

Investor Presentation

September 2020

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. Currently, one of the most significant risk factors, is the potential adverse effect of the current COVID-19 pandemic on the financial condition, results of operations, cash flows and performance of us, our tenants and guests, the real estate market and the global economy and financial markets. The extent to which COVID-19 impacts us, our tenants and guests will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the scope, severity and duration of the pandemic, the actions taken to contain the pandemic or mitigate its impact, and the direct and indirect economic effects of the pandemic and containment measures, among others. 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 and other risks described in documents subsequently filed by the company from time to time 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.

This presentation includes certain non-GAAP financial measures that the company considers meaningful measures of financial performance during the COVID-19 pandemic.



**A HISTORY OF SUCCESS.
A FUTURE OF OPPORTUNITY.**

Company Overview and Strategy

American Assets Trust

12.6% RETURN

ANNUALIZED TSR (IPO-12/31/2019)⁽¹⁾

8.9% CAGR

FFO PER SHARE (2011–2019)⁽¹⁾

4.5% CAGR

DIVIDENDS (2011–2019)⁽¹⁾

10.4% CAGR

NET ASSET VALUE (2011–2019)⁽²⁾

HISTORY OF SUCCESS

- AAT has been in business for 50 plus years.
- Annualized TSR of 12.6% since IPO.⁽¹⁾
- 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

- Well staggered debt maturity schedule.
- Continued focus to achieve a Net Debt/EBITDA ratio of 5.5x or lower.

AMERICAN
ASSETS
TRUST

EXECUTIVE MANAGEMENT TEAM



ERNEST RADY
CHAIRMAN, PRESIDENT AND
CHIEF EXECUTIVE OFFICER



ROBERT BARTON
EXECUTIVE VICE PRESIDENT
AND CHIEF FINANCIAL OFFICER



ADAM WYLL
EXECUTIVE VICE PRESIDENT
AND CHIEF OPERATING OFFICER



JERRY GAMMIERI
VICE PRESIDENT OF
CONSTRUCTION



CHRIS SULLIVAN
VICE PRESIDENT OF
RETAIL PROPERTIES



STEVE CENTER
VICE PRESIDENT OF
OFFICE PROPERTIES



WADE LANGE
VICE PRESIDENT OF
PORTLAND AND BELLEVUE



ABIGAIL REX
DIRECTOR, MULTIFAMILY
SAN DIEGO

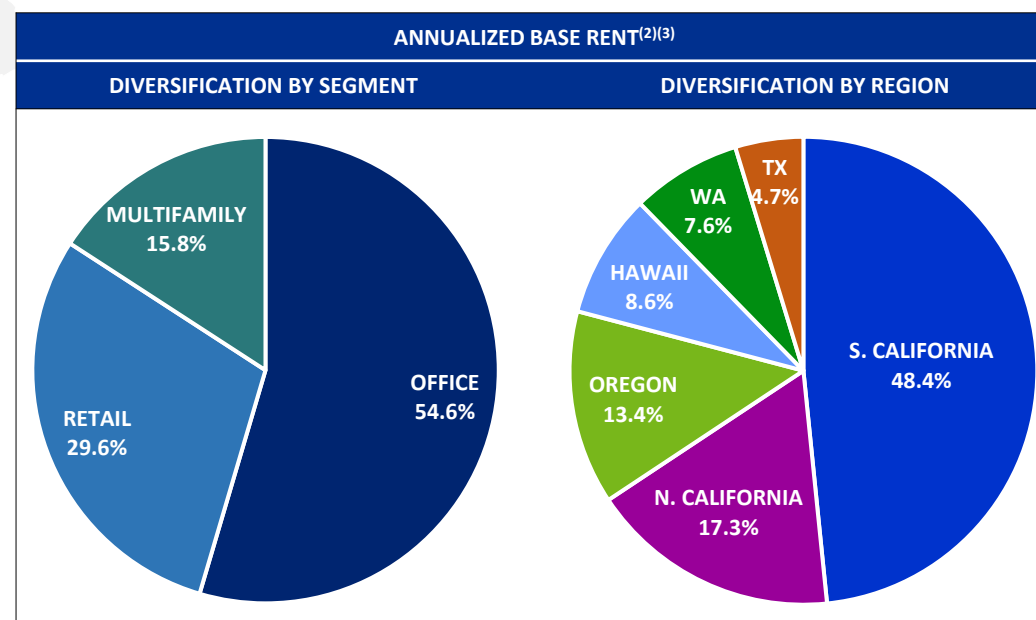
(1) Source: Bloomberg. Total Shareholder Return (TSR) assumes dividends are reinvested in security through December 31, 2019. AAT IPO on January 13, 2011.

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

Portfolio Composition



| REGION | MARKET | SQUARE FEET ('000'S) ⁽¹⁾ | | | | UNITS ⁽¹⁾ | |
|---------------|---------------|-------------------------------------|--------------|-----------|--------------|----------------------|------------|
| | | OFFICE | RETAIL | MIXED USE | TOTAL | MULTIFAMILY | HOTEL |
| S. CALIFORNIA | SAN DIEGO | 1,550 | 1,323 | - | 2,873 | 1,455 | - |
| OREGON | PORTLAND | 876 | 44 | - | 920 | 657 | - |
| N. CALIFORNIA | MONTEREY | - | 674 | - | 674 | - | - |
| TEXAS | SAN ANTONIO | - | 588 | - | 588 | - | - |
| N. CALIFORNIA | SAN FRANCISCO | 520 | 35 | - | 555 | - | - |
| HAWAII | OAHU | - | 430 | 97 | 527 | - | 369 |
| WASHINGTON | SEATTLE | 497 | - | - | 497 | - | - |
| TOTAL | | 3,443 | 3,094 | 97 | 6,634 | 2,112 | 369 |



(1) As of 6/30/2020. As reported in AAT's supplemental information disclosure package as furnished to the SEC and available on AAT's website.

(2) Annualized base rent (ABR) is calculated by multiplying base rental payments (defined as cash base rents (before abatements)) under commenced leases for the month ended June 30, 2020 by 12. 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. 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.

(3) Retail data includes WBW Retail. Hawaii data excludes Embassy Suites Hotel.

