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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2014

or

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____to _____

Commission file number: 001-35030

AMERICAN ASSETS TRUST, INC.
(Exact Name of Registrant as Specified in its Charter)

Maryland	**27-3338708**
(State of Organization)	**(IRS Employer Identification No.)**
11455 El Camino Real, Suite 200, San Diego, California	**92130**
(Address of Principal Executive Offices)	**(Zip Code)**

(858) 350-2600
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. x Yes o No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). x Yes o No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer	x		Accelerated Filer	o
Non-Accelerated Filer	o	(Do not check if a smaller reporting company)	Smaller reporting company	o

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). o Yes x No

The number of Registrant's common shares outstanding on May 2, 2014 was 41,935,138.

AMERICAN ASSETS TRUST, INC.

QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTER ENDED March 31, 2014

PART 1 - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

American Assets Trust, Inc.
Consolidated Balance Sheets
(In Thousands, Except Share Data)

	March 31, 2014 (unaudited)	December 31, 2013
ASSETS		
Real estate, at cost		
Operating real estate	$ 1,924,855	$ 1,919,015
Construction in progress	89,991	67,389
Held for development	9,028	9,013
	2,023,874	1,995,417
Accumulated depreciation	(330,945)	(318,581)
Net real estate	1,692,929	1,676,836
Cash and cash equivalents	79,486	48,987
Restricted cash	10,568	9,124
Accounts receivable, net	6,277	7,295
Deferred rent receivables, net	33,372	32,531
Other assets, net	56,326	57,670
TOTAL ASSETS	$ 1,878,958	$ 1,832,443
LIABILITIES AND EQUITY		
LIABILITIES:		
Secured notes payable	$ 952,498	$ 952,174
Term loan	100,000	—
Line of credit	—	93,000
Accounts payable and accrued expenses	40,248	37,063
Security deposits payable	5,222	5,163
Other liabilities and deferred credits	58,514	58,465
Total liabilities	1,156,482	1,145,865
Commitments and contingencies (Note 9)		
EQUITY:		
American Assets Trust, Inc. stockholders' equity		
Common stock, $0.01 par value, 490,000,000 shares authorized, 41,935,138 and 40,512,563 shares issued and outstanding at March 31, 2014 and December 31, 2013, respectively	419	405
Additional paid-in capital	735,175	692,196
Accumulated dividends in excess of net income	(48,619)	(44,090)
Accumulated other comprehensive loss	(521)	—
Total American Assets Trust, Inc. stockholders' equity	686,454	648,511
Noncontrolling interests	36,022	38,067
Total equity	722,476	686,578
TOTAL LIABILITIES AND EQUITY	$ 1,878,958	$ 1,832,443

The accompanying notes are an integral part of these consolidated financial statements.

American Assets Trust, Inc.
Consolidated Statements of Comprehensive Income
(Unaudited)
(In Thousands, Except Shares and Per Share Data)

	Three Months Ended March 31,	
	2014	2013
REVENUE:		
Rental income	$ 60,482	$ 59,222
Other property income	3,471	2,958
Total revenue	63,953	62,180
EXPENSES:		
Rental expenses	16,620	16,286
Real estate taxes	6,026	4,800
General and administrative	4,612	4,201
Depreciation and amortization	16,341	17,013
Total operating expenses	43,599	42,300
OPERATING INCOME	20,354	19,880
Interest expense	(13,632)	(14,736)
Other income (expense), net	(64)	(279)
NET INCOME	6,658	4,865
Net income attributable to restricted shares	(70)	(132)
Net income attributable to unitholders in the Operating Partnership	(1,986)	(1,495)
NET INCOME ATTRIBUTABLE TO AMERICAN ASSETS TRUST, INC. STOCKHOLDERS	$ 4,602	$ 3,238
EARNINGS PER COMMON SHARE		
Earnings per common share, basic	$ 0.11	$ 0.08
Weighted average shares of common stock outstanding - basic	40,582,792	39,033,013
Earnings per common share, diluted	$ 0.11	$ 0.08
Weighted average shares of common stock outstanding - diluted	58,492,473	57,056,448
DIVIDENDS DECLARED PER COMMON SHARE	$ 0.22	$ 0.21
COMPREHENSIVE INCOME		
Net income	$ 6,658	$ 4,865
Other comprehensive loss - unrealized loss on swap derivative during the period	(746)	—
Comprehensive income	5,912	4,865
Comprehensive income attributable to non-controlling interest	(1,761)	(1,495)
Comprehensive income attributable to American Assets Trust, Inc.	$ 4,151	$ 3,370

The accompanying notes are an integral part of these consolidated financial statements.

American Assets Trust, Inc.
Consolidated Statement of Equity
(Unaudited)
(In Thousands, Except Share Data)

	American Assets Trust, Inc. Stockholders' Equity						
	Common Shares		Additional Paid-in Capital	Accumulated Dividends in Excess of Net Income	Accumulated Other Comprehensive Loss	Noncontrolling Interests - Unitholders in the Operating Partnership	Total
	Shares	Amount					
Balance at December 31, 2013	40,512,563	$ 405	$ 692,196	$ (44,090)	$ —	$ 38,067	$ 686,578
Net income	—	—	—	4,672	—	1,986	6,658
Common shares issued	1,435,215	14	46,912	—	—	—	46,926
Issuance of restricted stock	112,119	1	(1)	—	—	—	—
Conversion of operating partnership units	11,852	—	(133)	—	—	133	—
Dividends declared and paid	—	—	—	(9,201)	—	(3,939)	(13,140)
Stock-based compensation	—	—	519	—	—	—	519
Shares withheld for employee taxes	(136,611)	(1)	(4,318)	—	—	—	(4,319)
Other comprehensive loss - change in value of interest rate swap	—	—	—	—	(521)	(225)	(746)
Balance at March 31, 2014	41,935,138	$ 419	$ 735,175	$ (48,619)	$ (521)	$ 36,022	$ 722,476

The accompanying notes are an integral part of these consolidated financial statements.

American Assets Trust, Inc.
Consolidated Statements of Cash Flows
(Unaudited)
(In Thousands)

	Three Months Ended March 31,	
	2014	**2013**
OPERATING ACTIVITIES		
Net income	$ 6,658	$ 4,865
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Deferred rent revenue and amortization of lease intangibles	(1,545)	(1,163)
Depreciation and amortization	16,341	17,013
Amortization of debt issuance costs and debt fair value adjustments	1,015	983
Stock-based compensation expense	519	676
Other, net	(362)	(1,202)
Changes in operating assets and liabilities		
Change in restricted cash	(1,141)	(500)
Change in accounts receivable	1,022	(1,198)
Change in other assets	(392)	(216)
Change in accounts payable and accrued expenses	4,705	5,956
Change in security deposits payable	58	211
Change in other liabilities and deferred credits	1,115	247
Net cash provided by operating activities	27,993	25,672
INVESTING ACTIVITIES		
Capital expenditures	(30,300)	(9,902)
Change in restricted cash	(303)	518
Leasing commissions	(996)	(338)
Net cash used in investing activities	(31,599)	(9,722)
FINANCING ACTIVITIES		
Change in restricted cash	—	(1,400)
Repayment of secured notes payable	(405)	(943)
Proceeds from term loan	100,000	—
Repayment of line of credit	(93,000)	—
Debt issuance costs	(1,957)	—
Proceeds from issuance of common stock, net	46,926	—
Dividends paid to common stock and unitholders	(13,140)	(12,114)
Shares withheld for employee taxes	(4,319)	—
Net cash provided by (used in) financing activities	34,105	(14,457)
Net increase (decrease) in cash and cash equivalents	30,499	1,493
Cash and cash equivalents, beginning of period	48,987	42,479
Cash and cash equivalents, end of period	$ 79,486	$ 43,972

The accompanying notes are an integral part of these consolidated financial statements.

American Assets Trust, Inc.

Notes to Consolidated Financial Statements
March 31, 2014
(Unaudited)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business and Organization

American Assets Trust, Inc. (which may be referred to in these financial statements as the "Company," "we," "us," or "our") is a Maryland corporation formed on July 16, 2010 that did not have any operating activity until the consummation of our initial public offering on January 19, 2011. The Company is the sole general partner of American Assets Trust, L.P., a Maryland limited partnership formed on July 16, 2010 (the "Operating Partnership"). The Company's operations are carried on through our Operating Partnership and its subsidiaries, including our taxable real estate investment trust ("REIT") subsidiary ("TRS"). Since the formation of our Operating Partnership, the Company has controlled our Operating Partnership as its general partner and has consolidated its assets, liabilities and results of operations.

We are a full service vertically integrated and self-administered REIT with approximately 120 employees providing substantial in-house expertise in asset management, property management, property development, leasing, tenant improvement construction, acquisitions, repositioning, redevelopment and financing.

As of March 31, 2014, we owned or had a controlling interest in 23 office, retail, multifamily and mixed-use operating properties, the operations of which we consolidate. Additionally, as of March 31, 2014, we owned land at five of our properties that we classify as held for development and/or construction in progress. A summary of the properties owned by us is as follows:

Retail

Carmel Country Plaza
Carmel Mountain Plaza
South Bay Marketplace
Rancho Carmel Plaza
Lomas Santa Fe Plaza
Solana Beach Towne Centre
Del Monte Center
Geary Marketplace
The Shops at Kalakaua
Waikele Center
Alamo Quarry Market

Office

Torrey Reserve Campus
Solana Beach Corporate Centre
The Landmark at One Market
One Beach Street
First & Main
Lloyd District Portfolio
City Center Bellevue

Multifamily

Loma Palisades
Imperial Beach Gardens
Mariner's Point
Santa Fe Park RV Resort

Mixed-Use

Waikiki Beach Walk Retail and Embassy Suites™ Hotel

Held for Development and Construction in Progress

Solana Beach Corporate Centre – Land
Solana Beach – Highway 101 – Land
Sorrento Pointe – Land
Torrey Reserve – Land
Lloyd District Portfolio – Land

Basis of Presentation

Our consolidated financial statements include the accounts of the Company, our Operating Partnership and our subsidiaries. The equity interests of other investors in our Operating Partnership are reflected as noncontrolling interests.

All significant intercompany transactions and balances are eliminated in consolidation.

The accompanying consolidated financial statements of the Company have been prepared in accordance with the rules applicable to Form 10-Q and include all information and footnotes required for interim financial statement presentation, but do not include all disclosures required under accounting principles generally accepted in the United States ("GAAP") for annual financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments, except as otherwise noted) considered necessary for a fair presentation have been included. These financial statements should be read in conjunction with the audited consolidated financial statements and notes therein included in the Company's annual report on Form 10-K for the year ended December 31, 2013.

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that in certain circumstances affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and revenues and expenses. These estimates are prepared using our best judgment, after considering past, current and expected events and economic conditions. Actual results could differ from these estimates.

Any reference to the number of properties and square footage are unaudited and outside the scope of our independent registered public accounting firm's review of our financial statements in accordance with the standards of the United States Public Company Accounting Oversight Board.

Consolidated Statements of Cash Flows—Supplemental Disclosures

The following table provides supplemental disclosures related to the Consolidated Statements of Cash Flows (in thousands):

	Three Months Ended March 31,	
	2014	2013
Supplemental cash flow information		
Total interest costs incurred	$ 14,467	$ 15,093
Interest capitalized	$ 835	$ 357
Interest expense	$ 13,632	$ 14,736
Cash paid for interest, net of amounts capitalized	$ 12,724	$ 13,128
Cash paid for income taxes	$ —	$ —
Supplemental schedule of noncash investing and financing activities		
Accounts payable and accrued liabilities for construction in progress	$ (890)	$ 556
Accrued leasing commissions	$ (630)	$ 689

Significant Accounting Policies

We describe our significant accounting policies in Note 1 to the consolidated financial statements in Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2013. There have been no changes to our significant accounting policies during the three months ended March 31, 2014.

Concurrent with the closing of our amended and restated credit facility on January 9, 2014 (Note 6), we entered into an interest rate swap agreement with a notional amount of $100.0 million. The interest rate swap is intended to fix the variable portion of our $100.0 million term loan at approximately 3.08% from January 9, 2014 through January 19, 2019. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for our making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

We assess effectiveness of our cash flow hedges both at inception and on an ongoing basis. The effective portion of changes in fair value of the interest rate swaps associated with our cash flow hedges is recorded in accumulated other comprehensive income/loss and is subsequently reclassified into interest expense as interest is incurred on the related variable rate debt. Our cash flow hedges become ineffective if critical terms of the hedging instrument and the debt instrument do not perfectly match such as notional amounts, settlement dates, reset dates, calculation period and LIBOR rate. In addition, we evaluate the default risk of the counterparty by monitoring the credit-worthiness of the counterparty. When ineffectiveness exists, the ineffective portion of changes in fair value of the interest rate swaps associated with our cash flow hedges is recognized in earnings in the period affected. Hedge ineffectiveness has not impacted earnings as of March 31, 2014, and we do not anticipate it will have a significant effect in the future.

Segment Information

Segment information is prepared on the same basis that our management reviews information for operational decision-making purposes. We operate in four business segments: the acquisition, redevelopment, ownership and management of retail real estate, office real estate, multifamily real estate and mixed-use real estate. The products for our retail segment primarily include rental of retail space and other tenant services, including tenant reimbursements, parking and storage space rental. The products for our office segment primarily include rental of office space and other tenant services, including tenant reimbursements, parking and storage space rental. The products for our multifamily segment include rental of apartments and other tenant services. The products of our mixed-use segment include rental of retail space and other tenant services, including tenant reimbursements, parking and storage space rental and operation of a 369-room all-suite hotel.

Recent Accounting Pronouncements

In February 2013, the Financial Accounting Standards Board (the "FASB") issued ASU 2013-2, *Comprehensive Income (Topic 220): Reporting Amounts Reclassified Out of Accumulated Other Comprehensive Income*. ASU 2013-2 requires entities to disclose certain information relating to amounts reclassified out of accumulated other comprehensive income. This pronouncement became effective for us in the first quarter of 2013 and did not have a significant impact on our consolidated financial statements.

In April 2014, the FASB issued ASU-2014-08, *Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity.* ASU 2014-08 revises the definition of a discontinued operation to a disposal, sale or held-for-sale component or group of components that represents a strategic shift that will have a major effect on an entity's operations and financial results. This pronouncement is effective in 2015, however, calendar year-end companies may early adopt during the first quarter of 2014. We have chosen to early adopt this pronouncement and it became effective for us in the first quarter of 2014. This pronouncement did not have a significant impact on our consolidated financial statements.

NOTE 2. ACQUIRED IN-PLACE LEASES AND ABOVE/BELOW MARKET LEASES

The following summarizes our acquired lease intangibles and leasing costs, which are included in other assets and other liabilities and deferred credits, as of March 31, 2014 and December 31, 2013 (in thousands):

	March 31, 2014	December 31, 2013
In-place leases	$ 62,734	$ 62,813
Accumulated amortization	(39,882)	(38,279)
Above market leases	28,262	28,279
Accumulated amortization	(21,570)	(20,880)
Acquired lease intangible assets, net	$ 29,544	$ 31,933
Below market leases	$ 76,502	$ 76,502
Accumulated accretion	(29,887)	(28,592)
Acquired lease intangible liabilities, net	$ 46,615	$ 47,910

NOTE 3. FAIR VALUE OF FINANCIAL INSTRUMENTS

A fair value measurement is based on the assumptions that market participants would use in pricing an asset or liability. The hierarchy for inputs used in measuring fair value is as follows:

1. Level 1 Inputs—quoted prices in active markets for identical assets or liabilities
2. Level 2 Inputs—observable inputs other than quoted prices in active markets for identical assets and liabilities
3. Level 3 Inputs—unobservable inputs

Except as disclosed below, the carrying amounts of our financial instruments approximate their fair value. The financial liability whose fair value we measure on a recurring basis using Level 2 inputs is our deferred compensation liability included in other liabilities and deferred credits on the consolidated balance sheet. We measure the fair value of this liability based on prices provided by independent market participants that are based on observable inputs using market-based valuation techniques.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

The fair values of the interest rate swap agreements are based on the estimated amounts we would receive or pay to terminate the contracts at the reporting date and are determined using interest rate pricing models and interest rate related observable inputs. The fair value of our swap at March 31, 2014 was a liability of $0.7 million and is included in "other liabilities and deferred credits" on our consolidated balance sheets. For the three months ended March 31, 2014, the change in valuation on our interest rate swaps was a decrease of $0.7 million. The effective portion of changes in the fair value of the derivatives that are designated as cash flow hedges are being recorded in accumulated other comprehensive loss and will be subsequently reclassified into earnings during the period in which the hedged forecasted transaction affects earnings.

The Company incorporates credit valuation adjustments to appropriately reflect both its own non-performance risk and the respective counterparty's non-performance risk in the fair value measurements. In adjusting the fair value of its derivative contract for the effect of non-performance risk, the Company has considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts, and guarantees.

Although the Company has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by itself and its counterparties. However, as of March 31, 2014 the Company has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative position and has determined that the credit valuation adjustments are not significant to the overall valuation of its derivatives. As a result, the Company has determined that its derivative valuation in its entirety is classified in Level 2 of the fair value hierarchy.

A summary of our financial liabilities that are measured at fair value on a recurring basis, by level within the fair value hierarchy is as follows (in thousands):

	March 31, 2014				December 31, 2013			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Deferred compensation liability	$ —	$ 821	$ —	$ 821	$ —	$ 769	$ —	$ 769
Interest rate swap	$ —	$ 746	$ —	$ 746	$ —	$ —	$ —	$ —

The fair value of our secured notes payable is sensitive to fluctuations in interest rates. Discounted cash flow analysis using observable market interest rates (Level 2) is generally used to estimate the fair value of our secured notes payable, using rates ranging from 3.5% to 5.2%.

Considerable judgment is necessary to estimate the fair value of financial instruments. The estimates of fair value presented herein are not necessarily indicative of the amounts that could be realized upon disposition of the financial instruments. A summary of the carrying amount and fair value of our secured financial instruments, all of which are based on Level 2 inputs, is as follows (in thousands):

	March 31, 2014		December 31, 2013	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Secured notes payable	$ 952,498	$ 993,568	$ 952,174	$ 990,296
Term loan	$ 100,000	$ 100,000	$ —	$ —
Line of credit	$ —	$ —	$ 93,000	$ 93,000

NOTE 4. OTHER ASSETS

Other assets consist of the following (in thousands):

	March 31, 2014	December 31, 2013
Leasing commissions, net of accumulated amortization of $20,523 and $19,606 respectively	$ 17,152	$ 18,071
Acquired above market leases, net	6,692	7,399
Acquired in-place leases, net	22,852	24,534
Lease incentives, net of accumulated amortization of $2,683 and $2,590, respectively	1,017	1,110
Other intangible assets, net of accumulated amortization of $1,600 and $1,554, respectively	598	655
Debt issuance costs, net of accumulated amortization of $3,272 and $2,985, respectively	4,302	2,632
Prepaid expenses and other	3,713	3,269
Total other assets	$ 56,326	$ 57,670

NOTE 5. OTHER LIABILITIES AND DEFERRED CREDITS

Other liabilities and deferred credits consist of the following (in thousands):

	March 31, 2014	December 31, 2013
Acquired below market leases, net	$ 46,615	$ 47,910
Prepaid rent and deferred revenue	8,209	7,506
Deferred rent expense and lease intangible	773	829
Deferred compensation	821	769
Deferred tax liability	233	233
Straight-line rent liability	1,020	1,145
Interest rate swap liability	746	—
Other liabilities	97	73
Total other liabilities and deferred credits	$ 58,514	$ 58,465

Straight-line rent liability relates to leases which have rental payments that decrease over time or one-time upfront payments for which the rental revenue is deferred and recognized on a straight-line basis.

