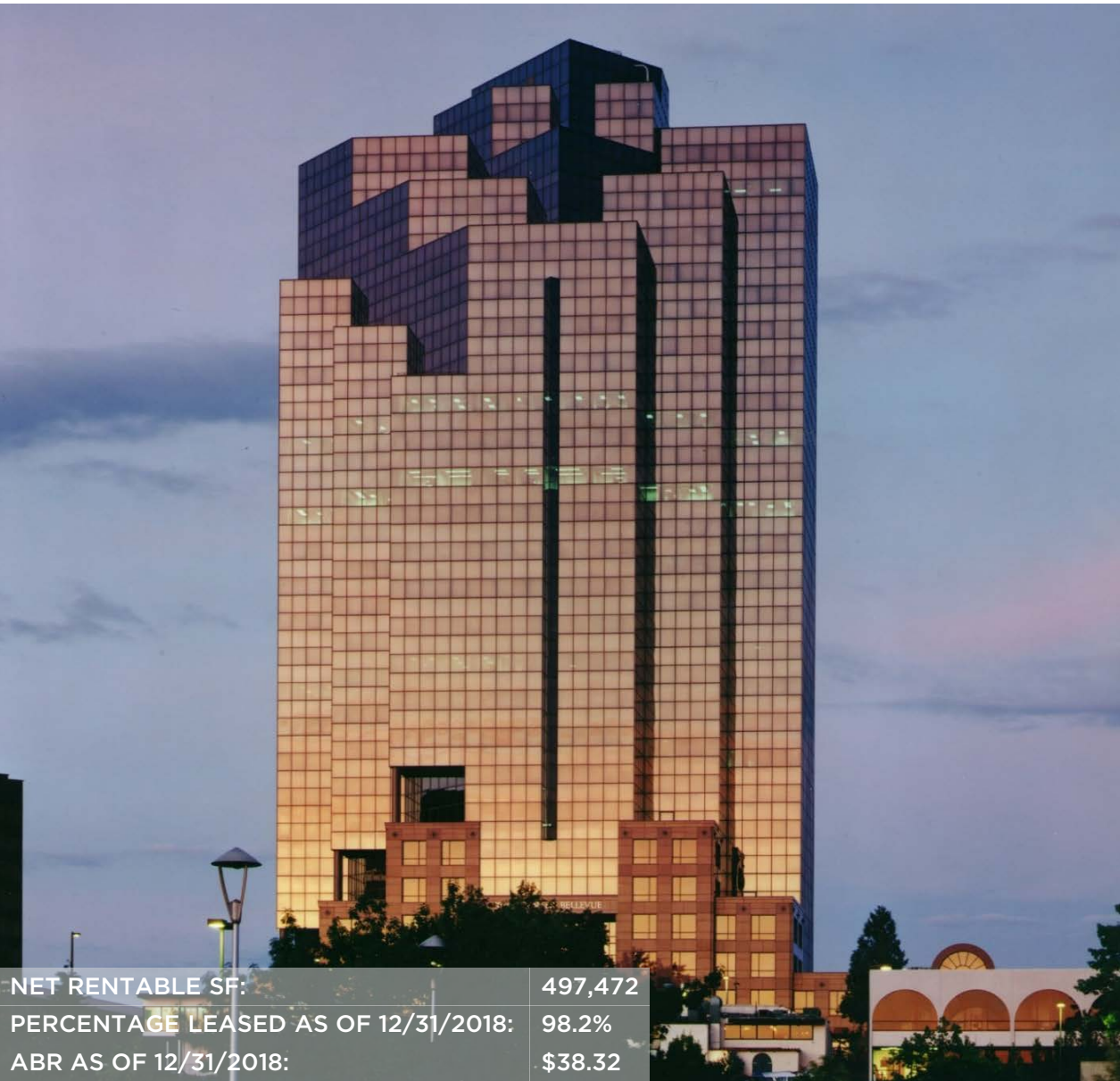
Portland, OR





# City Center

Bellevue, WA



# Overview Of Sustainability Practices

AAT is a dedicated steward of our community and our environment. Together with our community partners, we have developed and incorporated into our business practices innovative programs to promote environmental sustainability and social responsibility.