2Q-2020 Billing/Collection Activity

83.4% of 2Q-2020 recurring rents have been collected to date⁽¹⁾

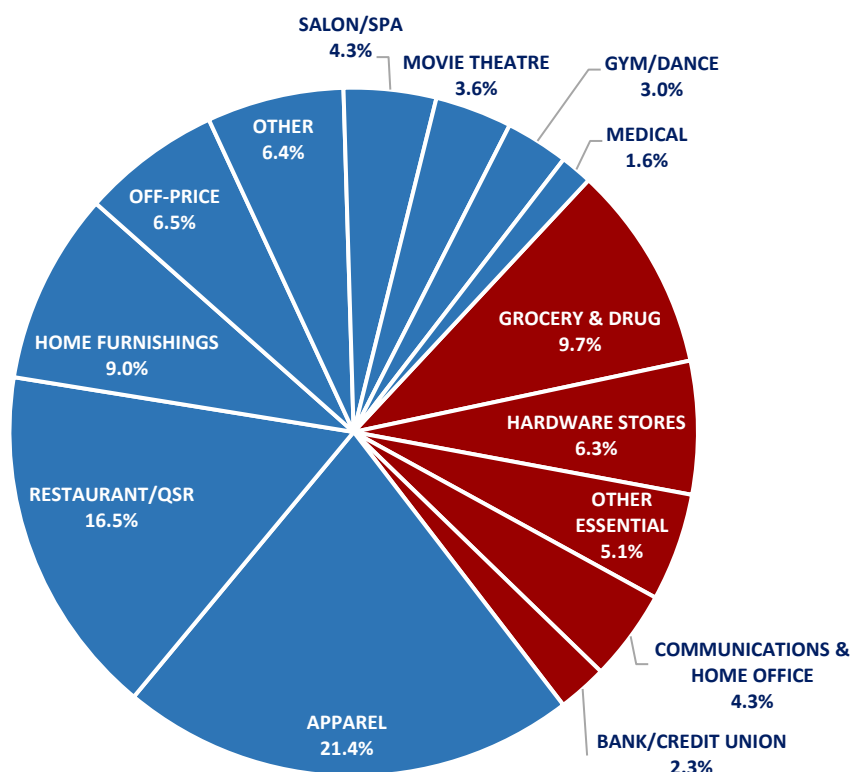
| (UNAUDITED, AMOUNTS IN THOUSANDS) | | COLLECTED TO DATE ⁽¹⁾ | | COVID-19 ADJUSTMENTS ⁽²⁾ | | OUTSTANDING | |
|-----------------------------------|-----------------------|----------------------------------|--------------|-------------------------------------|--------------|----------------|--------------|
| 2Q-2020 | BILLED ⁽¹⁾ | \$ | % | \$ | % | \$ | % |
| RETAIL | \$26,098 | \$16,586 | 63.6% | \$3,926 | 15.0% | \$5,586 | 21.4% |
| WAIKIKI BEACH WALK - RETAIL | \$3,912 | \$1,461 | 37.4% | \$167 | 4.3% | \$2,284 | 58.4% |
| TOTAL RETAIL | \$30,010 | \$18,047 | 60.1% | \$4,093 | 13.6% | \$7,870 | 26.2% |
| OFFICE | \$39,353 | \$38,413 | 97.6% | \$517 | 1.3% | \$423 | 1.1% |
| MULTIFAMILY | | | | | | | |
| SAN DIEGO | \$9,536 | \$8,947 | 93.8% | | | \$590 | 6.2% |
| HASSALO | \$3,213 | \$3,110 | 96.8% | | | \$103 | 3.2% |
| TOTAL MULTIFAMILY | \$12,750 | \$12,056 | 94.6% | | | \$693 | 5.4% |
| TOTAL 2Q-2020 | \$82,113 | \$68,516 | 83.4% | \$4,610 | 5.6% | \$8,986 | 10.9% |

(1) Billed recurring rents are primarily composed of base rent and cost reimbursements. Data as of August 23, 2020.

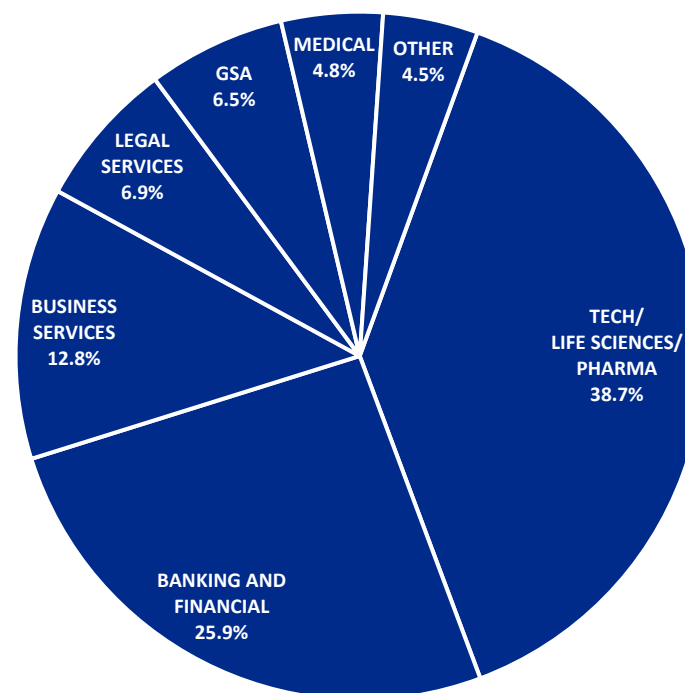
(2) Includes rent deferrals and other monetary lease concessions.

2Q-2020 Retail and Office Billed

2Q-2020 RETAIL BILLED⁽¹⁾



2Q-2020 OFFICE BILLED⁽¹⁾



(UNAUDITED, AMOUNTS IN THOUSANDS)

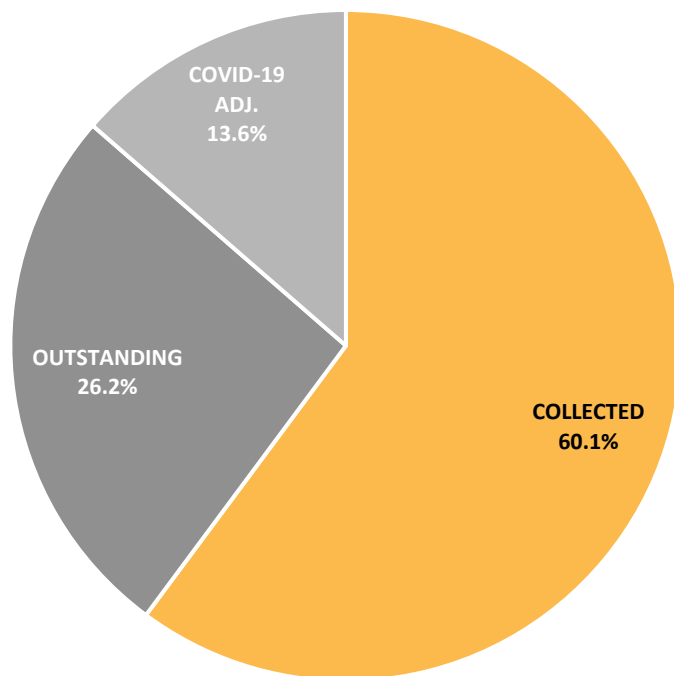
| RETAIL TENANTS | % OF RETAIL BILLED ⁽¹⁾ | 2Q-2020 ⁽¹⁾ | | |
|----------------------------------|-----------------------------------|------------------------|-------------------|--------------|
| | | BILLED | COLLECTED TO DATE | % COLLECTED |
| ESSENTIAL TENANTS ⁽²⁾ | 27.6% | \$8,284 | \$7,242 | 87.4% |
| NON-ESSENTIAL TENANTS | 72.4% | \$21,727 | \$10,804 | 49.7% |
| TOTAL RETAIL BILLED | 100.0% | \$30,010 | \$18,047 | 60.1% |

(1) Data as of August 23, 2020. Billed recurring rents are primarily composed of base rent and cost reimbursements. Retail data includes WBW Retail.