NOTE 6. DEBT

The following is a summary of our total secured notes payable outstanding as of March 31, 2014 and December 31, 2013 (in thousands):

Description of Debt	Principal Balance as of March 31, 2014	Principal Balance as of December 31, 2013	Stated Interest Rate as of March 31, 2014	Stated Maturity Date
Waikele Center [1]	140,700	140,700	5.15%	November 1, 2014
The Shops at Kalakaua [1]	19,000	19,000	5.45%	May 1, 2015
The Landmark at One Market [1][2]	133,000	133,000	5.61%	July 5, 2015
Del Monte Center [1]	82,300	82,300	4.93%	July 8, 2015
First & Main [1]	84,500	84,500	3.97%	July 1, 2016
Imperial Beach Gardens [1]	20,000	20,000	6.16%	September 1, 2016
Mariner's Point [1]	7,700	7,700	6.09%	September 1, 2016
South Bay Marketplace [1]	23,000	23,000	5.48%	February 10, 2017
Waikiki Beach Walk—Retail [1]	130,310	130,310	5.39%	July 1, 2017
Solana Beach Corporate Centre III-IV [3]	36,691	36,804	6.39%	August 1, 2017
Loma Palisades [1]	73,744	73,744	6.09%	July 1, 2018
One Beach Street [1]	21,900	21,900	3.94%	April 1, 2019
Torrey Reserve—North Court [3]	21,304	21,377	7.22%	June 1, 2019
Torrey Reserve—VCI, VCII, VCIII [3]	7,175	7,200	6.36%	June 1, 2020
Solana Beach Corporate Centre I-II [3]	11,430	11,475	5.91%	June 1, 2020
Solana Beach Towne Centre [3]	38,101	38,249	5.91%	June 1, 2020
City Center Bellevue [1]	111,000	111,000	3.98%	November 1, 2022
	961,855	962,259		
Unamortized fair value adjustment	(9,357)	(10,085)		
Total Secured Notes Payable Outstanding	$ 952,498	$ 952,174		

(1) Interest only.
(2) Maturity Date is the earlier of the loan maturity date under the loan agreement, or the "Anticipated Repayment Date" as specifically defined in the loan agreement, which is the date after which substantial economic penalties apply if the loan has not been paid off.
(3) Principal payments based on a 30-year amortization schedule.

Certain loans require us to comply with various financial covenants. As of March 31, 2014, we were in compliance with these financial covenants.

Credit Facility

On January 9, 2014, we entered into an amended and restated credit agreement (the "Amended and Restated Credit Facility") which amended and restated the then in-place credit facility. The Amended and Restated Credit Facility provides for aggregate, unsecured borrowing of $350 million, consisting of a revolving line of credit of $250 million (the "Revolver Loan") and a term loan of $100 million (the "Term Loan"). The Amended and Restated Credit Facility has an accordion feature that may allow us to increase the availability thereunder up to an additional $250 million, subject to meeting specified requirements and obtaining additional commitments from lenders.

Borrowings under the Amended and Restated Credit Facility initially bear interest at floating rates equal to, at our option, either (1) LIBOR, plus a spread which ranges from (a) 1.35%-1.95% (with respect to the Revolver Loan) and (b) 1.30% to 1.90% (with respect to the Term Loan), in each case based on our consolidated leverage ratio, or (2) a base rate equal to the highest of (a) the prime rate, (b) the federal funds rate plus 50 bps or (c) the Eurodollar rate plus 100 bps, plus a spread which ranges from (i) 0.35%-0.95% (with respect to the Revolver Loan) and (ii) 0.30% to 0.90% (with respect to the Term Loan), in each case based on our consolidated leverage ratio. If we obtain an investment-grade debt rating, under the terms set forth in the Amended and Restated Credit Facility, the spreads will further improve.

The Revolver Loan initially matures on January 9, 2018, subject to our option to extend the Revolver Loan up to two times, with each such extension for a six-month period. The Term Loan initially matures on January 9, 2016, subject to our option to extend the Term Loan up to three times, with each such extension for a 12-month period. The foregoing extension options are exercisable by us subject to the satisfaction of certain conditions.

Concurrent with the closing of the Amended and Restated Credit Facility, we drew down on the entirety of the $100 million Term Loan and entered into an interest rate swap agreement that is intended to fix the interest rate associated with the Term Loan at approximately 3.08% through its maturity date and extension options, subject to adjustments based on our consolidated leverage ratio.

Additionally, the Amended and Restated Credit Facility includes a number of customary financial covenants, including:

- A maximum leverage ratio (defined as total indebtedness net of certain cash and cash equivalents to total asset value) of 60%, and during any material acquisition period the maximum leverage ratio allowable is 65%,
- A maximum secured leverage ratio (defined as total secured debt to secured total asset value) of 45% at any time prior to December 31, 2015, and 40% thereafter, during a material acquisition period the maximum secured leverage ratio is increased to 50% at any time prior to December 31, 2015 and 45% thereafter,
- A minimum fixed charge coverage ratio (defined as consolidated earnings before interest, taxes, depreciation and amortization to consolidated fixed charges) of 1.50x,
- A minimum unsecured interest coverage ratio of 1.75x,
- A maximum unsecured leverage ratio of 60%, and during any material acquisition period the maximum unsecured leverage ratio allowable is 65%,
- A minimum tangible net worth of $721.16 million, and 75% of the net proceeds of any additional equity issuances (other than additional equity issuances in connection with any dividend reinvestment program), and
- Recourse indebtedness at any time cannot exceed 15% of total asset value.

The Amended and Restated Credit Facility provides that our annual distributions may not exceed the greater of (1) 95% of our funds from operations or (2) the amount required for us to (a) qualify and maintain our real estate investment trust ("REIT") status and (b) avoid the payment of federal or state income or excise tax. If certain events of default exist or would result from a distribution, we may be precluded from making distributions other than those necessary to qualify and maintain our status as a REIT.

As of March 31, 2014, we were in compliance with the Amended and Restated Credit Facility financial covenants.

NOTE 7. EQUITY

Stockholders' Equity

On May 6, 2013, we entered into an at-the-market (“ATM”) equity program with four sales agents in which we may, from time to time, offer and sell shares of our common stock having an aggregate offering price of up to $150.0 million. The sales of shares of our common stock made through the ATM equity program are made in "at-the-market" offerings as defined in Rule 415 of the Securities Act of 1933, as amended. For the three months ended March 31, 2014, we issued 1,435,215 shares of common stock through the ATM equity program at a weighted average price per share of $33.06 for gross proceeds of $47.4 million and paid $0.4 million in sales agent compensation and $0.1 million in additional offering expenses related to the sales of these shares of common stock. We intend to use the net proceeds from the ATM equity program to fund our development or redevelopment activities, repay amounts outstanding from time to time under our revolving credit facility or other debt financing obligations, fund potential acquisition opportunities and/or for general corporate purposes. As of March 31, 2014, we had the capacity to issue up to an additional $76.6 million in shares of our common stock under our ATM equity program. Actual future sales will depend on a variety of factors including, but not limited to, market conditions, the trading price of our common stock and our capital needs. We have no obligation to sell the remaining shares available for sale under the ATM equity program.

Noncontrolling Interests

Noncontrolling interests in our Operating Partnership are interests in the Operating Partnership that are not owned by us. Noncontrolling interests consisted of 17,905,257 common units (the "noncontrolling common units"), and represented approximately 30.1% of the ownership interests in our Operating Partnership at March 31, 2014. Common units and shares of our common stock have essentially the same economic characteristics in that common units and shares of our common stock share equally in the total net income or loss distributions of our Operating Partnership. Investors who own common units have the right to cause our Operating Partnership to redeem any or all of their common units for cash equal to the then-current market value of one share of our common stock, or, at our election, shares of our common stock on a one-for-one basis.

During the three months ended March 31, 2014, approximately 11,852 common units were converted into shares of our common stock.

Dividends

The following table lists the dividends declared and paid on our shares of common stock and noncontrolling common units during the three months ended March 31, 2014:

Period	Amount per Share/Unit	Period Covered	Dividend Paid Date
First Quarter 2014	$ 0.22	January 1, 2014 to March 31, 2014	March 28, 2014

Taxability of Dividends

Earnings and profits, which determine the taxability of distributions to stockholders and holders of common units, may differ from income reported for financial reporting purposes due to the differences for federal income tax purposes in the treatment of revenue recognition and compensation expense and in the basis of depreciable assets and estimated useful lives used to compute depreciation.

Stock-Based Compensation

We follow the FASB guidance related to stock compensation which establishes financial accounting and reporting standards for stock-based employee compensation plans, including all arrangements by which employees receive shares of stock or other equity instruments of the employer, or the employer incurs liabilities to employees in amounts based on the price of the employer's stock. The guidance also defines a fair value-based method of accounting for an employee stock option or similar equity instrument.

During the three months ended March 31, 2014, we awarded 112,119 shares of restricted common stock pursuant to our 2011 Equity Incentive Award Plan (the "2011 Plan"), which are subject to performance-based vesting. Up to one-third of the shares of restricted stock may vest on November 30, 2014, 2015 and 2016 based upon pre-defined market specific performance criteria.

For the performance-based stock awards, the fair value of the awards was estimated using a Monte Carlo Simulation model. Our stock price, along with the stock prices of a group of peer REITs, is assumed to follow the Multivariate Geometric Brownian Motion Process. Multivariate Geometric Brownian Motion is a common assumption when modeling in financial markets, as it allows the modeled quantity (in this case, the stock price) to vary randomly from its current value and take any value greater than zero. The volatilities of the returns on the stock price of the Company and the group of REITs were estimated based on a three year look-back period. The expected growth rate of the stock prices over the "derived service period" of the employee is determined with consideration of the risk free rate as of the grant date.

The following table summarizes the activity of restricted stock awards during the three months ended March 31, 2014:

	Units	Weighted Average Grant Date Fair Value
Nonvested at January 1, 2014	629,058	$ 15.58
Granted	112,119	29.96
Vested	(310,194)	15.42
Forfeited	—	—
Nonvested at March 31, 2014	430,983	$ 19.44

We recognize noncash compensation expense ratably over the vesting period, and accordingly, we recognized $0.5 million and $0.7 million, respectively, in noncash compensation expense for the three months ended March 31, 2014 and 2013, which is included in general and administrative expense on the consolidated statements of comprehensive income. Unrecognized compensation expense was $4.4 million at March 31, 2014.

Earnings Per Share

We have calculated earnings per share ("EPS") under the two-class method. The two-class method is an earnings allocation methodology whereby EPS for each class of common stock and participating security is calculated according to dividends declared and participation rights in undistributed earnings. For the three months ended March 31, 2014 and 2013, we had a weighted average of approximately 406,856 and 631,199, unvested shares outstanding, respectively, which are considered participating securities. Therefore, we have allocated our earnings for basic and diluted EPS between common shares and unvested shares as these unvested shares have nonforfeitable dividend equivalent rights.

Diluted EPS is calculated by dividing the net income applicable to common stockholders for the period by the weighted average number of common and dilutive instruments outstanding during the period using the treasury stock method. For the three months ended March 31, 2014 and 2013, diluted shares exclude incentive restricted stock as these awards are considered contingently issuable. Additionally, the unvested restricted stock awards subject to time vesting are anti-dilutive for all periods presented, and accordingly, have been excluded from the weighted average common shares used to compute diluted EPS.

The computation of basic and diluted EPS is presented below (dollars in thousands, except share and per share amounts):

	Three Months Ended March 31,	
	2014	2013
NUMERATOR		
Income from operations	$ 6,658	$ 4,865
Less: Net income attributable to restricted shares	(70)	(132)
Less: Income from operations attributable to unitholders in the Operating Partnership	(1,986)	(1,495)
Net income attributable to common stockholders—basic	$ 4,602	$ 3,238
Income from operations attributable to American Assets Trust, Inc. common stockholders—basic	$ 4,602	$ 3,238
Plus: Income from operations attributable to unitholders in the Operating Partnership	1,986	1,495
Net income attributable to common stockholders—diluted	$ 6,588	$ 4,733
DENOMINATOR		
Weighted average common shares outstanding—basic	40,582,792	39,033,013
Effect of dilutive securities—conversion of Operating Partnership units	17,909,681	18,023,435
Weighted average common shares outstanding—diluted	58,492,473	57,056,448
Earnings per common share, basic	$ 0.11	$ 0.08
Earnings per common share, diluted	$ 0.11	$ 0.08

NOTE 8. INCOME TAXES

We elected to be taxed as a REIT and operate in a manner that allows us to qualify as a REIT for federal income tax purposes commencing with our initial taxable year. As a REIT, we are generally not subject to corporate level income tax on the earnings distributed currently to our stockholders that we derive from our REIT qualifying activities. Taxable income from non-REIT activities managed through our TRS is subject to federal and state income taxes.

We lease our hotel property to a wholly owned TRS that is subject to federal and state income taxes. We account for income taxes using the asset and liability method, under which deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between GAAP carrying amounts and their respective tax bases. Additionally, we classify certain state taxes as income taxes for financial reporting purposes in accordance with ASC Topic 740, Income Taxes.

A deferred tax liability of $0.2 million as of March 31, 2014 and December 31, 2013 is included in our consolidated balance sheets in relation to real estate asset basis differences of property subject to the Texas margin tax and certain prepaid expenses of our TRS.

NOTE 9. COMMITMENTS AND CONTINGENCIES

Legal

We are sometimes involved in various disputes, lawsuits, warranty claims, environmental and other matters arising in the ordinary course of business. Management makes assumptions and estimates concerning the likelihood and amount of any potential loss relating to these matters.

We are currently a party to various legal proceedings. We accrue a liability for litigation if an unfavorable outcome is probable and the amount of loss can be reasonably estimated. If an unfavorable outcome is probable and a reasonable estimate of the loss is a range, we accrue the best estimate within the range; however, if no amount within the range is a better estimate than any other amount, the minimum within the range is accrued. Legal fees related to litigation are expensed as incurred. We do not believe that the ultimate outcome of these matters, either individually or in the aggregate, could have a material adverse effect on our financial position or overall trends in results of operations; however, litigation is subject to inherent uncertainties. Also, under our leases, tenants are typically obligated to indemnify us from and against all liabilities, costs and expenses imposed upon or asserted against us as owner of the properties due to certain matters relating to the operation of the properties by the tenant.

Commitments

At The Landmark at One Market, we lease, as lessee, a building adjacent to The Landmark under an operating lease effective through June 30, 2016, which we have the option to extend until 2026 by way of two five-year extension options.

At Waikiki Beach Walk, we sublease a portion of the building of which Quiksilver is currently in possession, under an operating lease effective through December 31, 2021, which we have the option to extend at fair rental value in the event the sublessor extends its lease for the space with the master landlord. The lease payments under the lease will increase by approximately 3.4% annually through 2017 and, thereafter, will be equal to fair rental value, as defined in the lease, through lease expiration.

Current minimum annual payments under the leases are as follows, as of March 31, 2014 (in thousands):

Year Ending December 31,			
2014 (nine months ending December 31, 2014)	$	1,935	
2015		2,636	
2016		1,709	
2017		736	(1)
2018		740	
Thereafter		2,221	
Total	$	9,977	

(1) Lease payments on the Waikiki Beach Walk lease will be equal to fair rental value from March 2017 through the end of the lease term. In the table, we have shown the lease payments for this period based on the stated rate for the month of February 2017 of $61,690.

We have management agreements with Outrigger Hotels & Resorts or an affiliate thereof (“Outrigger”) pursuant to which Outrigger manages each of the retail and hotel portions of the Waikiki Beach Walk property. Under the management agreement with Outrigger relating to the retail portion of Waikiki Beach Walk (the “retail management agreement”), we pay Outrigger a monthly management fee of 3.0% of net revenues from the retail portion of Waikiki Beach Walk. Pursuant to the terms of the retail management agreement, if the agreement is terminated in certain instances, including our election not to repair damage or destruction at the property, a condemnation or our failure to make required working capital infusions, we would be obligated to pay Outrigger a termination fee equal to the sum of the management fees paid for the two calendar months immediately preceding the termination date. The retail management agreement may not be terminated by us or by Outrigger without cause. Under our management agreement with Outrigger relating to the hotel portion of Waikiki Beach Walk (the “hotel management agreement”), we pay Outrigger a monthly management fee of 6.0% of the hotel's gross operating profit, as well as 3.0% of the hotel's gross revenues; provided that the aggregate management fee payable to Outrigger for any year shall not exceed 3.5% of the hotel's gross revenues for such fiscal year. Pursuant to the terms of the hotel management agreement, if the agreement is terminated in certain instances, including upon a transfer by us of the hotel or upon a default by us under the hotel management agreement, we would be required to pay a cancellation fee calculated by multiplying (1) the management fees for the previous 12 months by (2) (a) eight, if the agreement is terminated in the first 11 years of its term, or (b) four, three, two or one, if the agreement is terminated in the twelfth, thirteenth, fourteenth or fifteenth year, respectively, of its term. The hotel management agreement may not be terminated by us or by Outrigger without cause.

A wholly owned subsidiary of our Operating Partnership, WBW Hotel Lessee LLC, entered into a franchise license agreement with Embassy Suites Franchise LLC, the franchisor of the brand "Embassy Suites™," to obtain the non-exclusive right to operate the hotel under the Embassy Suites™ brand for 20 years. The franchise license agreement provides that WBW Hotel Lessee LLC must comply with certain management, operational, record keeping, accounting, reporting and marketing standards and procedures. In connection with this agreement, we are also subject to the terms of a product improvement plan pursuant to which we expect to undertake certain actions to ensure that our hotel's infrastructure is maintained in compliance with the franchisor's brand standards. In addition, we must pay to Embassy Suites Franchise LLC a monthly franchise royalty fee equal to 4.0% of the hotel's gross room revenue through December 2021 and 5.0% of the hotel's gross room revenue thereafter, as well as a monthly program fee equal to 4.0% of the hotel's gross room revenue. If the franchise license is terminated due to our failure to make required improvements or to otherwise comply with its terms, we may be liable to the franchisor for a termination payment, which could be as high as $6.5 million based on operating performance through March 31, 2014.

We had a property management agreement with Langley Investment Properties, Inc. ("Langley") pursuant to which Langley managed and operated Lloyd District Portfolio, and we paid Langley a monthly management fee of 3.5% of "gross receipts," as defined in the property management agreement, as well as leasing commissions and construction oversight fees in certain situations. The property management agreement was terminated on February 1, 2013 by mutual consent of both parties. Langley continued to provide development consulting services to us until June 30, 2013 and leasing services to us until December 31, 2013 pursuant to a development, consulting, leasing and transition services and management termination agreement.