## TEAM

AAT's Sustainability Committee is comprised primarily of property managers and engineers with corporate participation from the Legal/Accounting/Finance department:

- + Committee is responsible for the oversight of AAT's sustainability efforts across the entire portfolio
- + Status updates are provided to executive management monthly and BOD quarterly

## INITIATIVE

AAT's Sustainability Committee engages with all AAT property managers to aggregate data for existing sustainability initiatives and develop new sustainability initiatives for implementation:

- + Created various checklists requiring property manager sign-offs, certifications and deadlines

Contracted with service provider Measurabl, which provides software to help collect, report and analyze AAT's sustainability data:

- + Energy metrics
- + Awards/Certifications
- + Projects & Audits

## GOALS

- + To successfully submit our 2019 Global Real Estate Sustainability Benchmark (GRESB) survey
- + To implement additional Environmental, Social and Governance initiatives throughout our various properties

# Overview Of Sustainability Practices

## Some of our sustainable specific accomplishments:

- + Portfolio wide participation in the US Environmental Protection Agency's (EPA's) Portfolio Manager Program to track and benchmark each property's energy, water, greenhouse gases and waste usage.
- + AAT has invested in LED lighting retrofitting projects for interior, exterior and garage lighting, for our properties across all asset types.
- + Portland - Hassalo on Eighth:
  - Awarded the 2017 LEED Homes Project of the Year by the U.S. Green Building Council
  - Received U.S. Green Building Council's highest certification of LEED Platinum for Homes
  - The first neighborhood project in the country to get the LEED V4 for Homes Certification
  - The property was designed to be 30% more energy efficient than current codes require
  - Development, installation and operation of the nation's largest and first multi-family Natural Organic Recycling Machine (or NORM):
    - ▶ Capability of treating 100% of the grey and black water created by Hassalo on Eighth and Lloyd 700 office building
    - ▶ Approximately 47,000 gallons of wastewater diverted from the municipal sewer system daily
    - ▶ NORM's bi-products are recycled for further off-site use, including bio-solids as fertilizer and fats, oils and greases as fuel
    - ▶ NORM is designed to reduce water usage by 50%, or approximately 7,300,000 gallons of water per year
  - Has North America's largest bike hub with space for 900 bicycles
  - Development and installation of a rainwater harvesting and treatment system.
  - Implementation of a light harvesting system (natural daylighting) to reduce energy consumption
- + San Diego Properties:
  - AAT implemented one of the largest, most comprehensive and highly successful recycling programs in San Diego for our entire Southern California portfolio that involves the participation of our tenants, merchants, customers, contractors and vendors
  - Variable Frequency Drives on all Cooling Tower HVAC systems. HVACs are controlled by an advance on-demand use control system that bolstered building optimization and reduced the necessity of cooling empty buildings
  - Storm Water Pollution Prevention Program with advanced bio-retention systems
- + San Francisco - Landmark @ One Market:
  - The 5<sup>th</sup> building in San Francisco to implement the Waste-to-Energy program. The program diverts dirty HVAC filters away from the landfill and transfers them to an off-site combustion chamber facility



# Financial Definitions

**Total Capitalization:** Total Capitalization equals Equity Market Capitalization plus Total Existing Debt.

**Total Enterprise Value (TEV):** Total Enterprise Value equals Equity Market Capitalization plus Total Existing Debt minus Cash and Cash Equivalents.