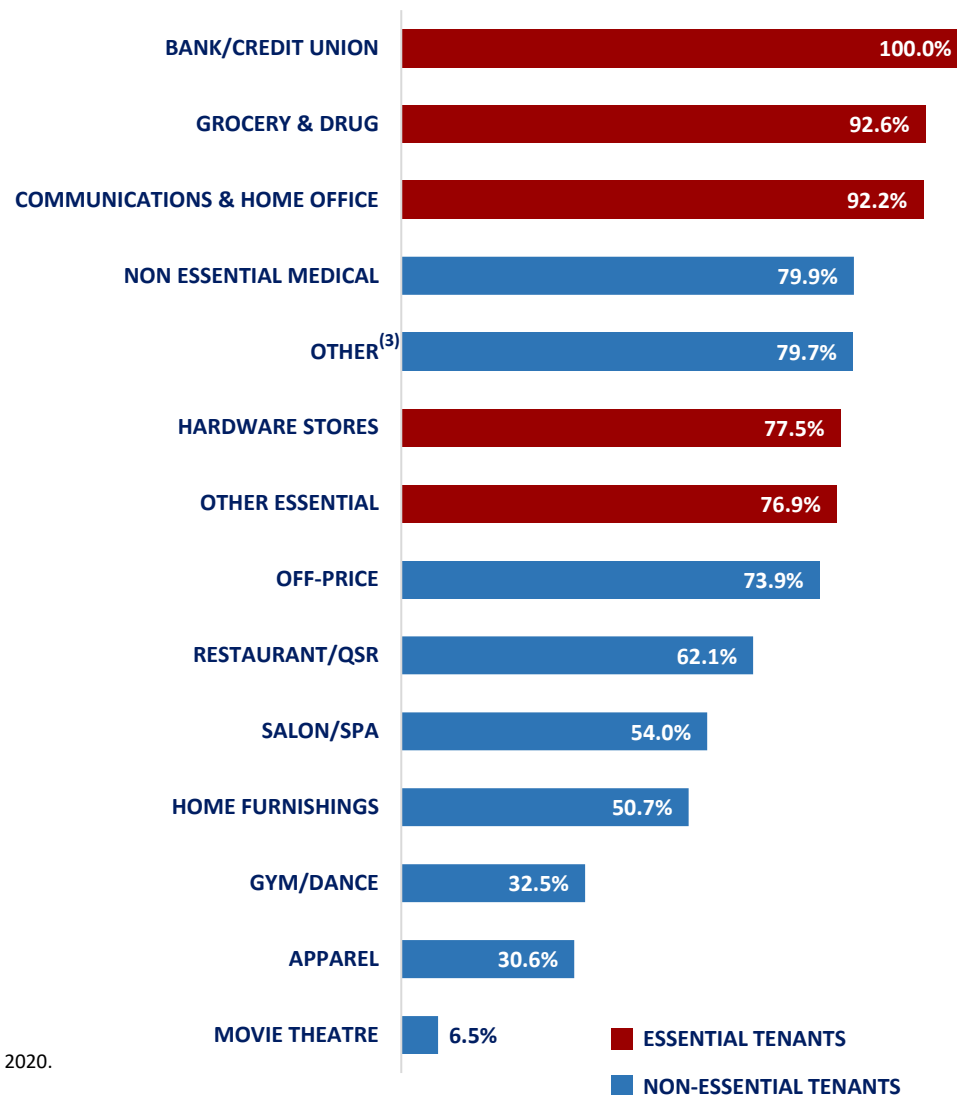
(2) Essential Tenants per the Department of Homeland Security.

2Q-2020 Retail Collections by Category

2Q-2020 RETAIL RENT COLLECTED TO DATE⁽¹⁾⁽²⁾



2Q-2020 RETAIL RENT COLLECTED TO DATE BY CATEGORY⁽¹⁾



(1) Billed recurring rents are primarily composed of base rent and cost reimbursements. Data as of August 23, 2020.

(2) COVID-19 Adjustments includes rent deferrals and other monetary lease concessions.

(3) Other includes Dry Cleaners, Tailors, Cobblers, Churches, Book Stores, Realtors, Insurance Agents, Tax Preparers, Wellness Products and Electronics.

3Q-2020 Billing/Collection Activity

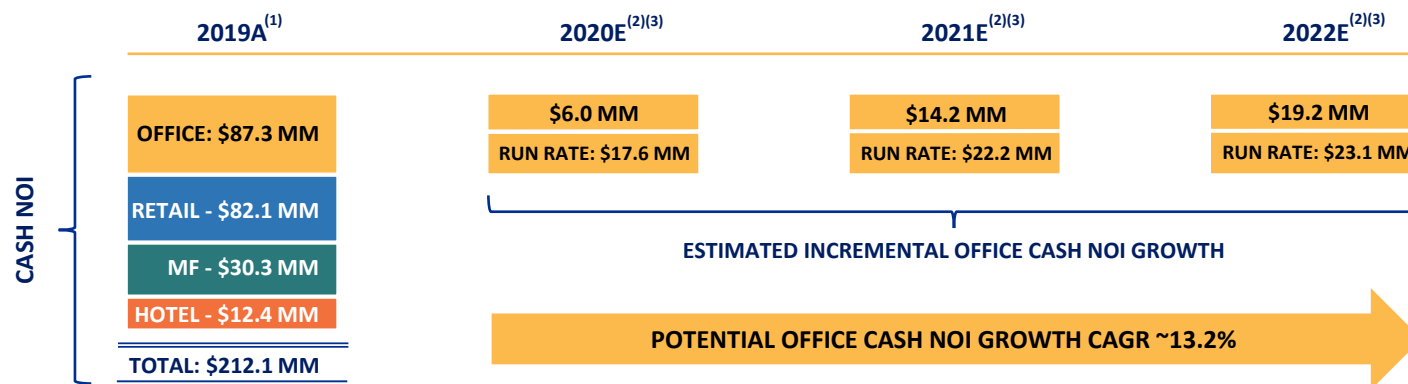
82.3% of 3Q-2020 recurring rents have been collected to date⁽¹⁾