Our Del Monte Center property has ongoing environmental remediation related to ground water contamination. The environmental issue existed at purchase and remains in remediation. The final stages of the remediation will include routine, long term ground monitoring by the appropriate regulatory agency over the next two to ten years. The work performed is financed through an escrow account funded by the seller upon purchase of the Del Monte Center. We believe the funds in the escrow account are sufficient for the remaining work to be performed. However, if further work is required costing more than the remaining escrow funds, we could be required to pay such overage, although we may have a contractual claim for such costs against the prior owner or our environmental remediation consultant.

In connection with our initial public offering, we entered into tax protection agreements with certain limited partners of our Operating Partnership. These agreements provide that if we dispose of any interest with respect to Carmel Country Plaza, Carmel Mountain Plaza, Del Monte Center, Loma Palisades, Lomas Santa Fe Plaza, Waikele Center or the ICW Plaza portion of Torrey Reserve Campus, in a taxable transaction during the period from the closing of our initial public offering through January 19, 2018, we will indemnify such limited partners for their tax liabilities attributable to their share of the built-in gain that existed with respect to such property interest as of the time of our initial public offering and tax liabilities incurred as a result of the reimbursement payment. Subject to certain exceptions and limitations, the indemnification rights will terminate for any such protected partner that sells, exchanges or otherwise disposes of more than 50% of his or her common units. We have no present intention to sell or otherwise dispose of the properties or interest therein in taxable transactions during the restriction period. If we were to trigger the tax protection provisions under these agreements, we would be required to pay damages in the amount of the taxes owed by these limited partners (plus additional damages in the amount of the taxes incurred as a result of such payment).

As of March 31, 2014, the Company has accrued approximately $6.6 million for transfer taxes that the Company expected to incur on its California properties in connection with its initial public offering. The Company believes that it has filed all necessary forms with the requisite taxing authorities, but can offer no assurances that the taxing authorities will agree with the Company's estimate above.

Concentrations of Credit Risk

Our properties are located in Southern California, Northern California, Hawaii, Oregon, Texas, and Washington. The ability of the tenants to honor the terms of their respective leases is dependent upon the economic, regulatory and social factors affecting the markets in which the tenants operate. Twelve of our consolidated properties are located in Southern California, which exposes us to greater economic risks than if we owned a more geographically diverse portfolio. Tenants in the retail industry accounted for 36.0% of total revenues for the three months ended March 31, 2014. This makes us susceptible to demand for retail rental space and subject to the risks associated with an investment in real estate with a concentration of tenants in the retail industry. Furthermore, tenants in the office industry accounted for 35.7% of total revenues for the three months ended March 31, 2014. This makes us susceptible to demand for office rental space and subject to the risks associated with an investment in real estate with a concentration of tenants in the office industry. For the three months ended March 31, 2014 and 2013, no tenant accounted for more than 10% of our total rental revenue.

NOTE 10. OPERATING LEASES

Our leases with office, retail, mixed-use and residential tenants are classified as operating leases. Leases at our office and retail properties and the retail portion of our mixed-use property generally range from three to ten years (certain leases with anchor tenants may be longer), and in addition to minimum rents, usually provide for cost recoveries for the tenant's share of certain operating costs and also may include percentage rents based on the tenant's level of sales achieved. Leases on apartments generally range from 7 to 15 months, with a majority having 12-month lease terms. Rooms at the hotel portion of our mixed-use property are rented on a nightly basis.

As of March 31, 2014, minimum future rentals from noncancelable operating leases, before any reserve for uncollectible amounts and assuming no early lease terminations, at our office and retail properties and the retail portion of our mixed-use property are as follows (in thousands):

Year Ending December 31,		
2014 (nine months ending December 31, 2014)	$	116,016
2015		148,996
2016		129,347
2017		112,064
2018		79,838
Thereafter		155,343
Total	$	741,604

The above future minimum rentals exclude residential leases, which typically have a term of 12 months or less, and exclude the hotel, as rooms are rented on a nightly basis.

NOTE 11. COMPONENTS OF RENTAL INCOME AND EXPENSE

The principal components of rental income are as follows (in thousands):

	Three Months Ended March 31,	
	2014	2013
Minimum rents		
Retail	$ 17,292	$ 17,351
Office	20,236	20,500
Multifamily	3,834	3,583
Mixed-use	2,470	2,420
Cost reimbursement	6,804	5,671
Percentage rent	425	418
Hotel revenue	9,002	8,848
Other	419	431
Total rental income	$ 60,482	$ 59,222

Minimum rents include $1.0 million and $0.7 million for the three months ended March 31, 2014 and 2013, respectively, to recognize minimum rents on a straight-line basis. In addition, net amortization of above and below market leases included in minimum rents were $0.6 million and $0.5 million for the three months ended March 31, 2014 and 2013.

The principal components of rental expenses are as follows (in thousands):

	Three Months Ended March 31,	
	2014	2013
Rental operating	$ 6,526	$ 6,314
Hotel operating	5,553	5,482
Repairs and maintenance	2,122	2,114
Marketing	390	352
Rent	611	613
Hawaii excise tax	965	939
Management fees	453	472
Total rental expenses	$ 16,620	$ 16,286

NOTE 12. OTHER INCOME (EXPENSE), NET

The principal components of other income (expense), net, are as follows (in thousands):

	Three Months Ended March 31,	
	2014	2013
Interest and investment income	$ 48	$ 8
Income tax expense	(112)	(297)
Other non-operating income	—	10
Total other income (expense), net	$ (64)	$ (279)

NOTE 13. RELATED PARTY TRANSACTIONS

At ICW Plaza, we lease space to Insurance Company of the West, which is under the indirect control of Ernest Rady, our Executive Chairman of the Board. Rental revenue recognized on the leases of $0.5 million for each of the three months ended March 31, 2014 and 2013, respectively, is included in rental income.

The Waikiki Beach Walk entities have a 47.7% investment in WBW CHP LLC, an entity that was formed to, among other things, construct a chilled water plant to provide air conditioning to the property and other adjacent facilities. The operating expenses of WBW CHP LLC are recovered through reimbursements from its members, and reimbursements to WBW CHP LLC of $0.3 million and $0.2 million, respectively, were made for the three months ended March 31, 2014 and 2013 and are included in rental expenses on the statement of income.

NOTE 14. SEGMENT REPORTING

Segment information is prepared on the same basis that our management reviews information for operational decision-making purposes. We operate in four business segments: the acquisition, redevelopment, ownership and management of retail real estate, office real estate, multifamily real estate and mixed-use real estate. The products for our retail segment primarily include rental of retail space and other tenant services, including tenant reimbursements, parking and storage space rental. The products for our office segment primarily include rental of office space and other tenant services, including tenant reimbursements, parking and storage space rental. The products for our multifamily segment include rental of apartments and other tenant services. The products of our mixed-use segment include rental of retail space and other tenant services, including tenant reimbursements, parking and storage space rental and operation of a 369-room all-suite hotel.

We evaluate the performance of our segments based on segment profit, which is defined as property revenue less property expenses. We do not use asset information as a measure to assess performance and make decisions to allocate resources. Therefore, depreciation and amortization expense is not allocated among segments. General and administrative expenses, interest expense, depreciation and amortization expense and other income and expense are not included in segment profit as our internal reporting addresses these items on a corporate level.

Segment profit is not a measure of operating income or cash flows from operating activities as measured by GAAP, and it is not indicative of cash available to fund cash needs and should not be considered an alternative to cash flows as a measure of liquidity. Not all companies calculate segment profit in the same manner. We consider segment profit to be an appropriate supplemental measure to net income because it assists both investors and management in understanding the core operations of our properties.

The following table represents operating activity within our reportable segments (in thousands):

	Three Months Ended March 31,	
	2014	2013
Total Retail		
Property revenue	$ 22,999	$ 22,154
Property expense	(6,058)	(4,971)
Segment profit	16,941	17,183
Total Office		
Property revenue	22,831	22,422
Property expense	(6,893)	(6,436)
Segment profit	15,938	15,986
Total Multifamily		
Property revenue	4,130	3,875
Property expense	(1,427)	(1,442)
Segment profit	2,703	2,433
Total Mixed-Use		
Property revenue	13,993	13,729
Property expense	(8,268)	(8,237)
Segment profit	5,725	5,492
Total segments' profit	$ 41,307	$ 41,094

American Assets Trust, Inc.

Notes to Consolidated Financial Statements—(Continued)
March 31, 2014
(Unaudited)

The following table is a reconciliation of segment profit to net income attributable to stockholders (in thousands):

	Three Months Ended March 31,	
	2014	2013
Total segments' profit	$ 41,307	$ 41,094
General and administrative	(4,612)	(4,201)
Depreciation and amortization	(16,341)	(17,013)
Interest expense	(13,632)	(14,736)
Other income (expense), net	(64)	(279)
Net income	6,658	4,865
Net income attributable to restricted shares	(70)	(132)
Net income attributable to unitholders in the Operating Partnership	(1,986)	(1,495)
Net income attributable to American Assets Trust, Inc. stockholders	$ 4,602	$ 3,238

The following table shows net real estate and secured note payable balances for each of the segments (in thousands):

	March 31, 2014	December 31, 2013
Net Real Estate		
Retail	$ 647,816	$ 651,707
Office	811,097	790,153
Multifamily	34,984	35,349
Mixed-Use	199,032	199,627
	$ 1,692,929	$ 1,676,836
Secured Notes Payable [(1)]		
Retail	$ 303,101	$ 303,249
Office	427,000	427,256
Multifamily	101,444	101,444
Mixed-Use	130,310	130,310
	$ 961,855	$ 962,259

(1) Excludes unamortized fair market value adjustments of $9.4 million and $10.1 million as of March 31, 2014 and December 31, 2013, respectively.

Capital expenditures for each segment for the three months ended March 31, 2014 and 2013 were as follows (in thousands):

	Three Months Ended March 31,	
	2014	2013
Capital Expenditures [(1)]		
Retail	$ 1,506	$ 1,947
Office	7,091	7,862
Multifamily	21,877	143
Mixed-Use	822	288
	$ 31,296	$ 10,240

(1) Capital expenditures represent cash paid for capital expenditures during the period and include leasing commissions paid.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

The following discussion should be read in conjunction with the consolidated financial statements and notes thereto appearing elsewhere in this report. We make statements in this report that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (set forth in Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act). In particular, statements pertaining to our capital resources, portfolio performance and results of operations contain forward-looking statements. Likewise, all of our statements regarding anticipated growth in our funds from operations and anticipated market conditions, demographics and results of operations are forward-looking statements. You can identify forward-looking statements by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "pro forma," "estimates" or "anticipates" or the negative of these words and phrases or similar words or phrases which are predictions of or indicate future events or trends and which do not relate solely to historical matters. You can also identify forward-looking statements by discussions of strategy, plans or intentions.

Forward-looking statements involve numerous risks and uncertainties and you should not rely on them as predictions of future events. Forward-looking statements depend on assumptions, data or methods which may be incorrect or imprecise and we may not be able to realize them. We do not guarantee that the transactions and events described will happen as described (or that they will happen at all). The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements:

- *adverse economic or real estate developments in our markets;*
- *our failure to generate sufficient cash flows to service our outstanding indebtedness;*
- *defaults on, early terminations of or non-renewal of leases by tenants, including significant tenants;*
- *difficulties in identifying properties to acquire and completing acquisitions;*
- *difficulties in completing dispositions;*
- *our failure to successfully operate acquired properties and operations;*
- *our inability to develop or redevelop our properties due to market conditions;*
- *fluctuations in interest rates and increased operating costs;*
- *risks related to joint venture arrangements;*
- *our failure to obtain necessary outside financing;*
- *on-going litigation;*
- *general economic conditions;*
- *financial market fluctuations;*
- *risks that affect the general retail, office, multifamily and mixed-use environment;*
- *the competitive environment in which we operate;*
- *decreased rental rates or increased vacancy rates;*
- *conflicts of interests with our officers or directors;*
- *lack or insufficient amounts of insurance;*
- *environmental uncertainties and risks related to adverse weather conditions and natural disasters;*
- *other factors affecting the real estate industry generally;*
- *limitations imposed on our business and our ability to satisfy complex rules in order for us to continue to qualify as a real estate investment trust, or REIT, for U.S. federal income tax purposes; and*
- *changes in governmental regulations or interpretations thereof, such as real estate and zoning laws and increases in real property tax rates and taxation of REITs.*

While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. We disclaim any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, new information, data or methods, future events or other changes. For a further discussion of these and other factors, see the section entitled "Item 1A. Risk Factors" contained herein and in our annual report on Form 10-K for the year ended December 31, 2013.

Overview

References to "we," "our," "us" and "our company" refer to American Assets Trust, Inc., a Maryland corporation, together with our consolidated subsidiaries, including American Assets Trust, L.P., a Maryland limited partnership, of which we are the sole general partner and which we refer to in this report as our Operating Partnership.

We are a full service, vertically integrated and self-administered REIT that owns, operates, acquires and develops high quality retail, office, multifamily and mixed-use properties in attractive, high-barrier-to-entry markets in Southern California, Northern California, Oregon, Washington, Texas and Hawaii. As of March 31, 2014, our portfolio was comprised of eleven retail shopping centers; seven office properties; a mixed-use property consisting of a 369-room all-suite hotel and a retail shopping center; and four multifamily properties. Additionally, as of March 31, 2014, we owned land at five of our properties that we classified as held for development and/or construction in progress. Our core markets include San Diego, the San Francisco Bay Area, Portland, Oregon, Bellevue, Washington and Oahu, Hawaii. We are a Maryland corporation formed on July 16, 2010 to acquire the entities owning various controlling and noncontrolling interests in real estate assets owned and/or managed by Ernest S. Rady or his affiliates, including the Ernest Rady Trust U/D/T March 13, 1983, or the Rady Trust, and did not have any operating activity until the consummation of our initial public offering on January 19, 2011. Our Company, as the sole general partner of our Operating Partnership, has control of our Operating Partnership and owned 69.9% of our Operating Partnership as of March 31, 2014. Accordingly, we consolidate the assets, liabilities and results of operations of our Operating Partnership.

Critical Accounting Policies

We identified certain critical accounting policies that affect certain of our more significant estimates and assumptions used in preparing our consolidated financial statements in our annual report on Form 10-K for the year ended December 31, 2013. We have not made any material changes to these policies during the periods covered by this report.

Concurrent with the closing of the amended and restated credit facility on January 9, 2014 (Note 6), we entered into an interest rate swap agreement with a notional amount of $100.0 million. The interest rate swap is intended to fix the variable portion of our $100.0 million term loan at approximately 3.08% from January 9, 2014 through January 19, 2019. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for our making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

We assess effectiveness of our cash flow hedges both at inception and on an ongoing basis. The effective portion of changes in fair value of the interest rate swaps associated with our cash flow hedges is recorded in accumulated other comprehensive income/loss and is subsequently reclassified into interest expense as interest is incurred on the related variable rate debt. Our cash flow hedges become ineffective if critical terms of the hedging instrument and the debt instrument do not perfectly match such as notional amounts, settlement dates, reset dates, calculation period and LIBOR rate. In addition, we evaluate the default risk of the counterparty by monitoring the credit-worthiness of the counterparty. When ineffectiveness exists, the ineffective portion of changes in fair value of the interest rate swaps associated with our cash flow hedges is recognized in earnings in the period affected. Hedge ineffectiveness has not impacted earnings as of March 31, 2014, and we do not anticipate it will have a significant effect in the future.

Same-store

We have provided certain information on a total portfolio, same-store and redevelopment same-store basis. Information provided on a same-store basis includes the results of properties that we owned and operated for the entirety of both periods being compared except for properties for which significant redevelopment or expansion occurred during either of the periods being compared, properties under development, properties classified as held for development and properties classified as discontinued operations. Information provided on a redevelopment same-store basis includes the results of properties undergoing significant redevelopment for the entirety or portion of both periods being compared. Same-store and redevelopment same-store is considered by management to be an important measure because it assists in eliminating disparities due to the development, acquisition or disposition of properties during the particular period presented, and thus provides a more consistent performance measure for the comparison of the Company's stabilized and redevelopment properties, as applicable. Additionally, redevelopment same-store is considered by management to be an important measure because it assists in evaluating the timing of the start and stabilization of our redevelopment opportunities and the impact that these redevelopments have in enhancing our operating performance.

While there is judgment surrounding changes in designations, we typically reclassify significant development, redevelopment or expansion properties into same-store properties once they are stabilized. Properties are deemed stabilized typically at the earlier of (i), reaching 90% occupancy or (ii) four quarters following a property's inclusion in operating real estate. We typically remove properties from same-store properties when the development, redevelopment or expansion has or is expected to have a significant impact to the property's annualized base rent, occupancy and operating income within the calendar year. Our evaluation of significant impact related to development, redevelopment or expansion activity is based on quantitative and qualitative measures including, but not limited to the following: the total budgeted cost of planned construction activity compared to the property’s annualized base rent, occupancy and property operating income within the calendar year; percentage of development, redevelopment or expansion square footage to total property square footage; and the ability to maintain historic occupancy and rental rates. In consideration of these measures, we generally remove properties from same-store properties when we see a decline in a property's annualized base rent, occupancy and operating income within the calendar year as a direct result of ongoing redevelopment, development or expansion activity. Acquired properties are classified to same-store properties once we have owned such properties for the entirety of comparable period(s) and the properties are not under significant development or expansion.

In our determination of same-store and redevelopment same-store properties, Lloyd District Portfolio and Torrey Reserve Campus have been identified as same-store redevelopment properties due to the significant construction activity noted above. Office same-store net operating income decreased approximately 4.1% for the three months ended March 31, 2014 compared to the same period in 2013. Office redevelopment same-store net operating income decreased approximately 0.1% for the three months ended March 31, 2014 compared to the same period in 2013.

Below is a summary of our same-store composition for the three months ended March 31, 2014 and 2013. For the three months ended March 31, 2014, three acquired properties were classified into same-store properties and two properties with significant redevelopment activity were removed from same-store properties when compared to the designations for the three months ended March 31, 2013.

	Three Months Ended March 31,	
	2014	2013
Same-Store	21	20
Non-Same Store	2	3
Total Properties	23	23
Redevelopment Same-Store	23	N/A
Total Development Properties	5	5

Outlook

We seek growth in earnings, funds from operations, and cash flows primarily through a combination of the following: growth in our same-store portfolio, growth in our portfolio from property development and redevelopments and expansion of our portfolio through property acquisitions. Our properties are located in some of the nation's most dynamic, high-barrier-to-entry markets primarily in Southern California, Northern California, Oregon, Washington and Hawaii, which allow us to take advantage of redevelopment opportunities that enhance our operating performance through renovation, expansion, reconfiguration, and/or retenanting. We evaluate our properties on an ongoing basis to identify these types of opportunities.

We continue our ongoing redevelopment efforts at Lloyd District Portfolio and are currently under construction to include approximately 47,000 square feet of retail space and 657 multi-family units in addition to the existing 581,000 square feet of office space. Construction of the project is expected to be complete in 2015, with an anticipated stabilization date in 2017. Projected costs of the development are approximately $192 million, of which approximately $53 million has been incurred to date.

Additionally, we continue our ongoing redevelopment efforts at Torrey Reserve Campus and are currently under construction to increase rentable office space by approximately 81,500 square feet. Construction of the project is expected to be complete in the fall of 2014, with an expected stabilization date in 2015. Projected costs of the redevelopment are approximately $34 million, of which approximately $21 million has been incurred to date.