**Net Debt:** Net Debt equals Total Debt minus Cash and Cash Equivalents.

**Fixed Charge Coverage Ratio:** Fixed Charge Coverage Ratio equals EBITDAre divided by Interest Expense.

**Earnings Before Interest, Taxes, Depreciation, and Amortization for Real Estate (EBITDAre):** EBITDAre is a supplemental non-GAAP measure of real estate companies' operating performances. The National Association of Real Estate Investment Trusts (NAREIT) defines EBITDAre as follows: net income or loss, computed in accordance with GAAP plus depreciation and amortization, net interest expense, income taxes, gain or loss on sale of real estate including gain or loss on change of control, impairments of real estate, and adjustments to reflect the entity's share of EBITDAre of unconsolidated affiliates, if any. EBITDAre is presented because it approximates a key performance measure in our debt covenants, but it should not be considered an alternative measure of operating results or cash flow from operations as determined in accordance with GAAP. The reconciliation of net income to EBITDAre for the three months ended December 31, 2018 and 2017 is as follows:

*(Amounts in thousands)*

	THREE MONTHS ENDED DECEMBER 31,	
	2018	2017
NET INCOME	\$ 9,209	\$ 9,731
DEPRECIATION AND AMORTIZATION	21,060	19,918
INTEREST EXPENSE	12,861	13,992
INTEREST INCOME	(29)	(177)
INCOME TAX EXPENSE/(BENEFIT)	50	246
EBITDAre	\$ 43,151	\$ 43,710

We caution investors that amounts presented in accordance with our definitions of EBITDA may not be comparable to similar measures disclosed by other companies, because not all companies calculate these non-GAAP measures in the same manner. EBITDA should not be considered as an alternative measure of our net income (loss), operating performance, cash flow or liquidity. EBITDA may include funds that may not be available for our discretionary use due to functional requirements to conserve funds for capital expenditures and property acquisitions and other commitments and uncertainties. Although we believe that EBITDA can enhance an investor's understanding of our results of operations, these non-GAAP financial measures, when viewed individually, are not necessarily a better indicator of any trend as compared to GAAP measures such as net income (loss) or cash flow from operations.

All annualized base rent data of the Company appearing in this presentation is calculated as described in the registration statement that we have filed with the SEC. We caution investors that other equity REITs may not calculate annualized base rent as we do, and, accordingly, our annualized base rent data may not be comparable to such other REITs' annualized base rent data.



# Financial Definitions

Annualized base rent is calculated by multiplying base rental payments (defined as cash base rents (before abatements)) for the month ended December 31, 2018. In the case of triple net or modified gross leases, annualized base rent does not include tenant reimbursements for real estate taxes, insurance, common area or other operating expenses.

**Net Operating Income (NOI):** NOI is a non-GAAP supplemental earnings measure which the company considers meaningful in measuring its operating performance. We define NOI as operating revenues (rental income, tenant reimbursements and other property income) less property and related expenses (property expenses and real estate taxes). Other REITs may use different methodologies for calculating NOI, and accordingly, our NOI may not be comparable to other REITs. Since NOI excludes general and administrative expenses, interest expense, depreciation and amortization, acquisition-related expenses, other nonproperty income and losses, gains and losses from property dispositions, and extraordinary items, it provides a performance measure that, when compared year over year, reflects the revenues and expenses directly associated with owning and operating commercial real estate and the impact to operations from trends in occupancy rates, rental rates, and operating costs, providing a perspective on operations not immediately apparent from net income. However, NOI should not be viewed as an alternative measure of our financial performance since it does not reflect general and administrative expenses, interest expense, depreciation and amortization costs, other nonproperty income and losses, the level of capital expenditures and leasing costs necessary to maintain the operating performance of the properties, or trends in development and construction activities which are significant economic costs and activities that could materially impact our results from operations.

**Cash NOI:** Cash NOI is a non-GAAP supplemental earnings measure which the company considers meaningful in measuring its operating performance. Cash NOI is equal to NOI as defined above, adjusted for non-cash revenue and operating expense items such as straight-line rent, amortization of lease intangibles, amortization of lease incentives and other adjustments. The Company believes cash NOI provides useful information to investors regarding the Company's financial condition and results of operations because it reflects only those income and expense items that are incurred at the property level, and when compared across periods, can be used to determine trends in earnings of the Company's properties as this measure is not affected by (1) the non-cash revenue and expense recognition items, (2) the cost of funds of the property owner, (3) the impact of depreciation and amortization expenses as well as gains or losses from the sale of operating real estate assets that are included in net income computed in accordance with GAAP or (4) general and administrative expenses and other gains and losses that are specific to the property owner. The Company believes the exclusion of these items from net income is useful because the resulting measure captures the actual revenue generated and actual expenses incurred in operating the Company's properties as well as trends in occupancy rates, rental rates and operating costs.