| (UNAUDITED, AMOUNTS IN THOUSANDS) | | COLLECTED TO DATE ⁽¹⁾ | | COVID-19 ADJUSTMENTS ⁽²⁾ | | OUTSTANDING | |
|--------------------------------------|-----------------------|----------------------------------|--------------|-------------------------------------|-------------|-----------------|--------------|
| 3Q-2020 AS OF 9/10/2020 | BILLED ⁽¹⁾ | \$ | % | \$ | % | \$ | % |
| RETAIL | \$26,058 | \$17,002 | 65.2% | \$1,349 | 5.2% | \$7,707 | 29.6% |
| WAIKIKI BEACH WALK - RETAIL | \$3,744 | \$780 | 20.8% | | | \$2,964 | 79.2% |
| TOTAL RETAIL | \$29,802 | \$17,782 | 59.7% | \$1,349 | 4.5% | \$10,671 | 35.8% |
| OFFICE | \$38,427 | \$36,935 | 96.1% | \$423 | 1.1% | \$1,070 | 2.8% |
| MULTIFAMILY | | | | | | | |
| SAN DIEGO | \$9,766 | \$9,134 | 93.5% | | | \$632 | 6.5% |
| HASSALO | \$3,181 | \$2,938 | 92.3% | | | \$243 | 7.7% |
| TOTAL MULTIFAMILY | \$12,947 | \$12,072 | 93.2% | | | \$876 | 6.8% |
| TOTAL 3Q-2020 AS OF 9/10/2020 | \$81,176 | \$66,789 | 82.3% | \$1,771 | 2.2% | \$12,616 | 15.5% |

(1) Billed recurring rents are primarily composed of base rent and cost reimbursements. Data as of September 10, 2020.

(2) Includes rent deferrals and other monetary lease concessions.

Office Cash NOI Growth Potential



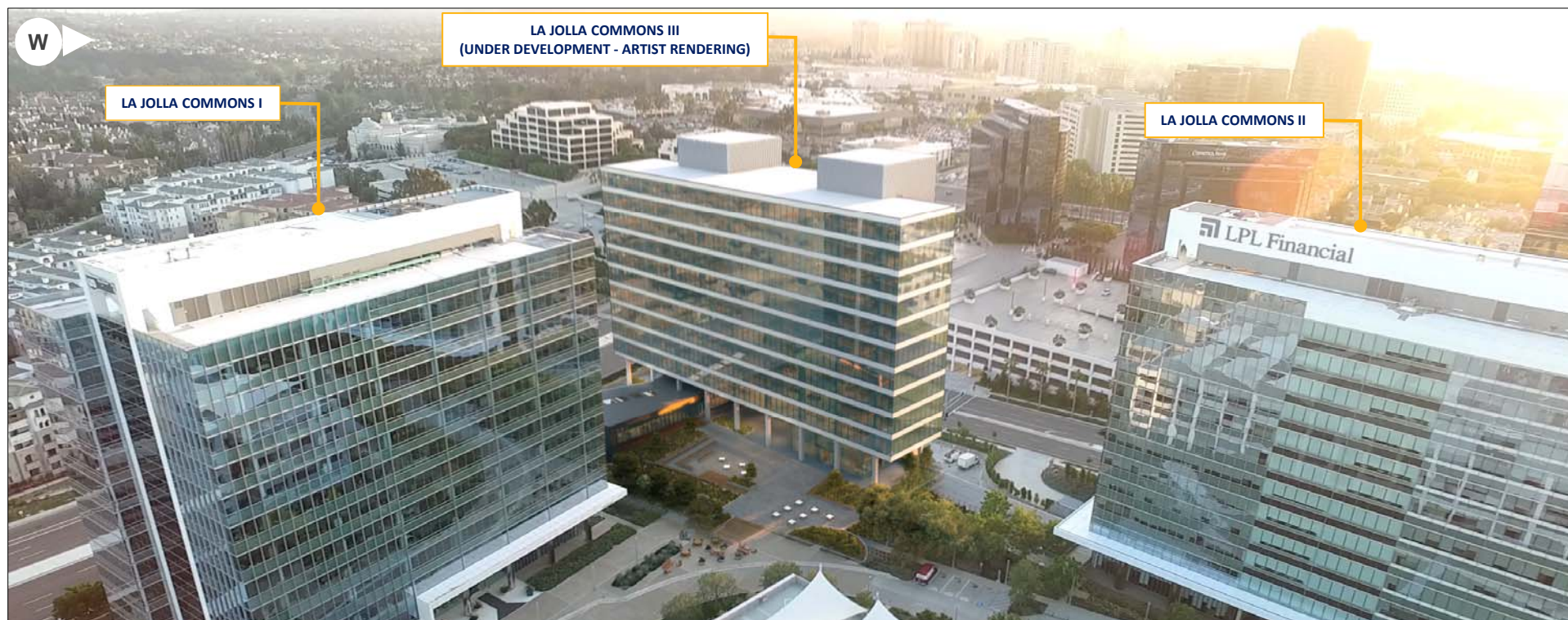
| (\$ in millions) | | ESTIMATED GROWTH | | |
|--|--|------------------|---------------|---------------|
| PROPERTY | | 2020 | 2021 | 2022 |
| OFFICE IN-PLACE CONTRACTUAL GROWTH⁽¹⁾ | | | | |
| LANDMARK | | \$0.6 | \$2.7 | \$5.3 |
| LA JOLLA COMMONS | | 1.1 | 4.5 | 1.8 |
| CITY CENTER BELLEVUE | | 2.7 | 3.1 | 1.1 |
| TORREY RESERVE | | 1.6 | 1.2 | 0.1 |
| FIRST & MAIN | | | 0.9 | 0.8 |
| TORREY POINT | | | 1.1 | 0.1 |
| LLOYD CENTER | | | 0.6 | 0.4 |
| SUBTOTAL OFFICE IN-PLACE CONTRACTUAL GROWTH⁽¹⁾ | | \$6.0 | \$14.2 | \$9.6 |
| ANNUAL RUN RATE⁽¹⁾ | | \$17.7 | \$22.2 | \$11.8 |
| OFFICE SPECULATIVE LEASE UP⁽³⁾ | | | | |
| ONE BEACH STREET (REDEVELOPMENT OF 85K SF IN NORTH WATERFRONT OF SAN FRANCISCO, CA) | | | | \$5.9 |
| TORREY RESERVE | | | | 2.6 |
| OREGON SQUARE (BLDG 710) – PHASE 2A (REMODEL AND REPURPOSE 33K SF INTO FLEXIBLE CREATIVE OFFICE SPACE) | | | | 1.1 |
| SUBTOTAL OFFICE SPECULATIVE LEASE UP⁽³⁾ | | | | \$9.6 |
| ANNUAL RUN RATE⁽¹⁾ | | | | \$11.3 |
| TOTAL POTENTIAL GROWTH | | \$6.0 | \$14.2 | \$19.2 |
| TOTAL ANNUAL RUN RATE | | \$17.7 | \$22.2 | \$23.2 |

(1) As reported in AAT's supplemental information disclosure packages as furnished to the SEC and available on AAT's website. Office data excludes \$12 MM in TI Reimbursements. Retail data includes WBW-Retail.

(2) Proforma calculation for potential incremental cash NOI growth based on in-place contractual leases. See forward looking disclosure on page 2.

(3) Proforma calculation for incremental speculative leasing on space not under contractual lease. See forward looking disclosure on page 2.