We intend to opportunistically pursue the development of future phases of Lloyd District Portfolio and Torrey Reserve Campus based on, among other things, market conditions and our evaluation of whether such opportunities would generate appropriate risk adjusted financial returns. Our redevelopment and development opportunities are subject to various factors, including market conditions and may not ultimately come to fruition.

We continue to review acquisition opportunities in our primary markets that would complement our portfolio and provide long-term growth opportunities. Some of our acquisitions do not initially contribute significantly to earnings growth; however, we believe they provide long-term re-leasing growth, redevelopment opportunities and other strategic opportunities. Any growth from acquisitions is contingent on our ability to find properties that meet our qualitative standards at prices that meet our financial hurdles. Changes in interest rates may affect our success in achieving earnings growth through acquisitions by affecting both the price that must be paid to acquire a property, as well as our ability to economically finance a property acquisition. Generally, our acquisitions are initially financed by available cash, mortgage loans and/or borrowings under our revolving credit facility, which may be repaid later with funds raised through the issuance of new equity or new long-term debt.

Leasing

Our same-store growth is primarily driven by increases in rental rates on new leases and lease renewals and changes in portfolio occupancy. Over the long-term, we believe that the infill nature and strong demographics of our properties provide us with a strategic advantage, allowing us to maintain relatively high occupancy and increase rental rates. We have continued to see signs of improvement for many of our tenants as well as increased interest from prospective tenants for our spaces. While there can be no assurance that these positive signs will continue, we remain cautiously optimistic regarding the improved trends we have seen over the past few years. We believe the locations of our properties and diverse tenant base mitigate the potentially negative impact of the current economic environment. However, any reduction in our tenants' abilities to pay base rent, percentage rent or other charges, will adversely affect our financial condition and results of operations.

During the three months ended March 31, 2014, we signed 15 retail leases for a total of 62,667 square feet of retail space, of which all were comparable space leases (leases for which there was a prior tenant) at an average rental rate increase of 9.8% on a cash basis and an increase of 20.9% on a straight-line basis. New retail leases for comparable spaces were signed for 1,609 square feet at an average rental rate increase of 3.0% on a cash basis and 3.0% on a straight-line basis. Renewals for comparable retail spaces were signed for 61,058 square feet at an average rental rate increase of 10.1% on a cash basis and 21.6% on a straight-line basis. Tenant improvements and incentives were $10.00 and $8.41 per square foot of retail space for comparable new leases and comparable renewals, respectively, for the three months ended March 31, 2014.

During the three months ended March 31, 2014, we signed 9 office leases for a total of 28,773 square feet of office space including 4,406 square feet of comparable space leases, at an average rental rate increase of 11.1% on a cash basis and average rental increase of 13.8% on a straight-line basis. New office leases for comparable spaces were signed for 2,469 square feet at an average rental rate increase of 8.9% on a cash basis and average rental rate increase of 10.3% on a straight-line basis.

Renewals for comparable office spaces were signed for 1,937 square feet at an average rental rate increase of 13.8% on a cash basis and 18.3% on a straight-line basis. Tenant improvements and incentives were $12.40 per square foot of office space for comparable new leases for the three months ended March 31, 2014. There were no tenant improvements and incentives for renewals for comparable office spaces.

The rental increases associated with comparable spaces generally include all leases signed in arms-length transactions reflecting market leverage between landlords and tenants during the period. The comparison between average rent for expiring leases and new leases is determined by including minimum rent and percentage rent paid on the expiring lease and minimum rent and, in some instances, projections of first lease year percentage rent, to be paid on the new lease. In some instances, management exercises judgment as to how to most effectively reflect the comparability of spaces reported in this calculation. The change in rental income on comparable space leases is impacted by numerous factors including current market rates, location, individual tenant creditworthiness, use of space, market conditions when the expiring lease was signed, capital investment made in the space and the specific lease structure. Tenant improvements and incentives include the total dollars committed for the improvement of a space as it relates to a specific lease, but may also include base building costs (i.e. expansion, escalators or new entrances) which are required to make the space leasable. Incentives include amounts paid to tenants as an inducement to sign a lease that do not represent building improvements.

The leases signed in 2014 generally become effective over the following year, though some may not become effective until 2015 and beyond. Further, there is risk that some new tenants will not ultimately take possession of their space and that tenants for both new and renewal leases may not pay all of their contractual rent due to operating, financing or other matters. However, we believe that these increases do provide information about the tenant/landlord relationship and the potential fluctuations we may achieve in rental income over time.

Through the remainder of 2014, we believe our leasing volume will be in-line with our historical averages with overall positive increases in rental income. However, changes in rental income associated with individual signed leases on comparable spaces may be positive or negative, and we can provide no assurance that the rents on new leases will continue to increase at the above disclosed levels, if at all.

Capitalized Costs

Certain external and internal costs directly related to the development and redevelopment of real estate, including pre-construction costs, real estate taxes, insurance, interest, construction costs and salaries and related costs of personnel directly involved, are capitalized. We capitalize costs under development until construction is substantially complete and the property is held available for occupancy. The determination of when a development project is substantially complete and when capitalization must cease involves a degree of judgment. We consider a construction project as substantially complete and held available for occupancy upon the completion of landlord-owned tenant improvements or when the lessee takes possession of the unimproved space for construction of its own improvements, but not later than one year from cessation of major construction activity. We cease capitalization on the portion substantially completed and occupied or held available for occupancy, and capitalize only those costs associated with any remaining portion under construction.

We capitalized external and internal costs related to both development and redevelopment activities combined of $24.50 million and $7.47 million for the three months ended March 31, 2014 and 2013, respectively.

We capitalized external and internal costs related to other property improvements combined of $4.91 million and $1.88 million for the three months ended March 31, 2014 and 2013, respectively.

We capitalized internal costs for salaries and related benefits for development and redevelopment activities and other property improvements of $0.03 million and $0.03 million for the three months ended March 31, 2014 and 2013, respectively.

Interest costs on developments and major redevelopments are capitalized as part of developments and redevelopments not yet placed in service. Capitalization of interest commences when development activities and expenditures begin and end upon completion, which is when the asset is ready for its intended use as noted above. We make judgments as to the time period over which to capitalize such costs and these assumptions have a direct impact on net income because capitalized costs are not subtracted in calculating net income. If the time period for capitalizing interest is extended, more interest is capitalized, thereby decreasing interest expense and increasing net income during that period. We capitalized interest costs related to both development and redevelopment activities combined of $0.84 million and $0.36 million for the three months ended March 31, 2014 and 2013, respectively.

Results of Operations

For our discussion of results of operations, we have provided information on a total portfolio and same-store basis.

Comparison of the three months ended March 31, 2014 to the three months ended March 31, 2013

The following summarizes our consolidated results of operations for the three months ended March 31, 2014 compared to our consolidated results of operations for the three months ended March 31, 2013. As of March 31, 2014 and 2013, our operating portfolio was comprised of 23 retail, office, multifamily and mixed-use properties with an aggregate of approximately 5.8 million rentable square feet of retail and office space, including the retail portion of our mixed-use property, 922 residential units (including 122 RV spaces) and a 369-room hotel. Additionally, as of March 31, 2014 and 2013, we owned land at five of our properties that we classified as held for development and/or construction in progress.

The following table sets forth selected data from our unaudited consolidated statements of comprehensive income for the three months ended March 31, 2014 and 2013 (dollars in thousands):

	Three Months Ended March 31,			
	2014	2013	Change	%
Revenues				
Rental income	$ 60,482	$ 59,222	$ 1,260	2 %
Other property income	3,471	2,958	513	17
Total property revenues	63,953	62,180	1,773	3
Expenses				
Rental expenses	16,620	16,286	334	2
Real estate taxes	6,026	4,800	1,226	26
Total property expenses	22,646	21,086	1,560	7
Total property income	41,307	41,094	213	1
General and administrative	(4,612)	(4,201)	(411)	10
Depreciation and amortization	(16,341)	(17,013)	672	(4)
Interest expense	(13,632)	(14,736)	1,104	(7)
Other income (expense), net	(64)	(279)	215	(77)
Total other, net	(34,649)	(36,229)	1,580	(4)
Net income	6,658	4,865	1,793	37
Net income attributable to restricted shares	(70)	(132)	62	(47)
Net income attributable to unitholders in the Operating Partnership	(1,986)	(1,495)	(491)	33
Net income attributable to American Assets Trust, Inc. stockholders	$ 4,602	$ 3,238	$ 1,364	42 %

Revenue

Total property revenues. Total property revenue consists of rental revenue and other property income. Total property revenue increased $1.8 million, or 3%, to $64.0 million for the three months ended March 31, 2014 compared to $62.2 million for the three months ended March 31, 2013. The percentage leased was as follows for each segment as of March 31, 2014 and 2013:

	Percentage Leased (1) March 31,	
	2014	2013
Retail	96.8%	96.1%
Office	89.5%	93.8%
Multifamily	96.3%	94.3%
Mixed-Use (2)	98.9%	95.5%

(1) The percentage leased includes the square footage under lease, including leases which may not have commenced as of March 31, 2014 or March 31, 2013, as applicable.
(2) Includes the retail portion of the mixed-use property only.

The increase in total property revenue was attributable primarily to the factors discussed below.

Rental revenues. Rental revenue includes minimum base rent, cost reimbursements, percentage rents and other rents. Rental revenue increased $1.3 million, or 2%, to $60.5 million for the three months ended March 31, 2014 compared to $59.2 million for the three months ended March 31, 2013. Rental revenue by segment was as follows (dollars in thousands):

	Total Portfolio				Same-Store Portfolio(1)			
	Three Months Ended March 31,				Three Months Ended March 31,			
	2014	2013	Change	%	2014	2013	Change	%
Retail	$ 22,685	$ 21,859	$ 826	4 %	$ 22,667	$ 21,848	$ 819	4 %
Office	21,387	21,419	(32)	—	15,023	15,187	(164)	(1)
Multifamily	3,834	3,585	249	7	3,834	3,585	249	7
Mixed-Use	12,576	12,359	217	2	12,576	12,359	217	2
	$ 60,482	$ 59,222	$ 1,260	2 %	$ 54,100	$ 52,979	$ 1,121	2 %

(1) For this table and tables following, the same-store portfolio excludes: Torrey Reserve Campus and Lloyd District Portfolio due to significant redevelopment activity during the period and land held for development.

Same-store retail rental revenue increased $0.8 million for the three months ended March 31, 2014 compared to the three months ended March 31, 2013. This increase was due to an increase in cost reimbursements during the three months ended March 31, 2014 primarily at Lomas Santa Fe Plaza and Alamo Quarry Market due to real estate tax refunds for prior years, which were received in 2013. This increase was offset by a decrease in rental revenue at Waikele Center due to the expiration of the Foodland Super Market lease during the first quarter of 2014.

Same-store office rental revenue decreased $0.2 million for the three months ended March 31, 2014 compared to the three months ended March 31, 2013. This decrease was due to a decrease in percentage leased during the three months ended March 31, 2014 primarily at First & Main. At First & Main percentage leased decreased from 100.0% at March 31, 2013 to 80.4% at March 31, 2014 mainly due to the expiration of the Treasury Tax Administration lease during the fourth quarter of 2013. This decrease was offset by an increase in rental revenue at The Landmark at One Market due to the expansion of space leased to salesforce.com during the fourth quarter of 2013. Additionally, the decrease in same-store office rental revenue was offset by additional real estate tax cost reimbursements primarily at City Center Bellevue.

Multifamily rental revenue increased $0.2 million primarily due to an increase in average occupancy to 96.5% during the three months ended March 31, 2014 compared to 93.7% during the three months ended March 31, 2013.

Mixed-use rental revenue increased $0.2 million primarily due to an increase in percentage leased of our retail property. The increase is also attributed to higher revenue per available room of $271 for the three months ended March 31, 2014 compared to $266 for the three months ended March 31, 2013.

Other property income. Other property income increased $0.5 million, or 17%, to $3.5 million for the three months ended March 31, 2014 compared to $3.0 million for the three months ended March 31, 2013. Other property income by segment was as follows (dollars in thousands):

	Total Portfolio				Same-Store Portfolio			
	Three Months Ended March 31,				Three Months Ended March 31,			
	2014	2013	Change	%	2014	2013	Change	%
Retail	$ 314	$ 295	$ 19	6%	$ 314	$ 295	$ 19	6%
Office	1,444	1,003	441	44	805	752	53	7
Multifamily	296	290	6	2	296	290	6	2
Mixed-Use	1,417	1,370	47	3	1,417	1,370	47	3
	$ 3,471	$ 2,958	$ 513	17%	$ 2,832	$ 2,707	$ 125	5%

Office other property income increased $0.4 million for the three months ended March 31, 2014 compared to the three months ended March 31, 2013 primarily due to a lease termination fee from a tenant at Torrey Reserve Campus. Same-store office other property income increased for the three months ended March 31, 2014 compared to the three months ended March 31, 2013 primarily due to an increase in parking income at First & Main.

Mixed-use other property income increased for the three months ended March 31, 2014 compared to the three months ended March 31, 2013 primarily due to an increase in parking income at the retail property portion of our mixed-use property.

Property Expenses

Total Property Expenses. Total property expenses consist of rental expenses and real estate taxes. Total property expenses increased by $1.6 million, or 7%, to $22.6 million for the three months ended March 31, 2014, compared to $21.1 million for the three months ended March 31, 2013. This increase in total property expenses was attributable primarily to the factors discussed below.

Rental Expenses. Rental expenses increased $0.3 million, or 2%, to $16.6 million for the three months ended March 31, 2014, compared to $16.3 million for the three months ended March 31, 2013. Rental expense by segment was as follows (dollars in thousands):

	Total Portfolio				Same-Store Portfolio			
	Three Months Ended March 31,				Three Months Ended March 31,			
	2014	2013	Change	%	2014	2013	Change	%
Retail	$ 3,292	$ 3,087	$ 205	7 %	$ 3,291	$ 3,076	$ 215	7 %
Office	4,540	4,375	165	4	2,961	2,862	99	3
Multifamily	1,004	1,040	(36)	(3)	1,004	1,040	(36)	(3)
Mixed-Use	7,784	7,784	—	—	7,784	7,784	—	—
	$ 16,620	$ 16,286	$ 334	2 %	$ 15,040	$ 14,762	$ 278	2 %

Retail rental expenses increased $0.2 million for the three months ended March 31, 2014 compared to the three months ended March 31, 2013 primarily due to litigation expense at Lomas Santa Fe Plaza and an increase in bad debt for a tenant at Alamo Quarry Market. The increase is also attributed to an increase in utility expense during the three months ended March 31, 2014.

Office rental expenses increased $0.2 million for the three months ended March 31, 2014 compared to the three months ended March 31, 2013 primarily due to an increase in maintenance and utility expenses during the three months ended March 31, 2014.

Real Estate Taxes. Real estate taxes increased $1.2 million, or 26%, to $6.0 million for the three months ended March 31, 2014 compared to $4.8 million for the three months ended March 31, 2013. Real estate tax expense by segment was as follows (dollars in thousands):

	Total Portfolio				Same-Store Portfolio			
	Three Months Ended March 31,				Three Months Ended March 31,			
	2014	2013	Change	%	2014	2013	Change	%
Retail	$ 2,766	$ 1,884	$ 882	47%	$ 2,754	$ 1,860	$ 894	48%
Office	2,353	2,061	292	14	1,614	1,338	276	21
Multifamily	423	402	21	5	423	402	21	5
Mixed-Use	484	453	31	7	484	453	31	7
	$ 6,026	$ 4,800	$ 1,226	26%	$ 5,275	$ 4,053	$ 1,222	30%

Retail real estate taxes increased $0.9 million for the three months ended March 31, 2014 compared to the three months ended March 31, 2013 due to property tax refunds for prior years which were received during 2013 primarily at Lomas Santa Fe Plaza and Alamo Quarry Market.

Office real estate taxes increased $0.3 million for three months ended March 31, 2014 compared to the three months ended March 31, 2013 due to higher tax assessments at City Center Bellevue related to increased occupancy.

Property Operating Income

Property operating income increased $0.2 million, or 1%, to $41.3 million for the three months ended March 31, 2014, compared to $41.1 million for the three months ended March 31, 2013. Property operating income by segment was as follows (dollars in thousands):

	Total Portfolio				Same-Store Portfolio			
	Three Months Ended March 31,				Three Months Ended March 31,			
	2014	2013	Change	%	2014	2013	Change	%
Retail	$ 16,941	$ 17,183	$ (242)	(1)%	$ 16,936	$ 17,207	$ (271)	(2)%
Office	15,938	15,986	(48)	—	11,253	11,739	(486)	(4)
Multifamily	2,703	2,433	270	11	2,703	2,433	270	11
Mixed-Use	5,725	5,492	233	4	5,725	5,492	233	4
	$ 41,307	$ 41,094	$ 213	1 %	$ 36,617	$ 36,871	$ (254)	(1)%

Same-store retail property operating income decreased $0.3 million for the three months ended March 31, 2014 compared to the three months ended March 31, 2013. The decrease was primarily due to the expiration of the Foodland Super Market lease during the first quarter of 2013 and an increase in rental expenses during the three months ended March 31, 2014.

Same-store office property operating income decreased $0.5 million for the three months ended March 31, 2014 compared to the three months ended March 31, 2013. The decrease was primarily due to a decrease in occupancy for our same-store office properties and increase in real estate tax assessments for City Center Bellevue.

The increase in multifamily property operating income was primarily due to higher occupancy for the three months ended March 31, 2014 compared to the three months ended March 31, 2013.

The increase in mixed-use property operating income was primarily due to an increase in percentage leased and parking income at the retail portion of our mixed-use property. The increase is also attributed to higher revenue per available room at the hotel portion of our mixed-use property for the three months ended March 31, 2014 compared to the three months ended March 31, 2013.

Other

General and Administrative. General and administrative expenses increased $0.4 million, or 10%, to $4.6 million for the three months ended March 31, 2014, compared to $4.2 million for the three months ended March 31, 2013. This increase was due primarily to an increase in employee related costs.

Depreciation and Amortization. Depreciation and amortization expense decreased $0.7 million, or 4%, to $16.3 million for the three months ended March 31, 2014, compared to $17.0 million for the three months ended March 31, 2013. This decrease was primarily due to tenant improvements that were fully depreciated 2013.

Interest Expense. Interest expense decreased $1.1 million, or 7%, to $13.6 million for the three months ended March 31, 2014, compared to $14.7 million for the three months ended March 31, 2013. This decrease was primarily due to the payment of the outstanding mortgage encumbering Alamo Quarry Market during the fourth quarter of 2013 and an increase in capitalized interest related to our redevelopment properties.

Other Income(Expense), Net. Other expense, net decreased $0.2 million, or 77%, to $0.1 million for the three months ended March 31, 2014, compared to other expense, net of $0.3 million for the three months ended March 31, 2013, primarily due to a decrease in income tax expense.

Liquidity and Capital Resources

Analysis of Liquidity and Capital Resources

Due to the nature of our business, we typically generate significant amounts of cash from operations. The cash generated from operations is used for the payment of operating expenses, capital expenditures, debt service and dividends to our stockholders and Operating Partnership unitholders. As a REIT, we must generally make annual distributions to shareholders of at least 90% of our net taxable income. As of March 31, 2014, we held $79.5 million in cash and cash equivalents.