**Embassy Suites Average occupancy** represents the percentage of available units that were sold during the three months, and is calculated by dividing the number of units sold by the product of the total number of units and the total number of days in the period. **Average daily rate** represents the average rate paid for the units sold and is calculated by dividing the total room revenue (i.e., excluding food and beverage revenues or other hotel operations revenues such as telephone, parking and other guest services) for the three months, by the number of units sold.

**Revenue per available room, or RevPAR,** represents the total unit revenue per total available units for the three months ended and is calculated by multiplying average occupancy by the average daily rate. RevPAR does not include food and beverage revenues or other hotel operations revenues such as telephone, parking and other guest services.

# Forward-Looking Statements And Non-GAAP Financial Measures

## Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements relate to, without limitation, our future economic performance, plans and objectives for future operations, and projections of revenue, net operating income, funds from operations, discounts to net asset values and other selected financial information. Forward looking statements can be identified by the use of words such as "may," "will," "plan," "could," "should," "expect," "anticipate," "outlook," "estimate," "projected," "target," "continue," "intend," "believe," "seek," or "assume," and variations of such words and similar expressions are intended to identify such forward-looking statements. Future events and actual results, financial and otherwise, may differ materially from the results discussed in the forward-looking statements. You should not rely on forward-looking statements as predictions of future events. Forward-looking statements involve numerous risks and uncertainties that could significantly affect anticipated results in the future and, accordingly, such results may differ materially from those expressed in any forward-looking statement made by us. These risks and uncertainties include, but are not limited to: adverse economic and real estate developments in Northern and Southern California, Hawaii, the Pacific Northwest and Texas; decreased rental rates or increased tenant incentives and vacancy rates; defaults on, early terminations of, or non-renewal of leases by tenants; increased interest rates and operating costs; failure to generate sufficient cash flows to service our outstanding indebtedness; difficulties in identifying properties to acquire and completing acquisitions; failure to successfully integrate pending and recent acquisitions; failure to successfully operate acquired properties and operations; failure to maintain our status as a REIT under the Internal Revenue Code of 1986, as amended; possible adverse changes in laws and regulations; environmental uncertainties; risks related to natural disasters; lack or insufficient amount of insurance; inability to successfully expand into new markets or submarkets; risks associated with property development; conflicts of interest with our officers or directors; changes in real estate and zoning laws and increases in real property tax rates; and the consequences of any possible future terrorist attacks. You are cautioned that the information contained herein speaks only as of the date hereof and we assume no obligation to update any forward-looking information, whether as a result of new information, future events or otherwise. The risks described above are not exhaustive, and additional factors could adversely affect our business and financial performance, including those discussed under the caption "Risk Factors" in our Annual Report on Form 10-K filed with the Securities and Exchange Commission. In this presentation, we rely on and refer to information and statistical data regarding the industry and the sectors in which we operate. This information and statistical data is based on information obtained from various third-party sources, and, in some cases, on our own internal estimates. We believe that these sources and estimates are reliable, but have not independently verified them and cannot guarantee their accuracy or completeness.

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## Use of Non-GAAP Financial Measures

This presentation contains certain non-GAAP financial measures within the meaning Regulation G and other terms that have particular definitions when used by us. The definitions of these non-GAAP financial measures and other terms may differ from those used by other REITs and, accordingly, may not be comparable. The definitions of these terms, the reasons for their use, and reconciliations to the most directly comparable GAAP measure are either included in the Appendix hereto or in our supplemental information disclosure package as furnished to the SEC and available on AAT's website.