Development Pipeline



| PROPERTY | TYPE | LOCATION | ESTIMATED RENTABLE SF | OPPORTUNITY |
|--------------------------|--------|---------------|-----------------------|--|
| LA JOLLA COMMONS III | OFFICE | SAN DIEGO, CA | 214,000 | DEVELOPMENT OF APPROXIMATELY 214,000 SQUARE FEET CLASS A+ OFFICE |
| WAIKELE CENTER | RETAIL | HONOLULU, HI | 90,000 | DEVELOPMENT OF 90,000 SQUARE FEET RETAIL BUILDING |
| OREGON SQUARE – PHASE 2B | OFFICE | PORTLAND, OR | 385,000 | DEVELOPMENT OF BUILD-TO-SUIT OFFICE TOWERS AND/OR MIXED-USE RESIDENTIAL TOWERS |

Our portfolio has numerous potential opportunities to create future shareholder value. These opportunities could be subject to government approvals, lender consents, tenant consents, market conditions, availability of debt and/or equity financing, etc. Many of these opportunities are in their preliminary stages and may not ultimately come to fruition. Square footages and units set forth above are estimates only and ultimately may differ materially from actual square footages and units.

Development Pipeline – Oregon Square Phase 2B



OREGON SQUARE PHASE 2B

- PLANNED TWO-BUILDING, APPROXIMATELY 385,000 SF OFFICE CAMPUS (EXPANDABLE TO 555,000 SF).
- WHEN BUILT, THE TWO CLASS “A” BUILDINGS WILL HELP FURTHER THE “LIVE, WORK, PLAY” COMMUNITY IN THE LLOYD NEIGHBORHOOD, PROVIDING SPECTACULAR 360-DEGREE VIEWS.
- UNDERGROUND PARKING FACILITY WITH 246 STALLS LOCATED BENEATH BOTH BLOCKS; ADDITIONAL PARKING AVAILABLE BENEATH ADJACENT HASSALO ON EIGHTH.
- LARGE FLOOR PLATES WITH 11’ FINISHED CEILINGS AND GLASS LINE ALLOW DEEP DAYLIGHTING SOLUTIONS WHILE ALSO ALLOWING GREATER SPACE PLANNING FLEXIBILITY.
- EACH FLOOR FEATURES OUTDOOR SPACE AND BOTH BUILDINGS FEATURE ROOFTOP DECKS.
- ADJACENT TO HASSALO ON EIGHTH, COMPRISED OF THREE RESIDENTIAL BUILDINGS WITH STREET-LEVEL RESTAURANTS, RETAIL, FITNESS, GROCERY AND MEDICAL.
- DIRECT ACCESS TO THE NEW CONGRESSMAN EARL BLUMENAUER BICYCLE & PEDESTRIAN BRIDGE, PROVIDING ACCESS TO THE CENTRAL EASTSIDE, AND A BLOCK FROM THE STREETCAR AND MAX LINES.
- CONVENIENTLY LOCATED WITHIN WALKING DISTANCE TO LLOYD CENTER, OREGON CONVENTION CENTER, AND MODA CENTER, HOME TO THE NBA’S PORTLAND TRAILBLAZERS.
- THE REVITALIZATION OF THE LLOYD COMMUNITY IS IN FULL SWING. BUSINESSES AND AMENITIES ALIKE ARE FLOCKING TO THE AREA TO BE A PART OF THE BUSTLING COMMUNITY.
- LLOYD CENTER HAS RECENTLY GIVEN THE MALL A FACE LIFT, A STRONG SIGN OF THE AREA’S GROWING PROSPERITY.
- AMONG THE NATIONAL COMPANIES COMMITTED TO LEASING SPACE AT LLOYD CENTER IS LIVE NATION ENTERTAINMENT, PROVIDING A CONCERT VENUE ON THE EASTSIDE THE LIKES OF WHICH PORTLAND HAS NEVER EXPERIENCED.

Our portfolio has numerous potential opportunities to create future shareholder value. These opportunities could be subject to government approvals, lender consents, tenant consents, market conditions, availability of debt and/or equity financing, etc. Many of these opportunities are in their preliminary stages and may not ultimately come to fruition. Square footages and units set forth above are estimates only and ultimately may differ materially from actual square footages and units.