Our short-term liquidity requirements consist primarily of operating expenses and other expenditures associated with our properties, regular debt service requirements, dividend payments to our stockholders required to maintain our REIT status, capital expenditures and, potentially, acquisitions. We expect to meet our short-term liquidity requirements through net cash provided by operations, reserves established from existing cash and, if necessary, borrowings available under our credit facility.

Our long-term liquidity needs consist primarily of funds necessary to pay for the repayment of debt at maturity, property acquisitions, tenant improvements and capital improvements. We expect to meet our long-term liquidity requirements to pay scheduled debt maturities and to fund property acquisitions and capital improvements with net cash from operations, long-term secured and unsecured indebtedness and the issuance of equity and debt securities. We also may fund property acquisitions and capital improvements using our credit facility pending permanent financing. We believe that we have access to multiple sources of capital to fund our long-term liquidity requirements, including the incurrence of additional debt and the issuance of additional equity. However, we cannot be assured that this will be the case. Our ability to incur additional debt will be dependent on a number of factors, including our degree of leverage, the value of our unencumbered assets and borrowing restrictions that may be imposed by lenders. Our ability to access the equity capital markets will be dependent on a number of factors as well, including general market conditions for REITs and market perceptions about our company.

On February 7, 2012, we filed a universal shelf registration statement on Form S-3 with the Securities and Exchange Commission, or the SEC, which was declared effective on February 17, 2012. The universal shelf registration statement may permit us, from time to time, to offer and sell up to an additional approximately $500.0 million of equity securities. However, there can be no assurance that we will be able to complete any such offerings of securities. Factors influencing the availability of additional financing include investor perception of our prospects and the general condition of the financial markets, among others.

On May 6, 2013, we entered into an ATM equity program with four sales agents in which we may from time to time offer and sell shares of our common stock having an aggregate offering price of up to $150.0 million. The sales of shares of our common stock made through the ATM equity program are made in “at the market” offerings as defined in Rule 415 of the Securities Act of 1933, as amended. During the quarter ended March 31, 2014, we issued 1,435,215 shares of common stock at a weighted average price per share of $33.06 for gross cash proceeds of $47.4 million. We intend to use the net proceeds to fund our development or redevelopment activities, repay amounts outstanding from time to time under our revolving credit facility or other debt financing obligations, fund potential acquisition opportunities and/or for general corporate purposes. As of March 31, 2014, we had the capacity to issue up to an additional $76.6 million in shares of common stock under our ATM equity program. Actual future sales will depend on a variety of factors including, but not limited to, market conditions, the trading price of our common stock and our capital needs. We have no obligation to sell the remaining shares available for sale under the ATM equity program.

Our overall capital requirements for the remainder of 2014 will depend upon acquisition opportunities, the level of improvements and redevelopments on existing properties and the timing and cost of development of the Lloyd District Portfolio, Torrey Reserve Campus and Sorrento Pointe. While the amount of future expenditures will depend on numerous factors, we expect to continue to see higher levels of capital investments in our properties under development and redevelopment in 2014, partly as a result of an additional 81,500 square feet of office space under development at Torrey Reserve Campus, which we expect to complete during 2014. We expect to invest an additional approximately $13 million related to Torrey Reserve Campus during this period. Additionally, construction at Lloyd District Portfolio is ongoing and is expected to be complete in 2015, which will result in approximately 47,000 additional square feet of retail space and 657 multi-family units. We expect to invest approximately $192 million related to the the Lloyd District Portfolio, of which $53 million has been incurred as of March 31, 2014. Our capital investments will be funded on a short-term basis with cash on hand, cash flow from operations and/or our revolving credit facility. On a long-term basis, our capital investments may be funded with additional long-term debt. Our ability to incur additional debt will be dependent on a number of factors, including our degree of leverage, the value of our unencumbered assets and borrowing restrictions that may be imposed by lenders. Our capital investments may also be funded by additional equity including shares issued under our ATM equity program. Although there is no intent at this time, if market conditions deteriorate, we may also delay the timing of future development and redevelopment projects as well as limit future acquisitions, reduce our operating expenditures, or re-evaluate our dividend policy.

Indebtedness Outstanding

The following table sets forth information as of March 31, 2014 with respect to our secured notes payable (dollars in thousands):

Debt	Principal Balance at March 31, 2014	Interest Rate	Annual Debt Service	Maturity Date	Balance at Maturity
Waikele Center [1]	140,700	5.15%	145,607	November 1, 2014	140,700
The Shops at Kalakaua [1]	19,000	5.45%	1,053	May 1, 2015	19,000
The Landmark at One Market [1][2]	133,000	5.61%	7,558	July 5, 2015	133,000
Del Monte Center [1]	82,300	4.93%	4,121	July 8, 2015	82,300
First & Main [1]	84,500	3.97%	3,397	July 1, 2016	84,500
Imperial Beach Gardens [1]	20,000	6.16%	1,250	September 1, 2016	20,000
Mariner's Point [1]	7,700	6.09%	476	September 1, 2016	7,700
South Bay Marketplace [1]	23,000	5.48%	1,281	February 10, 2017	23,000
Waikiki Beach Walk—Retail [1]	130,310	5.39%	7,020	July 1, 2017	130,310
Solana Beach Corporate Centre III-IV [3]	36,691	6.39%	2,798	August 1, 2017	35,136
Loma Palisades [1]	73,744	6.09%	4,553	July 1, 2018	73,744
One Beach Street [1]	21,900	3.94%	875	April 1, 2019	21,900
Torrey Reserve—North Court [3]	21,304	7.22%	1,836	June 1, 2019	19,443
Torrey Reserve—VCI, VCII, VCIII [3]	7,175	6.36%	560	June 1, 2020	6,439
Solana Beach Corporate Centre I-II [3]	11,430	5.91%	855	June 1, 2020	10,169
Solana Beach Towne Centre [3]	38,101	5.91%	2,849	June 1, 2020	33,898
City Center Bellevue [1]	111,000	3.98%	4,479	November 1, 2022	111,000
Total	961,855		$ 190,568		$ 952,239
Unamortized fair value adjustment	(9,357)				
Total Secured Notes Payable Balance	$ 952,498				

(1) Interest only.
(2) Maturity date is the earlier of the loan maturity date under the loan agreement, or the "Anticipated Repayment Date" as specifically defined in the loan agreement, which is the date after which substantial economic penalties apply if the loan has not been paid off.
(3) Principal payments based on a 30-year amortization schedule.

Certain loans require us to comply with various financial covenants. As of March 31, 2014, we were in compliance with these financial covenants.

Credit Facility

On January 19, 2011, upon completion of our initial public offering, we entered into a revolving credit facility, or the credit facility. A group of lenders for which an affiliate of Merrill Lynch, Pierce, Fenner & Smith Incorporated acts as administrative agent and joint arranger, and an affiliate of Wells Fargo Securities, LLC acts as syndication agent and joint arranger, provided commitments for a revolving credit facility allowing borrowings of up to $250 million. The credit facility also had an accordion feature that allowed us to increase the availability thereunder up to a maximum of $400.0 million, subject to meeting specified requirements and obtaining additional commitments from lenders. The amount available for us to borrow under the credit facility was subject to the net operating income of our properties that form the borrowing base of the credit facility and a minimum implied debt yield of such properties.

On March 7, 2011, the credit facility was amended to allow us or our Operating Partnership to purchase GNMA securities with maturities of up to 30 years.

On January 10, 2012, the credit facility was amended to, among other things, (1) extend the maturity date to January 10, 2016 (with a one-year extension option subject to payment of a 0.15% fee), (2) decrease the applicable interest rates and (3) modify certain financial covenants. The second amendment provided for an interest rate based on, at our option, either (1) one-, two-, three- or six-month LIBOR, plus, in each case, a spread (ranging from 1.60%-2.20%) based on our consolidated leverage ratio, or (2) a base rate equal to the highest of the (a) prime rate, (b) federal funds rate plus 0.50% or (c) Eurodollar rate plus 1.00%. Such rates were more favorable than previously contained in the revolving credit facility. In addition, the amendment reduced our secured debt ratio covenant under the credit facility to 50%.

On September 7, 2012, the credit facility was amended a third time to allow our consolidated total secured indebtedness to be up to 55% of our secured total asset value for the period commencing upon the date that a material acquisition (generally, greater than $100 million) is consummated through and including the last day of the third fiscal quarter that followed such date.

The amended credit facility included a number of customary financial covenants, including:

- a maximum leverage ratio (defined as total indebtedness net of certain unrestricted cash and cash equivalents to total asset value) of 60%,
- a minimum fixed charge coverage ratio (defined as consolidated earnings before interest, taxes, depreciation and amortization to consolidated fixed charges) of 1.50x,
- a maximum secured leverage ratio (defined as total secured indebtedness to secured total asset value) of 55%,
- a minimum tangible net worth equal to at least 75% of our tangible net worth at January, 19, 2011, the closing date of our initial public offering, plus 85% of the net proceeds of any additional equity issuances (other than additional equity issuances in connection with any dividend reinvestment program), and
- a $35.0 million limit on the maximum principal amount of recourse indebtedness we may have outstanding at any time, other than under credit facility.

The credit facility provided that our annual distributions may not exceed the greater of (1) 95.0% of our funds from operations, or FFO, or (2) the amount required for us to (a) qualify and maintain our REIT status and (b) avoid the payment of federal or state income or excise tax. If certain events of default exist or would result from a distribution, we may have been precluded from making distributions other than those necessary to qualify and maintain our status as a REIT.

On January 9, 2014, we entered into an amended and restated credit agreement, or the amended and restated credit facility, which amended and restated the then-in place credit facility. The amended and restated credit facility provides for aggregate, unsecured borrowings of $350 million, consisting of a revolving line of credit of $250 million, or the revolver loan, and a term loan of $100 million, or the term loan. The amended and restated credit facility has an accordion feature that may allow us to increase the availability thereunder up to an additional $250 million, subject to meeting specified requirements and obtaining additional commitments from lenders.

Borrowings under the amended and restated credit facility initially bear interest at floating rates equal to, at our option, either (1) LIBOR, plus a spread which ranges from (a) 1.35%-1.95% (with respect to the revolver loan) and (b) 1.30% to 1.90% (with respect to the term loan), in each case based on our consolidated leverage ratio, or (2) a base rate equal to the highest of (a) the prime rate, (b) the federal funds rate plus 50 bps or (c) the Eurodollar rate plus 100 bps, plus a spread which ranges from (i) 0.35%-0.95% (with respect to the revolver loan) and (ii) 0.30% to 0.90% (with respect to the term loan), in each case based on our consolidated leverage ratio. The foregoing rates are more favorable than previously contained in the credit agreement. If we obtain an investment-grade debt rating, under the terms set forth in the amended and restated credit facility, the spreads will further improve.

The revolver loan initially matures on January 9, 2018, subject to our option to extend the revolver loan up to two times, with each such extension for a six-month period. The term loan initially matures on January 9, 2016, subject to our option to extend the term loan up to three times, with each such extension for a 12-month period. The foregoing extension options are exercisable by us subject to the satisfaction of certain conditions.

Concurrent with the closing of the amended and restated credit facility, we drew down on the entirety of the $100 million term loan and entered into an interest rate swap agreement that is intended to fix the interest rate associated with the term loan at approximately 3.08% through its maturity date and extension options, subject to adjustments based on our consolidated leverage ratio.

Additionally, the amended and restated credit facility includes a number of customary financial covenants, including:

- A maximum leverage ratio (defined as total indebtedness net of certain cash and cash equivalents to total asset value) of 60%, and during any material acquisition period the maximum leverage ratio allowable is 65%,
- A maximum secured leverage ratio (defined as total secured debt to secured total asset value) of 45% at any time prior to December 31, 2015, and 40% thereafter, during a material acquisition period the maximum secured leverage ratio is increased to 50% at any time prior to December 31, 2015 and 45% thereafter,
- A minimum fixed charge coverage ratio (defined as consolidated earnings before interest, taxes, depreciation and amortization to consolidated fixed charges) of 1.50x,
- A minimum unsecured interest coverage ratio of 1.75x,
- A maximum unsecured leverage ratio of 60%, and during any material acquisition period the maximum unsecured leverage ratio allowable is 65%,
- A minimum tangible net worth of $721.16 million, and 75% of the net proceeds of any additional equity issuances (other than additional equity issuances in connection with any dividend reinvestment program), and
- Recourse indebtedness at any time cannot exceed 15% of total asset value.

The amended and restated credit facility provides that annual distributions by the Operating Partnership may not exceed the greater of (1) 95% of its funds from operations or (2) the amount required for us to (a) qualify and maintain our REIT status and (b) avoid the payment of federal or state income or excise tax. If certain events of default exist or would result from a distribution, we may be precluded from making distributions other than those necessary to qualify and maintain our status as a REIT.

We expect to use our credit facility in the future for general corporate purposes, including working capital, the payment of capital expenses, acquisitions and development and redevelopment of properties in our portfolio.

We and certain of our subsidiaries guarantee the obligations under the credit facility, and certain of our subsidiaries pledged specified equity interests in our subsidiaries as collateral for our obligations under the credit facility.

As of March 31, 2014, we were in compliance with all then in-place credit facility covenants.

Off-Balance Sheet Arrangements

We currently do not have any off-balance sheet arrangements.

Cash Flows

Comparison of the three months ended March 31, 2014 to the three months ended March 31, 2013

Cash and cash equivalents were $79.5 million and $44.0 million, at March 31, 2014 and 2013, respectively.

Net cash provided by operating activities increased $2.3 million to $28.0 million for the three months ended March 31, 2014 compared to $25.7 million for the three months ended March 31, 2013. The increase in cash from operations was primarily due to higher net income before certain non-cash items, including lease termination payments.

Net cash used in investing activities increased $21.9 million to $31.6 million for the three months ended March 31, 2014 compared to $9.7 million for the three months ended March 31, 2013. The increase was primarily due to redevelopment construction activity at Lloyd District Portfolio and Torrey Reserve Campus.

Net cash provided by financing activities was $34.1 million for the three months ended March 31, 2014 compared to net cash used in financing activities of $14.5 million for the three months ended March 31, 2013. The increase of cash provided by financing activities was primarily due to proceeds received from our amended and restated credit facility and proceeds received from the sale of shares of our common stock under our ATM program.

Net Operating Income

Net Operating Income, or NOI, is a non-GAAP financial measure of performance. We define NOI as operating revenues (rental income, tenant reimbursements, lease termination fees, ground lease rental income and other property income) less property and related expenses (property expenses, ground lease expense, property marketing costs, real estate taxes and insurance). NOI excludes general and administrative expenses, interest expense, depreciation and amortization, acquisition-related expense, other nonproperty income and losses, gains and losses from property dispositions, extraordinary items, tenant improvements, and leasing commissions. Other REITs may use different methodologies for calculating NOI, and accordingly, our NOI may not be comparable to other REITs.

NOI is used by investors and our management to evaluate and compare the performance of our properties and to determine trends in earnings and to compute the fair value of our properties as it is not affected by (1) the cost of funds of the property owner, (2) 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 (3) general and administrative expenses and other gains and losses that are specific to the property owner. The cost of funds is eliminated from net income because it is specific to the particular financing capabilities and constraints of the owner. The cost of funds is also eliminated because it is dependent on historical interest rates and other costs of capital as well as past decisions made by us regarding the appropriate mix of capital which may have changed or may change in the future. Depreciation and amortization expenses as well as gains or losses from the sale of operating real estate assets are eliminated because they may not accurately represent the actual change in value in our retail, office, multifamily or mixed use properties that result from use of the properties or changes in market conditions. While certain aspects of real property do decline in value over time in a manner that is intended to be captured by depreciation and amortization, the value of the properties as a whole have historically increased or decreased as a result of changes in overall economic conditions instead of from actual use of the property or the passage of time. Gains and losses from the sale of real property vary from property to property and are affected by market conditions at the time of sale which will usually change from period to period. These gains and losses can create distortions when comparing one period to another or when comparing our operating results to the operating results of other real estate companies that have not made similarly timed purchases or sales. We believe that eliminating these costs from net income is useful because the resulting measure captures the actual revenue generated and actual expenses incurred in operating our properties as well as trends in occupancy rates, rental rates and operating costs.

However, the usefulness of NOI is limited because it excludes general and administrative costs, interest expense, interest income and other expense, depreciation and amortization expense and gains or losses from the sale of properties, and other gains and losses as stipulated by GAAP, the level of capital expenditures and leasing costs necessary to maintain the operating performance of our properties, all of which are significant economic costs. NOI may fail to capture significant trends in these components of net income which further limits its usefulness.

NOI is a measure of the operating performance of our properties but does not measure our performance as a whole. NOI is therefore not a substitute for net income as computed in accordance with GAAP. This measure should be analyzed in conjunction with net income computed in accordance with GAAP and discussions elsewhere in “Management's Discussion and Analysis of Financial Condition and Results of Operations” regarding the components of net income that are eliminated in the calculation of NOI. Other companies may use different methods for calculating NOI or similarly entitled measures and, accordingly, our NOI may not be comparable to similarly entitled measures reported by other companies that do not define the measure exactly as we do.

The following is a reconciliation of our NOI to net income for the three months ended March 31, 2014 and 2013 computed in accordance with GAAP (in thousands):

	Three Months Ended March 31,	
	2014	2013
Net operating income	$ 41,307	$ 41,094
General and administrative	(4,612)	(4,201)
Depreciation and amortization	(16,341)	(17,013)
Interest expense	(13,632)	(14,736)
Other income (expense), net	(64)	(279)
Net income	$ 6,658	$ 4,865

Funds from Operations

We calculate FFO in accordance with the standards established by the National Association of Real Estate Investment Trusts, or NAREIT. FFO represents net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from sales of depreciable operating property, impairment losses, real estate related depreciation and amortization (excluding amortization of deferred financing costs) and after adjustments for unconsolidated partnerships and joint ventures.

FFO is a supplemental non-GAAP financial measure. Management uses FFO as a supplemental performance measure because it believes that FFO is beneficial to investors as a starting point in measuring our operational performance. Specifically, in excluding real estate related depreciation and amortization and gains and losses from property dispositions, which do not relate to or are not indicative of operating performance, FFO provides a performance measure that, when compared year over year, captures trends in occupancy rates, rental rates and operating costs. We also believe that, as a widely recognized measure of the performance of REITs, FFO will be used by investors as a basis to compare our operating performance with that of other REITs. However, because FFO excludes depreciation and amortization and captures neither the changes in the value of our properties that result from use or market conditions nor the level of capital expenditures and leasing commissions necessary to maintain the operating performance of our properties, all of which have real economic effects and could materially impact our results from operations, the utility of FFO as a measure of our performance is limited. In addition, other equity REITs may not calculate FFO in accordance with the NAREIT definition as we do, and, accordingly, our FFO may not be comparable to such other REITs' FFO. Accordingly, FFO should be considered only as a supplement to net income as a measure of our performance. FFO should not be used as a measure of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to pay dividends or service indebtedness. FFO also should not be used as a supplement to or substitute for cash flow from operating activities computed in accordance with GAAP.

The following table sets forth a reconciliation of our FFO for the three months ended March 31, 2014 and 2013 to net income, the nearest GAAP equivalent (in thousands, except per share and share data):

	Three Months Ended March 31,	
	2014	2013
Funds from Operations (FFO)		
Net income	$ 6,658	$ 4,865
Plus: Real estate depreciation and amortization	16,341	17,013
Funds from operations	22,999	21,878
Less: Nonforfeitable dividends on incentive restricted stock awards	(70)	(88)
FFO attributable to common stock and units	$ 22,929	$ 21,790
FFO per diluted share/unit	$ 0.39	$ 0.38
Weighted average number of common shares and units, diluted [1]	58,626,718	57,266,950

(1) The weighted average common shares used to compute FFO per diluted share include unvested restricted stock awards that are subject to time vesting, which were excluded from the computation of diluted EPS, as the vesting of the restricted stock awards is dilutive in the computation of FFO per diluted share but is anti-dilutive for the computation of diluted EPS for the period. Diluted shares exclude incentive restricted stock as these awards are considered contingently issuable.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our future income, cash flows and fair values relevant to financial instruments are dependent upon prevalent market interest rates. Market risk refers to the risk of loss from adverse changes in market prices and interest rates. We manage our market risk by attempting to match anticipated inflow of cash from our operating, investing and financing activities with anticipated outflow of cash to fund debt payments, dividends to our stockholders and Operating Partnership unitholders, investments, capital expenditures and other cash requirements.

Interest Rate Risk

Outstanding Debt

The following discusses the effect of hypothetical changes in market rates of interest on the fair value of our total outstanding debt. Interest rate risk amounts were determined by considering the impact of hypothetical interest rates on our debt. Discounted cash flow analysis is generally used to estimate the fair value of our mortgages payable. Considerable judgment is necessary to estimate the fair value of financial instruments. This analysis does not purport to take into account all of the factors that may affect our debt, such as the effect that a changing interest rate environment could have on the overall level of economic activity or the action that our management might take to reduce our exposure to the change. This analysis assumes no change in our financial structure.

Fixed Interest Rate Debt

All of our outstanding debt obligations (maturing at various times through November 2022) have fixed interest rates which limit the risk of fluctuating interest rates. However, interest rate fluctuations may affect the fair value of our fixed rate debt instruments. At March 31, 2014, we had $961.9 million of fixed rate debt outstanding with an estimated fair value of $993.6 million. Additionally, we consider our $100.0 million term loan outstanding as of March 31, 2014 to be fixed rate debt as the rate is effectively fixed by an interest rate swap agreement. If interest rates at March 31, 2014 had been 1.0% higher, the fair value of those debt instruments on that date would have decreased by approximately $26.1 million. If interest rates at March 31, 2014 had been 1.0% lower, the fair value of those debt instruments on that date would have increased by approximately $27.6 million.

Variable Interest Rate Debt

At March 31, 2014, our only variable interest rate debt is the revolver loan under our amended and restated credit facility, which had no balance outstanding at March 31, 2014.

We may enter into certain types of derivative financial instruments to reduce interest rate risk. We use interest rate swap agreements, for example, to convert some of our variable rate debt to a fixed-rate basis. We use derivatives for hedging purposes rather than speculation and do not enter into financial instruments for trading purposes. As of March 31, 2014, we were party to an interest rate swap agreement that effectively fixed the rate on the $100.0 million term loan at 3.08%.

ITEM 4. CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures (as such term is defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in our reports under the Exchange Act is processed, recorded, summarized and reported within the time periods specified in the rules and regulations of the SEC and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

We have carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, regarding the effectiveness of our disclosure controls and procedures as of March 31, 2014, the end of the period covered by this report. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer have concluded, as of March 31, 2014, that our disclosure controls and procedures were effective in ensuring that information required to be disclosed by us in reports filed or submitted under the Exchange Act (1) is processed, recorded, summarized and reported within the time periods specified in the SEC's rules and forms and (2) is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate to allow for timely decisions regarding required disclosure.

No changes to our internal control over financial reporting were identified in connection with the evaluation referenced above that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are not currently a party, as plaintiff or defendant, to any legal proceedings that we believe to be material or which, individually or in the aggregate, would be expected to have a material effect on our business, financial condition or results of operation if determined adversely to us. We may be subject to on-going litigation, relating to our portfolio and the properties comprising our portfolio, and we expect to otherwise be party from time to time to various lawsuits, claims and other legal proceedings that arise in the ordinary course of our business.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors included in Item 1A. “Risk Factors” in our annual report on Form 10-K for the year ended December 31, 2013.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit No.	Description
10.1(1)	Amended and Restated Credit Agreement, dated January 9, 2014, among American Assets Trust, L.P., as the Borrower, American Assets Trust, Inc., as a Guarantor, Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, and the other lenders party thereto and Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wells Fargo Securities, LLC, as Joint Lead Arrangers and Joint Bookrunners and Wells Fargo Bank, N.A., as Syndication Agent and KeyBank National Association, Royal Bank of Canada and U.S. Bank National Association as Documentation Agents
10.2*	American Assets Trust, Inc. and American Assets Trust, L.P. Amended and Restated Incentive Bonus Plan, effective as of March 25, 2014.
10.3*	Amended and Restated Employment Agreement among American Assets Trust, Inc., American Assets Trust, L.P. and Ernest S. Rady dated March 25, 2014
10.4*	Amended and Restated Employment Agreement among American Assets Trust, Inc., American Assets Trust, L.P. and John W. Chamberlain dated March 25, 2014
10.5*	Amended and Restated Employment Agreement among American Assets Trust, Inc., American Assets Trust, L.P. and Robert F. Barton dated March 25, 2014
10.6*	Amended and Restated Employment Agreement among American Assets Trust, Inc., American Assets Trust, L.P. and Adam Wyll dated March 25, 2014
10.7*	Amended and Restated Employment Agreement among American Assets Trust, Inc., American Assets Trust, L.P. and Patrick Kinney dated March 25, 2014
10.8*	Form of American Assets Trust, Inc. Restricted Stock Award Agreement (Performance Vesting)
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101*	The Company’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2014, formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Income, (iii) Consolidated Statement of Equity, (iv) Consolidated Statements of Cash Flows and (v) the Notes to Consolidated Financial Statements that have been detail tagged.

* Filed herewith.

(1) Incorporated herein by reference to American Assets Trust, Inc.’s Current Report on Form 8-K filed with the Securities and Exchange Commission on January 9, 2014.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto authorized.

American Assets Trust, Inc.

May 2, 2014

/s/ JOHN W. CHAMBERLAIN

John W. Chamberlain

President and Chief Executive Officer

(Principal Executive Officer)

May 2, 2014

/s/ ROBERT F. BARTON

Robert F. Barton

Executive Vice President, Chief Financial Officer and Treasurer

(Principal Financial and Accounting Officer)

AMERICAN ASSETS TRUST, INC.
AMERICAN ASSETS TRUST, L.P.

AMENDED AND RESTATED INCENTIVE BONUS PLAN

This Amended and Restated Incentive Bonus Plan (the "Plan") is intended to provide an additional incentive for employees of American Assets Trust, Inc. (the "REIT"), a Maryland corporation, and American Assets Trust, L.P. (the "Partnership"), a Maryland limited partnership, and their subsidiaries (collectively, the "Company"), to perform to the best of their abilities, to further the growth, development and financial success of the Company, and to enable the Company to attract and retain highly qualified employees. The Plan is for the benefit of the Participants (as defined below).

The Compensation Committee (the "Committee") of the Board of Directors of the REIT (the "Board") has adopted the Plan, to be effective March 25, 2014.

1. Participants. Participation in the Plan shall be limited to such employees of the Company and its subsidiaries whom the Committee from time to time determines shall be eligible to receive a bonus award (a "Bonus") hereunder (the "Participants").

2. Administration. The Plan shall be administered by the Committee. The Committee shall have the discretion and authority to administer and interpret the Plan, including the authority to establish bonus programs or guidelines under the Plan (the "Bonus Guidelines") from time to time containing such terms and conditions as the Committee may determine or deem appropriate in its discretion, including, without limitation, terms and conditions relating to the administration of the Plan and/or the determination and payment of Bonuses hereunder. The Committee may modify, suspend, terminate or supersede the Bonus Guidelines at any time in its sole discretion. Any and all Bonus Guidelines adopted by the Committee shall be subject to the terms and conditions of the Plan. Any disputes under the Plan shall be resolved by the Committee or its designee, whose decision will be final.

3. Performance Goals. The Plan is intended to provide incentives for the achievement of approved annual corporate and individual objectives (the "Performance Goals"), as determined by the Committee with respect to each calendar year during the term of the Plan (each an "Incentive Plan Year").

(a) Corporate Performance Goals. At the beginning of each Incentive Plan Year, the Committee shall select such objective corporate Performance Goals as the Committee may determine in its sole discretion. It is intended that the corporate performance goals be objectively determinable, with the weighting of the various corporate Performance Goals to be approved by the Committee.

(b) Individual Performance Goals. A portion of each Participant's Bonus will be determined in the sole discretion of the Committee based on individual performance and the consideration of such other factors as the Committee determines to be appropriate. If individual Performance Goals are to be established for an Incentive Plan Year, each Participant in the Plan will work with his or her direct manager to develop a list of key individual Performance Goals. The Executive Chairman of the Board of the REIT will work with the Committee to develop his individual Performance Goals.

A Performance Goal may be a single goal or a range of goals with a minimum goal up to a maximum goal. Unless otherwise determined by the Committee, the amount of each Participant's Bonus shall be based upon a bonus formula determined by the Committee in its sole discretion that ties such Bonus to the attainment of the applicable Performance Goals. The Committee may in its sole discretion modify, change, add or remove the bonus formulas and/or Performance Goals at any time and from time to time during or upon completion of an Incentive Plan Year.

4. Target Bonuses. Each Participant will be assigned a "Target Bonus Percentage" based on his or her job classification and responsibilities. If a Participant moves from one Target Bonus Percentage level to another during an Incentive Plan Year, his or her Target Bonus Percentage will be based on the Target Bonus in effect at the end of the Incentive Plan Year. A "Target Bonus" for each Participant will be determined by multiplying his or her Target Bonus Percentage by his or her Base Salary (as defined below) for the relevant Incentive Plan Year. For purposes of this Plan, "Base Salary" shall mean the actual base salary paid in effect for a Participant, at the end of the Incentive Plan Year. The Target Bonus Percentages for each Participant shall be approved by the Committee for each Incentive Plan Year. A Participant's maximum Bonus under the Plan shall not exceed 150% of his or her Target Bonus, unless the Committee elects to amend the Plan with respect to a Participant or Participants.

Effective for 2014, and unless and until changed by the Committee, in its sole discretion, the Target Bonus Percentages for the executive officers of the Company for purposes of this Plan shall be as follows:

Position	Target Bonus Percentage (as % of Base Salary)
President and Chief Executive Officer	125%
Executive Vice President and Chief Financial Officer	100%
Senior Vice President, General Counsel and Secretary	70%
Senior Vice President of Real Estate Operations	40%

The Executive Chairman of the Board shall not be a Participant under the Plan; and as such, any cash bonus for the Executive Chairman of the Board shall be entirely at the discretion of the Committee.

5. Performance Multipliers. Following the completion of each Incentive Plan Year, separate "Performance Multipliers" will be established by the Committee with respect to each of the corporate and individual components of each Bonus for each Incentive Plan Year.

(a) Corporate Performance Multiplier. The executive officers of the Company will present to the Committee for its approval their assessment of the level of the Company's performance relative to the corporate Performance Goals, which performance levels will be used to calculate an overall Performance Multiplier for the corporate component of each Bonus. Such corporate Performance Multiplier shall be expressed as a percentage within the range specified by the Committee with respect to each Incentive Plan Year. The same Performance Multiplier, as approved by the Committee, shall be used for the corporate component of each Participant's Bonus. The Committee may, in its discretion, establish minimum corporate Performance Multipliers which, if not achieved for an Incentive Plan Year, will result in no Bonuses being paid. The corporate Performance Multiplier will not exceed 200% of targeted levels.

(b) Individual/Discretionary Performance Multiplier. The Committee will establish an individual Performance Multiplier for the individual component of each Bonus based on individual performance, including performance relative to his or her individual Performance Goals, if any, and the consideration of such other factors as the Committee determines to be appropriate, in its sole discretion. The individual Performance Multiplier will not exceed 100% of targeted levels.

6. Calculation of Bonuses. The actual Bonus for a Participant will be calculated by the Committee (or the Corporation, upon the Committee's request and ultimate approval) as soon as practicable following the completion of the relevant Incentive Plan year by applying the Performance Multipliers to the Target Bonus for such Participant according to the weightings and methods approved by the Committee for such Incentive Plan Year. The Committee may, in its discretion, increase, reduce or eliminate a Bonus otherwise payable to any Participant. Any such increase, reduction or elimination may be made based on objective or subjective determinations as the Committee determines appropriate.

7. Payment of Bonuses. The payment of Bonuses under the Plan shall be made in cash between December 1 (of the Incentive Plan Year to which such Bonuses relate) and March 15 (of the calendar year following the Incentive Plan Year to which such Bonuses relate) on such date or dates determined by the Committee and shall be subject to such terms and conditions as may be determined by the Committee in its sole discretion.

Except as otherwise provided in a written employment agreement between a Participant and the Company or as otherwise determined by the Committee, a Participant must be an active employee of the Company or its subsidiaries or affiliates and in good standing as of the

date on which the Bonus is paid in order to be entitled to receive such Bonus. If a Participant dies or a Participant's employment is terminated for any reason prior to the payment of his or her Bonus, the payment of any Bonus (and in the case of death, the person or persons to whom such payment shall be made) shall be determined at the sole discretion of the Committee.

8. Amendment, Suspension and Termination of the Plan. The Committee shall have the authority to amend, suspend or terminate the Plan at any time in its sole discretion.

9. Miscellaneous.

(a) The Company shall deduct all federal, state, and local taxes required by law or Company policy from any Bonuses paid hereunder.

(b) Nothing contained in this Plan shall confer upon any Participant any right to continue in the employ of the Company, or shall interfere with or restrict in any way the right of the Company, which is hereby expressly reserved, to discharge any Participant at any time for any reason whatsoever, with or without cause. Notwithstanding anything to the contrary contained in the Plan, nothing in the Plan shall adversely affect any rights that a Participant may otherwise have under an employment or severance agreement or plan with or maintained by the Company to which such Participant is a party or under which such Participant is a beneficiary.

(c) The Plan shall be unfunded. Amounts payable under the Plan are not and will not be transferred into a trust or otherwise set aside. The Company shall not be required to establish any special or separate fund or to make any other segregation of assets to assure the payment of any Bonus under the Plan. Any accounts under the Plan are for bookkeeping purposes only and do not represent a claim against the specific assets of the Company.

(d) Any payments made by the Company to a Participant as a "matching" contribution to a Participant's 401(k) plan (or similar retirement plan) shall be separate and distinct from this Plan, and have no applicability hereunder.

(e) No Bonus granted under the Plan may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated. All rights with respect to a Bonus granted to a Participant under the Plan shall be available during his or her lifetime only to the Participant.

(f) Notwithstanding anything in the Plan to the contrary, any and all amounts payable to any Participant under the Plan from time to time may, in the Committee's sole discretion, be reduced or offset by any amounts then due or owing by such Participant to the Company or any of its affiliates pursuant to or in accordance with any benefit or compensation plan, program, policy or arrangement maintained by the Company or such affiliates.

(g) Any provision of the Plan that is prohibited or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of the Plan.

(h) The Plan shall be construed, interpreted and the rights of the parties determined in accordance with the laws of the State of California. Should any provision of the Plan be determined by a court of law to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable. Any and all controversies or disputes involving, relating to, or arising out of, or under, this Plan, including but not limited to its construction, interpretation or enforcement, shall be litigated exclusively in the state or federal courts sitting in San Diego County, California. Each Participant is hereby deemed to irrevocably and unconditionally consent to the personal jurisdiction of the state courts in San Diego County, California with regard to any and all controversies or disputes involving, relating to, or arising out of, or under, the Plan. Each Participant is further deemed to irrevocably and unconditionally waive any defense or objection of lack of personal jurisdiction over Participant by the state or federal courts sitting in San Diego County, California.

(i) Bonus payments are not intended to constitute a deferral of compensation subject to Section 409A of the Code and are intended to satisfy the "short-term deferral" exemption under Section 409A of the Code and the Treasury Regulations issued thereunder. Accordingly, to the extent necessary to cause Bonus payments hereunder to satisfy the "short-term deferral" exemption under Section 409A of the Code and the Treasury Regulations issued thereunder, a Bonus payment shall be made not later than the later of (i) the fifteenth day of the third month following the Participant's first taxable year in which the Bonus payment is no longer subject to a substantial risk of forfeiture, or (ii) the fifteenth day of the third month following the Company's first taxable year in which the Bonus payment is no longer subject to a substantial risk of forfeiture; provided, however, that if due to administrative reasons Bonuses are not paid within the foregoing time periods, then such Bonuses will be paid as soon as administratively feasible but no later than the last day of the calendar year following the end of the Incentive Plan Year to which such Bonuses relate.

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "Agreement"), effective as of March 25, 2014 (the "Effective Date"), is entered into by and among American Assets Trust, Inc., a Maryland corporation (the "REIT"), American Assets Trust, L.P., a Maryland limited partnership (the "Operating Partnership") and Ernest S. Rady (the "Executive").

WHEREAS, the Executive is a party to that certain Employment Agreement dated as of January 19, 2011 (the "Original Agreement") with the REIT and the Operating Partnership (collectively, the "Company"); and

WHEREAS, the parties desire to amend the terms of the Original Agreement on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements set forth below, the parties hereto agree as follows:

1. Employment Period. Subject to the provisions for earlier termination hereinafter provided, the Executive's employment hereunder shall be for a term (as extended pursuant to this Section 1, the "Employment Period") commencing on the Effective Date and ending on the first anniversary of the Effective Date (unless the Executive's employment is terminated prior to such date pursuant to Section 3 below) (the "Initial Termination Date"); provided, however, that the Employment Period shall automatically be extended for one additional year on the Initial Termination Date and on each subsequent anniversary of the Initial Termination Date thereafter (each such extension, a "Renewal Year"), unless either the Executive or the Company elects not to so extend the Employment Period by notifying the other party, in writing, of such election (a "Non-Renewal") not less than sixty (60) days prior to the last day of the Employment Period as then in effect.

2. Terms of Employment.

(a) Position and Duties.

(i) During the Employment Period, the Executive shall serve as Executive Chairman of the REIT and the Operating Partnership, and shall perform such employment duties as are usual and customary for such positions. The Executive shall report directly to the Board of Directors of the REIT (the "Board"). In addition, during the Employment Period, the Company shall cause the Executive to be nominated to stand for election to the Board at any meeting of stockholders of the REIT during which any such election is held and the Executive's term as director will expire if he is not reelected; provided, however, that the Company shall not be obligated to cause such nomination if any of the events constituting Cause (as defined below) have occurred and not been cured. Provided that the Executive is so nominated and is elected to the Board, the Executive hereby agrees to serve as a member of the Board. At the Company's request, the Executive shall serve the Company and/or its subsidiaries and affiliates in other

capacities in addition to the foregoing consistent with the Executive's position as Executive Chairman of the REIT and the Operating Partnership. In the event that the Executive, during the Employment Period, serves in any one or more of such additional capacities, the Executive's compensation shall not be increased beyond that specified in Section 2(b) hereof. In addition, in the event the Executive's service in one or more of such additional capacities is terminated, the Executive's compensation, as specified in Section 2(b) hereof, shall not be diminished or reduced in any manner as a result of such termination provided that the Executive otherwise remains employed under the terms of this Agreement.