Lloyd District

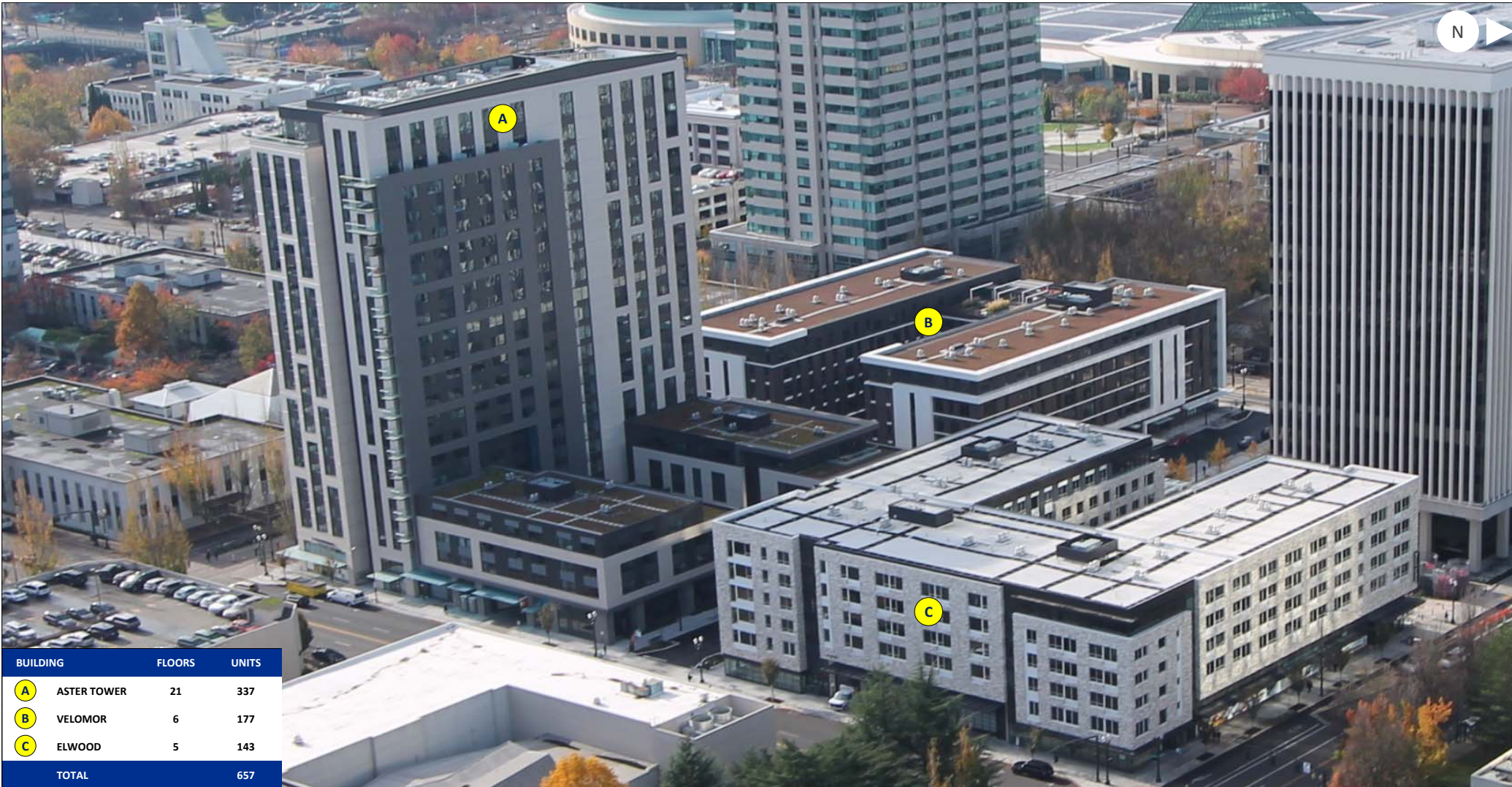
Portland, OR



Hassalo on Eighth

Portland, OR

Hassalo on Eighth is the world's first recipient of the LEED v.4 for Neighborhood Development Platinum Certification



Hassalo on Eighth

Portland, OR



AWARDS HASSALO ON EIGHTH RECEIVED TO DATE

- THE WORLD'S FIRST RECIPIENT OF THE LEED V.4 (LEED V4 ND) FOR NEIGHBORHOOD DEVELOPMENT PLATINUM CERTIFICATION
- AWARDED THE 2017 LEED HOMES PROJECT OF THE YEAR BY THE U.S. GREEN BUILDING COUNCIL
- 2017 MODEL THE WAY (LLOYD ECODISTRICT) – CATALYST AWARD FOR NORM
- 2017 PROPERTY OF THE YEAR – MULTIFAMILYNW
- 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
- SUSTAINABLE DEVELOPMENT OF THE YEAR – CAB – NAIOP-SIOR - 2016
- ENR NORTHWEST REGIONAL BEST PROJECT – 2016
- DAILY JOURNAL OF COMMERCE 2016 NEWSMAKERS AWARD
- PORTLAND BUSINESS JOURNAL 2016 PROJECT OF THE YEAR
- EXCELLENCE IN CONCRETE – MIXED USE, OWNER/DEVELOPER – 2016
- EARTH ADVANTAGE GREEN HOME BUILDER OF THE YEAR 2016
- DAILY JOURNAL OF COMMERCE TOP PROJECT FOR 2016 FOR PRIVATE DEVELOPMENT
- BICYCLE TRANSPORTATION ALLIANCE BUILDER OF THE YEAR AWARD – 2016

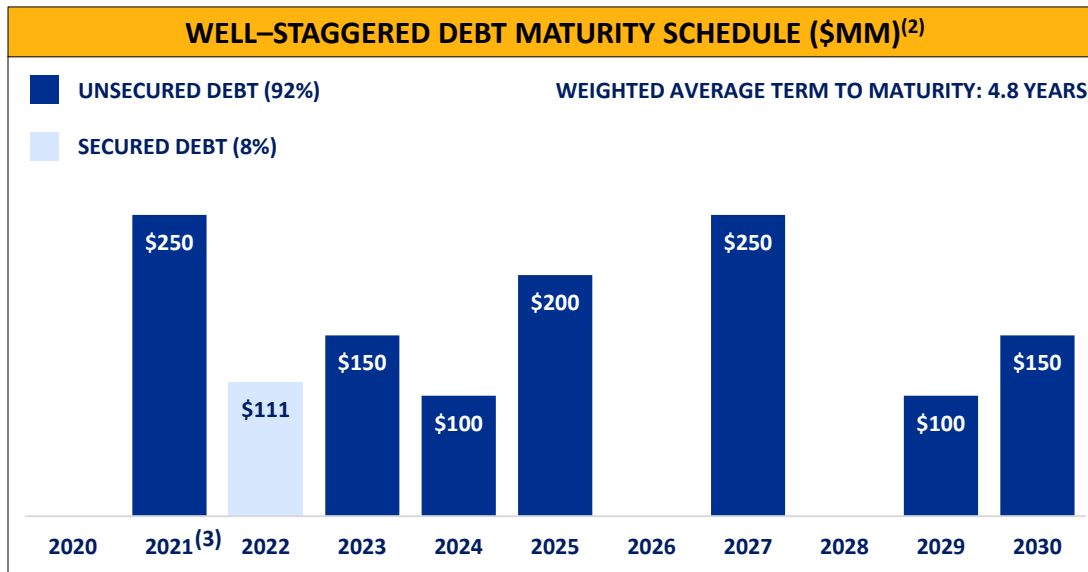


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Capital Management and Financial Summary

Balance Sheet and Liquidity

- Cash Balance as of June 30, 2020: \$146 million
- \$100 million of the \$350 million capacity under the revolving credit facility was drawn down in April 2020 to strengthen our financial position and maximize our liquidity, out of an abundance of caution
- As of June 30, 2020, AAT has no debt obligations maturing during the remainder of 2020
- Upcoming maturities – \$250 million in 2021
 - Have an option to extend the maturity date on the \$100 million Term Loan A⁽³⁾ from January 9, 2021 to January 9, 2022, subject to certain conditions
 - The \$150 million Series A Notes mature on October 31, 2021



| INVESTMENT GRADE CREDIT RATINGS | |
|---------------------------------|------|
| FITCH | BBB |
| MOODY'S | Baa3 |
| STANDARD & POOR'S | BBB- |

(1) Includes rental expenses and real estate taxes for Office, Retail and Multifamily properties.

(2) As of 6/30/2020, unless noted.

(3) \$100 million Term Loan A has a stated maturity of January 9, 2021, subject to our option to extend Term Loan A up to three times, with each such extension for a one-year period.