(ii) During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive may be entitled, the Executive agrees to devote a significant majority of his business time and attention to the business and affairs of the Company. Notwithstanding the foregoing, during the Employment Period, it shall not be a violation of this Agreement for the Executive to (A) continue to serve as Chairman of the Board of Insurance Company of the West, (B) serve on boards, committees or similar bodies of charitable or nonprofit organizations, (C) fulfill limited teaching, speaking and writing engagements, and (D) manage his personal investments, in each case, so long as such activities do not materially interfere or conflict with the performance of the Executive's duties and responsibilities under this Agreement. It is expressly understood and agreed that to the extent that any such activities have been conducted by the Executive prior to the Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the Effective Date shall not thereafter be deemed to interfere with the performance of the Executive's responsibilities to the Company; provided, that (1) no such activity that violates the provisions of Section 7 shall be permitted and (2) Executive shall notify the Board prior to engaging in any new real estate related business activities after the Effective Date that are unrelated to the performance of Executive's duties hereunder.

(iii) During the Employment Period, the Executive shall perform the services required by this Agreement at the Company's principal offices located in San Diego, California (the "Principal Location"), except for travel to other locations as may be necessary to fulfill the Executive's duties and responsibilities hereunder.

(b) Compensation, Benefits, Etc.

(i) Base Salary. During the Employment Period, the Executive shall receive a base salary (the "Base Salary") of $250,000 per annum. The Base Salary shall be reviewed annually by the Compensation Committee of the Board (the "Compensation Committee") of the Board and may be increased from time to time by the Compensation Committee in its sole discretion. The Base Salary shall be paid in accordance with the Company's normal payroll practices for executive salaries generally, but no less often than monthly. The Base Salary shall not be reduced after any increase in accordance herewith and the term "Base Salary" as utilized in this Agreement shall refer to Base Salary as so increased.

(ii) Annual Bonus. In addition to the Base Salary, the Executive may be eligible to earn, for each fiscal year of the Company ending during the Employment Period, an annual cash performance bonus (an "Annual Bonus") under the Company's bonus plan or program applicable to senior executives. The amount of the Annual Bonus, if any, shall be determined by the Compensation Committee in its sole discretion based on such performance criteria as the Compensation Committee shall determine in its sole discretion. Except as otherwise provided in Section 4(a) or 4(d) below, the Executive must be employed on the date of payment of the Annual Bonus in order to be eligible to receive an Annual Bonus for such fiscal year. The Executive acknowledges and agrees that nothing contained herein confers on the Executive any right to an Annual Bonus in any year, and that whether the Company pays him an Annual Bonus and the amount of any such Annual Bonus shall be determined by the Compensation Committee in its sole discretion.

(iii) Restricted Stock Awards.

(A) Each year during the Employment Period, the REIT shall issue to the Executive an additional award of Restricted Stock. It is the intention of the Company that the annual Restricted Stock Awards, together with the Base Salary and Annual Bonus, will provide the Executive with total annual compensation at no less than the median of similarly-situated executive officers among the Company's current peer group for compensation purposes (as determined based on the Executive's duties, authority and responsibilities (and not solely by reference to title) in the reasonable discretion of the Compensation Committee), and that each such annual Restricted Stock Award will have an aggregate value on the date of grant (at the target vesting level) of $400,000 (which amount may be increased or decreased by the Compensation Committee each year based on its consideration of such comparable peer group compensation data) (each, an "Annual Restricted Stock Award," and together with the Original Restricted Stock Awards, the "Restricted Stock Awards"). Subject to the Executive's continued employment with the Company through each such date, the Annual Restricted Stock Awards shall vest based on the satisfaction by the REIT of performance objectives established by the Compensation Committee and such other conditions set forth in the applicable award agreement.

(B) The terms and conditions of each Restricted Stock Award shall be set forth in separate award agreements in a form prescribed by the Company (the "Restricted Stock Award Agreements"), to be entered into by the Company and the Executive, which shall evidence the grant of the Restricted Stock Awards.

(iv) Incentive, Savings and Retirement Plans. During the Employment Period, the Executive shall be eligible to participate in all other incentive plans, practices, policies and programs, and all savings and retirement plans, practices, policies and programs, in each case that are available generally to senior executives of the Company.

(v) Welfare Benefit Plans. During the Employment Period, the Executive and the Executive's eligible family members shall be eligible for participation in the welfare benefit plans, practices, policies and programs (including, if applicable, medical, dental, disability, employee life, group life and accidental death insurance plans and programs) maintained by the Company for its senior executives.

(vi) Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable business expenses incurred by the Executive in accordance with the policies, practices and procedures of the Company provided to senior executives of the Company.

(vii) Fringe Benefits. During the Employment Period, the Executive shall be entitled to such fringe benefits and perquisites as are provided by the Company to its senior executives from time to time, in accordance with the policies, practices and procedures of the Company, and shall receive such additional fringe benefits and perquisites as the Company may, in its discretion, from time-to-time provide.

(viii) Vacation. During the Employment Period, the Executive shall be entitled to paid vacation in accordance with the plans, policies, programs and practices of the Company applicable to its senior executives but in no event less than five (5) weeks per calendar year.

(ix) Indemnification Agreement. The parties have entered into an Indemnification Agreement dated as of January 19, 2011 (the "Indemnification Agreement"), which Indemnification Agreement is attached hereto as Exhibit A.

3. Termination of Employment.

(a) Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. Either the Company or the Executive may terminate the Executive's employment in the event of the Executive's Disability during the Employment Period. For purposes of this Agreement, "Disability" shall mean the absence of the Executive from the Executive's duties with the Company on a full-time basis for ninety (90) consecutive days or for a total of one hundred eighty (180) days in any twelve (12)-month period, in either case as a result of incapacity due to mental or physical illness which is determined to be total and permanent by a physician selected by the Company or its insurers and reasonably acceptable to the Executive or the Executive's legal representative.

(b) Cause. The Company may terminate the Executive's employment during the Employment Period for Cause or without Cause. For purposes of this Agreement, "Cause" shall mean the occurrence of any one or more of the following events unless, to the extent capable of correction, the Executive fully corrects the circumstances constituting Cause within fifteen (15) days after receipt of the Notice of Termination (as defined below):

(i) the Executive's willful and continued failure to substantially perform his duties with the Company (other than any such failure resulting from the Executive's incapacity due to physical or mental illness or any such actual or anticipated failure after his issuance of a Notice of Termination for Good Reason), after a written demand for substantial performance is delivered to the Executive by the Board, which demand specifically identifies the manner in which the Board believes that the Executive has not substantially performed his duties;

(ii) the Executive's willful commission of an act of fraud or dishonesty resulting in reputational, economic or financial injury to the Company;

(iii) the Executive's commission of, or entry by the Executive of a guilty or no contest plea to, a felony or a crime involving moral turpitude;

(iv) a willful breach by the Executive of his fiduciary duty to the Company which results in reputational, economic or other injury to the Company; or

(v) the Executive's willful and material breach of the Executive's obligations under a written agreement between the Company and the Executive, including without limitation, such a breach of this Agreement.

For purposes of this provision, no act or failure to act, on the part of the Executive, shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or based upon the advice of counsel for the Company shall be presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company.

(c) Good Reason. The Executive's employment may be terminated by the Executive for Good Reason or by the Executive without Good Reason. For purposes of this Agreement, "Good Reason" shall mean the occurrence of any one or more of the following events without the Executive's prior written consent:

(i) the assignment to the Executive of any duties materially inconsistent in any respect with the Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 2(a) hereof, or any other action by the Company which results in a material diminution in such position, authority, duties or responsibilities, excluding for this purpose any isolated, insubstantial or inadvertent actions not taken in bad faith and which are remedied by the Company promptly after receipt of notice thereof given by the Executive;

(ii) the Company's material reduction of the Executive's Base Salary;

(iii) a material change in the geographic location of the Principal Location which shall, in any event, include only a relocation of the Principal Location by more than thirty (30) miles from its existing location;

(iv) the Company's material breach of its obligations under this Agreement.

Notwithstanding the foregoing, the Executive will not be deemed to have resigned for Good Reason unless (1) the Executive provides the Company with written notice setting forth in reasonable detail the facts and circumstances claimed by the Executive to constitute Good Reason within sixty (60) days after the date of the occurrence of any event that the Executive knows or should reasonably have known to constitute Good Reason, (2) the Company fails to cure such acts or omissions within thirty (30) days following its receipt of such notice, and (3) the effective date of the Executive's termination for Good Reason occurs no later than thirty (30) days after the expiration of the cure period.

(d) Notice of Termination. Any termination by the Company for Cause, or by the Executive for Good Reason, shall be communicated by a Notice of Termination to the other parties hereto given in accordance with Section 11(b) hereof. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than thirty (30) days after the giving of such notice). The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

(e) Termination of Offices and Directorships. Upon termination of the Executive's employment for any reason, unless otherwise specified in a written agreement between the Executive and the Company, the Executive shall be deemed to have resigned from all offices, directorships, and other employment positions if any, then held with the Company, and shall take all actions reasonably requested by the Company to effectuate the foregoing.

4. Obligations of the Company upon Termination.

(a) Without Cause or For Good Reason. Subject to Section 4(e) below, if the Executive incurs a "separation from service" from the Company (within the meaning of Section 409A(a)(2)(A)(i) of the Internal Revenue Code of 1986, as amended (the "Code"), and Treasury Regulation Section 1.409A-1(h)) (a "Separation from Service") during the Employment Period by reason of (1) a termination of the Executive's employment by the Company without Cause (and other than by reason of the Executive's death or Disability), or (2) a termination of the Executive's employment by the Executive for Good Reason:

(i) The Executive shall be paid, in a single lump-sum payment on the date of the Executive's termination of employment, the aggregate amount of the Executive's earned but unpaid Base Salary and accrued but unpaid vacation pay through the date of such termination (the "Accrued Obligations") and any Annual Bonus required to be paid to the Executive pursuant to Section 2(b)(ii) above for any fiscal year of the Company that ends on or before the Date of Termination to the extent not previously paid (the "Unpaid Bonus") (or, if the amount of the Unpaid Bonus has not yet been determined as of the Date of Termination, such Unpaid Bonus shall be paid to the Executive on the date annual bonuses for the relevant fiscal year are paid to the Company's executives generally, but in no event later than March 15th of the calendar year following the end of the calendar year to which such Unpaid Bonus relates);

(ii) In addition, the Executive shall be paid, in a single lump-sum payment on the sixtieth (60^{th}) day after the date of the Executive's Separation from Service (such date, the "Date of Termination"), an amount equal to one (1) (the "Severance Multiple") times the sum of (A) the Base Salary in effect on the Date of Termination, plus (B) the Executive's Average Annual Bonus Amount (as defined below). For purposes of this Agreement, the Executive's "Average Annual Bonus Amount" shall be an amount equal to the average of the Annual Bonuses awarded to the Executive for each of the three (3) fiscal years prior to the Date of Termination. For purposes of determining the Executive's "Average Annual Bonus Amount," (x) to the extent the Executive received no Annual Bonus in any year due to a failure to meet the applicable performance objectives, such year will still be taken into account (using zero (0) as the applicable bonus) in determining the Executive's "Average Annual Bonus Amount," and (y) to the extent the Executive was not employed for an entire fiscal year, the Annual Bonus received by the Executive for such fiscal year shall be annualized for purposes of the preceding calculation. For the avoidance of doubt, for purposes of this Section 4(a)(ii), an Annual Bonus shall include any portion of the Executive's Annual Bonus received in the form of equity rather than cash, provided that any such equity award expressly provides by its terms that it was issued in lieu of cash in payment of the Executive's Annual Bonus or a portion thereof. In the event the Executive's Date of Termination occurs within twelve (12) months following a Change in Control, the Severance Multiple shall be two (2).

(iii) Except to the extent an award agreement governing an equity award granted to Executive specifically provides for the treatment of such equity award in the event of Executive's termination of employment by the Company other than for Cause or Executive's resignation for Good Reason and provides that its terms shall supersede the provisions of this Section 4(a)(iii), in which case the terms of such award agreement shall govern, the vesting and/or exercisability of fifty percent (50%) of each of Executive's outstanding unvested equity awards shall be automatically accelerated on the Date of Termination (which percentage shall be increased to one hundred percent (100%) in the event the Executive's Date of Termination occurs within twelve (12) months following a Change in Control). In addition, notwithstanding anything to the contrary in the award agreements evidencing the Original Restricted Stock Awards, the Original

Restricted Stock Awards shall, to the extent not previously vested, become fully vested and nonforfeitable on the Executive's Date of Termination.

(iv) For the period beginning on the Date of Termination and ending on the date which is twelve (12) full months following the Date of Termination (or, if earlier, (A) the date on which the applicable continuation period under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA") expires or (B) the date the Executive becomes eligible to receive the equivalent or increased healthcare coverage from a subsequent employer) (such period, the "COBRA Coverage Period"), if the Executive and his eligible dependents who were covered under the Company's health insurance plans as of the Date of Termination elect to have COBRA coverage and are eligible for such coverage, the Company shall pay the COBRA premiums necessary to continue health insurance coverage for the Executive and his covered dependents as in effect on the Date of Termination. If any of the Company's health benefits are self-funded as of the date of the Executive's Separation from Service, or if the Company cannot provide the foregoing benefits in a manner that is exempt from Section 409A (as defined below) or that is otherwise compliant with applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then in lieu of paying the COBRA premiums as set forth above, the Company shall instead pay to the Executive on the last day of each remaining month of the COBRA Coverage Period a fully taxable cash payment equal to the applicable COBRA premium for such month for the Executive and his covered dependents.

Notwithstanding the foregoing, it shall be a condition to the Executive's right to receive the amounts provided for in Sections 4(a)(ii), 4(a)(iii) and 4(a)(iv) above that the Executive execute and deliver to the Company an effective release of claims in substantially the form attached hereto as Exhibit B (the "Release") within twenty-one (21) days (or, to the extent required by law, forty-five (45) days) following the Date of Termination and that the Executive not revoke such Release during any applicable revocation period.

(b) Company Non-Renewal. Subject to Section 4(e) below, in the event that the Executive incurs a Separation from Service during the Employment Period by reason of a Non-Renewal of the Employment Period by the Company and the Executive is willing and able, at the time of such Non-Renewal, to continue performing services on the terms and conditions set forth herein for the Renewal Year that would have occurred but for the Non-Renewal, then the Executive shall be entitled to the payments and benefits provided in Section 4(a) hereof, subject to the terms and conditions of Section 4(a) (including, without limitation, the Release requirement contained therein).

(c) For Cause, Without Good Reason or Other Terminations. If the Executive's employment shall be terminated by the Company for Cause, by the Executive without Good Reason or for any other reason not enumerated in this Section 4, in any case, during the Employment Period, the Company shall pay to the Executive the Accrued Obligations in cash within thirty (30) days after the Date of Termination (or by such earlier date as may be required by applicable law).

(d) Death or Disability. Subject to Section 4(e) below, if the Executive incurs a Separation from Service by reason of the Executive's death or Disability during the Employment Period:

(i) The Accrued Obligations shall be paid to the Executive's estate or beneficiaries or to the Executive, as applicable, in cash on or as soon as practicable following the Date of Termination;

(ii) Any Unpaid Bonus shall be paid to the Executive's estate or beneficiaries or to the Executive, as applicable, on the Date of Termination (or, if the amount of the Unpaid Bonus has not yet been determined as of the Date of Termination, such Unpaid Bonus shall be paid to the Executive's estate or beneficiaries or to the Executive, as applicable, on the date annual bonuses for the relevant fiscal year are paid to the Company's executives generally, but in no event later than March 15th of the calendar year following the end of the calendar year to which such Unpaid Bonus relates); and

(iii) Except to the extent an award agreement governing an equity award granted to the Executive specifically provides for the treatment of such equity award in the event of the Executive's termination as a result of his death or Disability, and provides that its terms shall supersede the provisions of this Section 4(d)(iii), in which case the terms of such award agreement shall govern, all outstanding equity awards held by the Executive on the Date of Termination shall immediately become fully vested and/or exercisable.

(e) Six-Month Delay. Notwithstanding anything to the contrary in this Agreement, no compensation or benefits, including without limitation any severance payments or benefits payable under Section 4 hereof, shall be paid to the Executive during the six (6)-month period following the Executive's Separation from Service if the Company determines that paying such amounts at the time or times indicated in this Agreement would be a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code. If the payment of any such amounts is delayed as a result of the previous sentence, then on the first business day following the end of such six (6)-month period (or such earlier date upon which such amount can be paid under Section 409A of the Code without resulting in a prohibited distribution, including as a result of the Executive's death), the Company shall pay the Executive a lump-sum amount equal to the cumulative amount that would have otherwise been payable to the Executive during such period.

(f) Exclusive Benefits. Except as expressly provided in this Section 4 and subject to Section 5 below, the Executive shall not be entitled to any additional payments or benefits upon or in connection with his termination of employment. In addition, the Executive acknowledges and agrees that he is not entitled to any reimbursement by the Company for any taxes payable by the Executive as a result of the payments and benefits received by the Executive pursuant to this Section 4, including, without limitation, any income or excise tax imposed by Sections 409A and 4999 of the Code.

(g) No Mitigation. The Executive shall not be required to mitigate the amount of any payment provided for in this Section 4 by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for in this Section 4 be reduced by any compensation earned by the Executive as the result of employment by another employer or self-employment or by retirement benefits; provided, however, that loans, advances (other than salary advances) or other amounts owed by the Executive to the Company under a written agreement may be offset by the Company against amounts payable to Executive under this Section 4.

5. Non-Exclusivity of Rights. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

6. Limitation on Payments.

(a) Notwithstanding any other provision of this Agreement, in the event that any payment or benefit received or to be received by the Executive (including any payment or benefit received in connection with a termination of the Executive's employment, whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement) (all such payments and benefits, including the payments and benefits under Section 4 hereof, being hereinafter referred to as the "Total Payments") would be subject (in whole or part), to the excise tax imposed under Section 4999 of the Code (the "Excise Tax"), then, after taking into account any reduction in the Total Payments provided by reason of Section 280G of the Code in such other plan, arrangement or agreement, the cash severance payments under this Agreement shall first be reduced, and the noncash severance payments hereunder shall thereafter be reduced, to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax but only if (i) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments) is greater than or equal to (ii) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of Excise Tax to which the Executive would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments). The Total Payments shall be reduced in the following order: (A) reduction of any cash severance payments otherwise payable to the Executive that are exempt from Section 409A of the Code; (B) reduction of any other cash payments or benefits otherwise payable to the Executive that are exempt from Section 409A of the Code, but excluding any payments attributable to any acceleration of vesting or payments with respect to any equity award that are exempt from Section 409A of the Code; (C) reduction of any other payments or benefits otherwise payable to Executive on a pro-rata basis or such other manner that complies with Section 409A of the Code, but excluding any payments attributable to any acceleration of vesting and payments with respect to any equity award that are exempt from Section 409A of the Code; and (D) reduction of any payments attributable to any acceleration of vesting or payments with respect to any equity

award that are exempt from Section 409A of the Code, in each case beginning with payments that would otherwise be made last in time.