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Appendix

Pacific Ridge Apartments

San Diego, CA



Embassy Suites Waikiki Beach

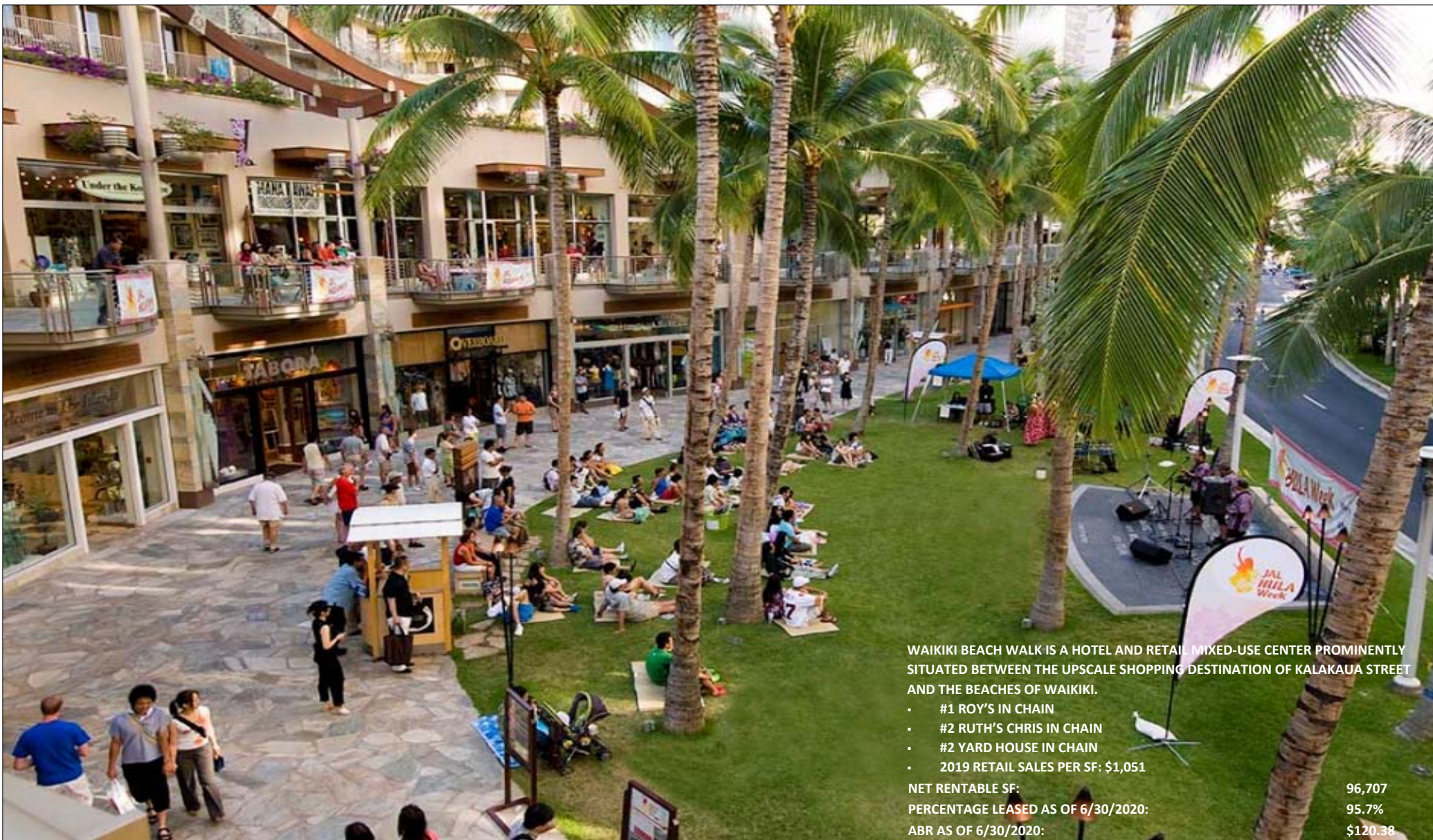
Honolulu, HI



| | |
|-------------------------------------|----------|
| ROOMS: | 369 |
| AVERAGE OCCUPANCY AS OF 6/30/2020: | 17.0% |
| AVERAGE DAILY RATE AS OF 6/30/2020: | \$201.89 |
| REVPAR AS OF 6/30/2020: | \$34.41 |

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
- 2019 RETAIL SALES PER SF: \$1,051

| | |
|------------------------------------|----------|
| NET RENTABLE SF: | 96,707 |
| PERCENTAGE LEASED AS OF 6/30/2020: | 95.7% |
| ABR AS OF 6/30/2020: | \$120.38 |

Torrey Point

San Diego, CA



First and Main

Portland, OR



City Center

Bellevue, WA



Overview of ESG 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, social responsibility and governance.

TEAM

AAT's Environmental Sustainability, Social Responsibility and Governance Committee (ESG Committee) is comprised of members from each department at AAT including Operations, Legal, Human Resources and Finance departments:

- 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 ESG Committee works in collaboration with our property managers and engineers to aggregate data for existing sustainability practices and develop new sustainability initiatives for implementation:

- Created policies and procedures to verify a portfolio property's practices, track and aggregate data, submit for certifications and meet critical deadlines

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

- Utility usage metrics including energy, water and greenhouse gases
- Awards/Certifications
- Projects & Audits

GOALS

- Continue our transparency as it relates to our sustainability practice with our annual ESG report and GRESB submission
- To implement additional Environmental, Social and Governance commitments and initiatives
- Further align our sustainability practice with industry accepted reporting standards

Overview of ESG Practices

Some of our sustainable specific accomplishments:

■ Environmental Sustainability:

- In 2019, eight campuses (comprising a total of twelve buildings), were Leadership in Energy and Environmental Design (or LEED) Certified. In total, 3.2 million square feet, including 657 residential units, in the aggregate are LEED certified
- Landmark @ One Market, a LEED Gold and ENERGY STAR certified historical office building, originally built in 1917, was the first building in San Francisco to be certified by the Building Research Establishment Environmental Assessment Method (or BREEAM) USA standard for existing buildings
- 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
- Continue to conduct feasibility studies regarding alternative energy sources including fuel cells, solar energy and other renewable energy sources for potential installation
- Continued investment in LED lighting retrofitting projects for interior, exterior and garage lighting, for our properties across all asset types
- Installation of more than 130 electric vehicle charging throughout our properties
- As part of our Hassalo on Eighth design, we developed, installed and operate 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. It was also designed to reduce water usage by 50%, or approximately 7,300,000 gallons of water per year
- In San Diego, we 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, restaurants, merchants, customers, contractors and vendors

■ Social Responsibility:

- In partnership with a local San Diego radio station, we created the Tribute to Teachers program, a program that honors local school educators for their outstanding work inside and outside of the classroom
- We participate in community awareness programs including sponsoring over 82 blood drives for the local blood banks in four different states
- With our full support, our employees volunteer their time and energy for various community service projects including the physical renovation and refresh of community centers of various local non-profit organizations, including the Boys & Girls Club and the Salvation Army
- We promote and encourage a healthy and balanced living for our employees by providing health and wellness seminars, workshops promoting preventative care and health screenings

■ Governance:

- AAT and AAT's employee adheres to various governance guidelines, policies, laws, rules and regulations. Every employee, executive officer and member of our BOD are required to annually review and recertify their commitment to AAT's Code of Business Conduct and Ethics Policy and Insider Trading Compliance Program
- To provide guidance to our tenants, and in addition to Green Lease clauses, we created Tenant Sustainability Guidelines to help tenants form their sustainability policy
- To further align our stakeholders to our governance practice, we created and require all vendors and contractors to adhere to a Vendor Code of Conduct when conducting business with AAT

Financial Definitions; Non-GAAP Financial Measures

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

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

Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA): EBITDA is a non-GAAP measure that means net income or loss plus depreciation and amortization, net interest expense, income taxes, gain or loss on sale of real estate and impairments of real estate, if any. EBITDA 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 EBITDA for the years ending December 31, 2011 through December 31, 2019 is as follows:

(\$000's; includes discontinued operations)

| | YEAR ENDED DECEMBER 31, | | | | | | | | |
|-------------------------------|----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
| NET INCOME | \$ 60,188 | \$ 27,202 | \$ 40,132 | \$ 45,637 | \$ 53,915 | \$ 31,145 | \$ 22,594 | \$ 51,601 | \$ 19,324 |
| DEPRECIATION AND AMORTIZATION | 96,205 | 107,093 | 83,278 | 71,319 | 63,392 | 66,568 | 66,775 | 63,011 | 58,543 |
| INTEREST EXPENSE | 54,008 | 52,248 | 53,848 | 51,936 | 47,260 | 52,965 | 58,020 | 59,043 | 56,552 |
| INTEREST INCOME | (696) | (238) | (548) | (72) | (90) | (155) | (148) | (336) | (1,621) |
| INCOME TAX EXPENSE/(BENEFIT) | 819 | 327 | 214 | 566 | 295 | 460 | 645 | 1,016 | 831 |
| GAIN ON SALE OF REAL ESTATE | (633) | - | - | - | (7,121) | - | - | (36,720) | (3,981) |
| EBITDAre | <u>\$ 209,891</u> | <u>\$ 186,632</u> | <u>\$ 176,924</u> | <u>\$ 169,386</u> | <u>\$ 157,651</u> | <u>\$ 150,983</u> | <u>\$ 147,886</u> | <u>\$ 137,615</u> | <u>\$ 129,648</u> |

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.

Annualized base rent (ABR) is calculated by multiplying base rental payments (defined as cash base rents (before abatements)) under commenced leases for the month ended June 30, 2020 by 12. 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. 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; Non-GAAP Financial Measures (cont'd)

Funds From Operations (FFO): FFO is a supplemental measure of real estate companies' operating performances. The National Association of Real Estate Investment Trusts (NAREIT) defines FFO as follows: net income, computed in accordance with GAAP plus depreciation and amortization of real estate assets and excluding extraordinary items, gains and losses on sale of real estate and impairment losses. NAREIT developed FFO as a relative measure of performance and liquidity of an equity REIT in order to recognize that the value of income-producing real estate historically has not depreciated on the basis determined under GAAP. However, FFO does not represent cash flows from operating activities in accordance with GAAP (which, unlike FFO, generally reflects all cash effects of transactions and other events in the determination of net income); should not be considered an alternative to net income as an indication of our performance; and is not necessarily indicative of cash flow as a measure of liquidity or ability to pay dividends. We consider FFO a meaningful, additional measure of operating performance primarily because it excludes the assumption that the value of real estate assets diminishes predictably over time, and because industry analysts have accepted it as a performance measure. Comparison of our presentation of FFO to similarly titled measures for other REITs may not necessarily be meaningful due to possible differences in the application of the NAREIT definition used by such REITs. The reconciliation of net income to FFO for the years ending December 31, 2011 through December 31, 2019 is as follows:

(\$000's, except per share amounts; includes discontinued operations)

| | YEAR ENDED DECEMBER 31, | | | | | | | | |
|---|----------------------------|-------------------|-------------------|-------------------|-------------------|------------------|------------------|------------------|------------------|
| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
| NET INCOME | \$ 60,188 | \$ 27,202 | \$ 40,132 | \$ 45,637 | \$ 53,915 | \$ 31,145 | \$ 22,594 | \$ 51,601 | \$ 19,324 |
| DEPRECIATION AND AMORTIZATION OF REAL ESTATE ASSETS | 96,205 | 107,093 | 83,278 | 71,319 | 63,392 | 66,568 | 66,775 | 63,011 | 58,543 |
| DEPRECIATION AND AMORTIZATION ON UNCONSOLIDATED JV | - | - | - | - | - | - | - | - | 688 |
| GAIN ON SALE OF REAL ESTATE | (633) | - | - | - | (7,121) | - | - | (36,720) | (3,981) |
| FFO, AS DEFINED BY NAREIT | \$ 155,760 | \$ 134,295 | \$ 123,410 | \$ 116,956 | \$ 110,186 | \$ 97,713 | \$ 89,369 | \$ 77,892 | \$ 74,574 |
| LESS: NONFORFEITABLE DIVIDENDS ON RESTRICTED STOCK AWARDS | (376) | (305) | (236) | (183) | (159) | (137) | (357) | (354) | (316) |
| LESS: FFO ATTRIBUTABLE TO PREDECESSOR'S CONTROLLED AND NONCONTROLLED OWNERS' EQUITY | - | - | - | - | - | - | - | - | (16,973) |
| FFO ATTRIBUTABLE TO COMMON STOCK | \$ 155,384 | \$ 133,990 | \$ 123,174 | \$ 116,773 | \$ 110,027 | \$ 97,576 | \$ 89,012 | \$ 77,538 | \$ 57,285 |
| WEIGHTED AVERAGE NUMBER OF COMMON SHARES | 70,789 | 64,139 | 64,090 | 63,231 | 62,343 | 60,256 | 57,726 | 57,263 | 54,417 |
| FFO PER DILUTED SHARE | \$ 2.20 | \$ 2.09 | \$ 1.92 | \$ 1.85 | \$ 1.76 | \$ 1.62 | \$ 1.54 | \$ 1.35 | \$ 1.05 |

Financial Definitions; Non-GAAP Financial Measures (cont'd)

Funds From Operations as Adjusted (FFO As Adjusted): FFO As Adjusted is a supplemental measure of real estate companies' operating performances. We use FFO As Adjusted as a supplemental performance measure because losses from early extinguishment of debt, loan transfer and consent fees and gains on acquisitions of controlling interests create significant earnings volatility which in turn results in less comparability between reporting periods and less predictability regarding future earnings potential. The adjustments noted resulted from our initial public offering and formation transactions. However, other REITs may use different methodologies for defining adjustments and, accordingly, our FFO As Adjusted may not be comparable to other REITs. The reconciliation of net income to FFO for the year ending December 31, 2011 is as follows:

(Amounts in thousands, except per share amounts; includes discontinued operations)

| | Year Ended December 31, 2011 |
|---|------------------------------------|
| FFO, as defined by NAREIT | \$ 74,574 |
| Early extinguishment of debt | 25,867 |
| Loan transfer and consent fees | 9,019 |
| Gain on acquisition of controlling interests | (46,371) |
| FFO As Adjusted | 63,089 |
| Less: Nonforfeitable dividends on restricted stock awards | (316) |
| Less: FFO attributable to Predecessor's controlled and noncontrolled owners' equity | (2,462) |
| FFO As Adjusted Attributable to Common Stock | 60,311 |
| Weighted Average Number of Common Shares | 54,417 |
| FFO As Adjusted per Diluted Share | \$ 1.11 |

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.

Financial Definitions; Non-GAAP Financial Measures (cont'd)

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.

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 included in the Financial Definitions herein.