(b) For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax, (i) no portion of the Total Payments the receipt or enjoyment of which the Executive shall have waived at such time and in such manner as not to constitute a "payment" within the meaning of Section 280G(b) of the Code shall be taken into account; (ii) no portion of the Total Payments shall be taken into account which, in the written opinion of independent auditors of nationally recognized standing ("Independent Advisors") selected by the Company, does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Total Payments shall be taken into account which, in the opinion of Independent Advisors, constitutes reasonable compensation for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the Base Amount (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation; and (iii) the value of any non cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the Independent Advisors in accordance with the principles of Sections 280G(d)(3) and (4) of the Code.

7. Confidential Information and Non-Solicitation.

(a) The Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company and its subsidiaries and affiliates, which shall have been obtained by the Executive in connection with the Executive's employment by the Company and which shall not be or become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement). After termination of the Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data, to anyone other than the Company and those designated by it; provided, however, that if the Executive receives actual notice that the Executive is or may be required by law or legal process to communicate or divulge any such information, knowledge or data, the Executive shall promptly so notify the Company.

(b) While employed by the Company and, for a period of one (1) year after the Date of Termination, the Executive shall not directly or indirectly solicit, induce, or encourage any employee or consultant of any member of the Company and its subsidiaries and affiliates to terminate their employment or other relationship with the Company and its subsidiaries and affiliates or to cease to render services to any member of the Company and its subsidiaries and affiliates and the Executive shall not initiate discussion with any such person for any such purpose or authorize or knowingly cooperate with the taking of any such actions by any other individual or entity. During his employment with the Company and thereafter, the Executive shall not use any trade secret of the Company or its subsidiaries or affiliates to solicit, induce, or encourage any customer, client, vendor, or other party doing business with any member of the Company and its subsidiaries and affiliates to terminate its relationship therewith or transfer its business from any member of the Company and its subsidiaries and affiliates and

the Executive shall not initiate discussion with any such person for any such purpose or authorize or knowingly cooperate with the taking of any such actions by any other individual or entity.

(c) In recognition of the facts that irreparable injury will result to the Company in the event of a breach by the Executive of his obligations under Sections 7(a) and (b) hereof, that monetary damages for such breach would not be readily calculable, and that the Company would not have an adequate remedy at law therefor, the Executive acknowledges, consents and agrees that in the event of such breach, or the threat thereof, the Company shall be entitled, in addition to any other legal remedies and damages available, to specific performance thereof and to temporary and permanent injunctive relief (without the necessity of posting a bond) to restrain the violation or threatened violation of such obligations by the Executive.

8. Representations. The Executive hereby represents and warrants to the Company that (a) the Executive is entering into this Agreement voluntarily and that the performance of his obligations hereunder will not violate any agreement between the Executive and any other person, firm, organization or other entity, and (b) the Executive is not bound by the terms of any agreement with any previous employer or other party to refrain from competing, directly or indirectly, with the business of such previous employer or other party that would be violated by his entering into this Agreement and/or providing services to the Company pursuant to the terms of this Agreement.

9. Successors.

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

10. Payment of Financial Obligations. The payment or provision to the Executive by the Company of any remuneration, benefits or other financial obligations pursuant to this Agreement shall be allocated among the Operating Partnership, the REIT and any subsidiary or affiliate thereof in such manner as such entities determine in order to reflect the services provided by the Executive to such entities; provided, however, that the Operating Partnership and the REIT shall be jointly and severally liable for such obligations.

11. Miscellaneous.

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

(b) Notices. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive: at the Executive's most recent address on the records of the Company.

If to the REIT or the Operating Partnership:

American Assets Trust, Inc.
11455 El Camino Real, Suite 200
San Diego, CA 92130
Attn: General Counsel

with a copy to:

Latham & Watkins
355 South Grand Ave.
Los Angeles, CA 90071-1560
Attn: Julian Kleindorfer

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) Sarbanes-Oxley Act of 2002. Notwithstanding anything herein to the contrary, if the Company determines, in its good faith judgment, that any transfer or deemed transfer of funds hereunder is likely to be construed as a personal loan prohibited by Section 13(k) of the Exchange Act and the rules and regulations promulgated thereunder, then such transfer or deemed transfer shall not be made to the extent necessary or appropriate so as not to violate the Exchange Act and the rules and regulations promulgated thereunder.

(d) Section 409A of the Code.

(i) To the extent applicable, this Agreement shall be interpreted in accordance with Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder. Notwithstanding any provision of this Agreement to the contrary, if the Company determines that any compensation or benefits payable under this Agreement may be subject to Section 409A of the Code and related Department of Treasury guidance, the Company shall work in good faith with the Executive to adopt such amendments to

this Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Company determines are necessary or appropriate to avoid the imposition of taxes under Section 409A of the Code, including without limitation, actions intended to (i) exempt the compensation and benefits payable under this Agreement from Section 409A of the Code, and/or (ii) comply with the requirements of Section 409A of the Code and related Department of Treasury guidance; provided, however, that this Section 11(d) shall not create an obligation on the part of the Company to adopt any such amendment, policy or procedure or take any such other action, nor shall the Company have any liability for failing to do so. Each series of installment payments made under this Agreement is hereby designated as a series of "separate payments" within the meaning of Section 409A of the Code.

(ii) To the extent permitted under Section 409A of the Code, any separate payment or benefit under this Agreement or otherwise shall not be deemed "nonqualified deferred compensation" subject to Section 409A of the Code and Section 4(e) hereof to the extent provided in the exceptions in Treasury Regulation Section 1.409A-1(b)(4), Section 1.409A-1(b)(9) or any other applicable exception or provision of Section 409A of the Code.

(iii) To the extent that any payments or reimbursements provided to the Executive under this Agreement, including, without limitation, pursuant to Section 2(b)(vi), are deemed to constitute compensation to the Executive to which Treasury Regulation Section 1.409A-3(i)(1)(iv) would apply, such amounts shall be paid or reimbursed reasonably promptly, but not later than December 31 of the year following the year in which the expense was incurred. The amount of any such payments eligible for reimbursement in one year shall not affect the payments or expenses that are eligible for payment or reimbursement in any other taxable year, and the Executive's right to such payments or reimbursement of any such expenses shall not be subject to liquidation or exchange for any other benefit.

(e) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(f) Withholding. The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(g) No Waiver. The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason pursuant to Section 3(c) hereof, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(h) Entire Agreement. This Agreement, together with the Indemnification Agreement and the Restricted Stock Award Agreements, constitutes the final, complete and exclusive agreement between the Executive and the Company with respect to the subject matter

hereof and replaces and supersedes any and all other agreements, offers or promises, whether oral or written, by any member of the Company and its subsidiaries and affiliates (a "Predecessor Employer"), or representative thereof, whose business or assets any member of the Company and its subsidiaries and affiliates succeeded to in connection with the initial public offering of the common stock of the REIT or the transactions related thereto, including, without limitation, the Original Agreement.

(i) Amendment. No amendment or other modification of this Agreement shall be effective unless made in writing and signed by the parties hereto.

(j) Counterparts. This Agreement and any agreement referenced herein may be executed simultaneously in two or more counterparts, each of which shall be deemed an original but which together shall constitute one and the same instrument.

(k) Right to Advice of Counsel. The Executive acknowledges that he has the right to, and has been advised to, consult with an attorney regarding the execution of this Agreement, including, without limitation, as to the effect of the amendment and restatement of the Original Agreement, and any release hereunder; by his signature below, the Executive acknowledges that he understands this right and has either consulted with an attorney regarding the execution of this Agreement and the resulting amendment and restatement of the Original Agreement or determined not to do so.

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from the Board, each of the REIT and the Operating Partnership has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

AMERICAN ASSETS TRUST, INC.,
a Maryland corporation

By: /s/ JOHN W. CHAMBERLAIN
Name: John W. Chamberlain
Title: CEO

AMERICAN ASSETS TRUST, L.P.,
a Maryland limited partnership

By: AMERICAN ASSETS TRUST, INC.
Its: General Partner

By: /s/ JOHN W. CHAMBERLAIN
Name: John W. Chamberlain
Title: CEO

"EXECUTIVE"

/s/ ERNEST S. RADY
Ernest S. Rady

EXHIBIT A

INDEMNIFICATION AGREEMENT

EXHIBIT B

GENERAL RELEASE

For valuable consideration, the receipt and adequacy of which are hereby acknowledged, the undersigned does hereby release and forever discharge the "Releasees" hereunder, consisting of American Assets Trust, Inc., a Maryland corporation, American Assets Trust, L.P., a Maryland limited partnership, and each of their partners, subsidiaries, associates, affiliates, successors, heirs, assigns, agents, directors, officers, employees, representatives, lawyers, insurers, and all persons acting by, through, under or in concert with them, or any of them, of and from any and all manner of action or actions, cause or causes of action, in law or in equity, suits, debts, liens, contracts, agreements, promises, liability, claims, demands, damages, losses, costs, attorneys' fees or expenses, of any nature whatsoever, known or unknown, fixed or contingent (hereinafter called "Claims"), which the undersigned now has or may hereafter have against the Releasees, or any of them, by reason of any matter, cause, or thing whatsoever from the beginning of time to the date hereof. The Claims released herein include, without limiting the generality of the foregoing, any Claims in any way arising out of, based upon, or related to the employment or termination of employment of the undersigned by the Releasees, or any of them; any alleged breach of any express or implied contract of employment; any alleged torts or other alleged legal restrictions on Releasees' right to terminate the employment of the undersigned; and any alleged violation of any federal, state or local statute or ordinance including, without limitation, Title VII of the Civil Rights Act of 1964, the Age Discrimination In Employment Act, the Americans With Disabilities Act, and the California Fair Employment and Housing Act. Notwithstanding the foregoing, this Release shall not operate to release any rights or claims of the undersigned (i) to payments or benefits under either Section 4(a) or 4(b) of that certain Amended and Restated Employment Agreement, dated as of January 1, 2014, among American Assets Trust, Inc., American Assets Trust, L.P. and the undersigned (the "Employment Agreement"), whichever is applicable to the payments and benefits provided in exchange for this release, (ii) to payments or benefits under the Restricted Stock Award Agreements (as defined in the Employment Agreement), (iii) with respect to Section 2(b)(vi) or 6 of the Employment Agreement, (iv) to accrued or vested benefits the undersigned may have, if any, as of the date hereof under any applicable plan, policy, practice, program, contract or agreement with the Company, (v) to indemnification and/or advancement of expenses pursuant to the Indemnification Agreement (as defined in the Employment Agreement), (vi) for unemployment compensation or any state disability insurance benefits pursuant to the terms of applicable state law, or (vii) for workers' compensation insurance benefits under the terms of any worker's compensation insurance policy or fund of the Company.

THE UNDERSIGNED ACKNOWLEDGES THAT HE HAS BEEN ADVISED BY LEGAL COUNSEL AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

THE UNDERSIGNED, BEING AWARE OF SAID CODE SECTION, HEREBY EXPRESSLY WAIVES ANY RIGHTS HE MAY HAVE THEREUNDER, AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT.

IN ACCORDANCE WITH THE OLDER WORKERS BENEFIT PROTECTION ACT OF 1990, THE UNDERSIGNED IS HEREBY ADVISED AS FOLLOWS:

(A) HE HAS THE RIGHT TO CONSULT WITH AN ATTORNEY BEFORE SIGNING THIS RELEASE;

(B) HE HAS TWENTY-ONE (21) DAYS TO CONSIDER THIS RELEASE BEFORE SIGNING IT; AND

(C) HE HAS SEVEN (7) DAYS AFTER SIGNING THIS RELEASE TO REVOKE THIS RELEASE, AND THIS RELEASE WILL BECOME EFFECTIVE UPON THE EXPIRATION OF THAT REVOCATION PERIOD.

The undersigned represents and warrants that there has been no assignment or other transfer of any interest in any Claim which he may have against Releasees, or any of them, and the undersigned agrees to indemnify and hold Releasees, and each of them, harmless from any liability, Claims, demands, damages, costs, expenses and attorneys' fees incurred by Releasees, or any of them, as the result of any such assignment or transfer or any rights or Claims under any such assignment or transfer. It is the intention of the parties that this indemnity does not require payment as a condition precedent to recovery by the Releasees against the undersigned under this indemnity.

The undersigned agrees that if he hereafter commences any suit arising out of, based upon, or relating to any of the Claims released hereunder or in any manner asserts against Releasees, or any of them, any of the Claims released hereunder, then the undersigned agrees to pay to Releasees, and each of them, in addition to any other damages caused to Releasees thereby, all attorneys' fees incurred by Releasees in defending or otherwise responding to said suit or Claim.

The undersigned further understands and agrees that neither the payment of any sum of money nor the execution of this Release shall constitute or be construed as an admission of any liability whatsoever by the Releasees, or any of them, who have consistently taken the position that they have no liability whatsoever to the undersigned.

IN WITNESS WHEREOF, the undersigned has executed this Release this 25th day of March, 2014.

/s/ ERNEST S. RADY

Ernest S. Rady

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "Agreement"), effective as of March 25, 2014 (the "Effective Date"), is entered into by and among American Assets Trust, Inc., a Maryland corporation (the "REIT"), American Assets Trust, L.P., a Maryland limited partnership (the "Operating Partnership") and John W. Chamberlain (the "Executive").

WHEREAS, the Executive is a party to that certain Employment Agreement dated as of January 19, 2011 (the "Original Agreement") with the REIT and the Operating Partnership (collectively, the "Company"); and

WHEREAS, the parties desire to amend the terms of the Original Agreement on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements set forth below, the parties hereto agree as follows:

1. Employment Period. Subject to the provisions for earlier termination hereinafter provided, the Executive's employment hereunder shall be for a term (as extended pursuant to this Section 1, the "Employment Period") commencing on the Effective Date and ending on the first anniversary of the Effective Date (unless the Executive's employment is terminated prior to such date pursuant to Section 3 below) (the "Initial Termination Date"); provided, however, that the Employment Period shall automatically be extended for one additional year on the Initial Termination Date and on each subsequent anniversary of the Initial Termination Date thereafter (each such extension, a "Renewal Year"), unless either the Executive or the Company elects not to so extend the Employment Period by notifying the other party, in writing, of such election (a "Non-Renewal") not less than sixty (60) days prior to the last day of the Employment Period as then in effect.

2. Terms of Employment.

(a) Position and Duties.

(i) During the Employment Period, the Executive shall serve as Chief Executive Officer and President of the REIT and the Operating Partnership, and shall perform such employment duties as are usual and customary for such positions. The Executive shall report directly to the Board of Directors of the REIT (the "Board"). In addition, during the Employment Period, the Company shall cause the Executive to be nominated to stand for election to the Board at any meeting of stockholders of the REIT during which any such election is held and the Executive's term as director will expire if he is not reelected; provided, however, that the Company shall not be obligated to cause such nomination if any of the events constituting Cause (as defined below) have occurred and not been cured. Provided that the Executive is so nominated and is elected to the Board, the Executive hereby agrees to serve as a member of the Board. At the Company's request, the Executive shall serve the Company and/or its subsidiaries and

affiliates in other capacities in addition to the foregoing consistent with the Executive's position as Chief Executive Officer and President of the REIT and the Operating Partnership. In the event that the Executive, during the Employment Period, serves in any one or more of such additional capacities, the Executive's compensation shall not be increased beyond that specified in Section 2(b) hereof. In addition, in the event the Executive's service in one or more of such additional capacities is terminated, the Executive's compensation, as specified in Section 2(b) hereof, shall not be diminished or reduced in any manner as a result of such termination provided that the Executive otherwise remains employed under the terms of this Agreement.

(ii) During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive may be entitled, the Executive agrees to devote his full business time and attention to the business and affairs of the Company. Notwithstanding the foregoing, during the Employment Period, it shall not be a violation of this Agreement for the Executive to (A) serve on boards, committees or similar bodies of charitable or nonprofit organizations, including, without limitation, the Executive's continued service on the board of directors of American Assets, Inc., (B) fulfill limited teaching, speaking and writing engagements, and (C) manage his personal investments, in each case, so long as such activities do not materially interfere or conflict with the performance of the Executive's duties and responsibilities under this Agreement.

(iii) During the Employment Period, the Executive shall perform the services required by this Agreement at the Company's principal offices located in San Diego, California (the "Principal Location"), except for travel to other locations as may be necessary to fulfill the Executive's duties and responsibilities hereunder.

(b) Compensation, Benefits, Etc.

(i) Base Salary. During the Employment Period, the Executive shall receive a base salary (the "Base Salary") of $490,000 per annum. The Base Salary shall be reviewed annually by the Compensation Committee (the "Compensation Committee") of the Board and may be increased from time to time by the Compensation Committee in its sole discretion. The Base Salary shall be paid in accordance with the Company's normal payroll practices for executive salaries generally, but no less often than monthly. The Base Salary shall not be reduced after any increase in accordance herewith and the term "Base Salary" as utilized in this Agreement shall refer to Base Salary as so increased.

(ii) Annual Bonus. In addition to the Base Salary, the Executive shall be eligible to earn, for each fiscal year of the Company ending during the Employment Period, an annual cash performance bonus (an "Annual Bonus") under the Company's bonus plan or program applicable to senior executives. The Executive's target Annual Bonus shall be one hundred twenty-five percent (125%) of his Base Salary actually paid for such year. The amount of the Annual Bonus, if any, shall be determined by the Compensation Committee in its sole discretion based on such performance criteria as the Compensation Committee shall determine in its sole discretion. Except as otherwise

provided in Section 4(a) or 4(d) below, the Executive must be employed on the date of payment of the Annual Bonus in order to be eligible to receive an Annual Bonus for such fiscal year. The Executive acknowledges and agrees that nothing contained herein confers on the Executive any right to an Annual Bonus in any year, and that whether the Company pays him an Annual Bonus and the amount of any such Annual Bonus shall be determined by the Compensation Committee in its sole discretion.

(iii) Restricted Stock Awards.

(A) In connection with the execution of the Original Agreement, the REIT issued to the Executive awards of Restricted Stock (as defined in the Company's 2011 Equity Incentive Award Plan (the "Incentive Plan")), as follows:

(1) an award of Restricted Stock with respect to ninety thousand (90,000) shares of the REIT's common stock (the "Time Vesting Restricted Stock Award"); and

(2) an award of Restricted Stock with respect to one hundred thirty-five thousand (135,000) shares of the REIT's common stock (the "Performance Vesting Restricted Stock Award" and together with the Time Vesting Restricted Stock Award, the "Original Restricted Stock Awards").

(B) Each year during the Employment Period, the REIT shall issue to the Executive an additional award of Restricted Stock. It is the intention of the Company that the annual Restricted Stock Awards, together with the Base Salary and Annual Bonus, will provide the Executive with total annual compensation at no less than the median of similarly-situated executive officers among the Company's current peer group for compensation purposes (as determined based on the Executive's duties, authority and responsibilities (and not solely by reference to title) in the reasonable discretion of the Compensation Committee), and that each such annual Restricted Stock Award will have an aggregate value on the date of grant (at the target vesting level) of $600,000 (which amount may be increased or decreased by the Compensation Committee each year based on its consideration of such comparable peer group compensation data) (each, an "Annual Restricted Stock Award," and together with the Original Restricted Stock Awards, the "Restricted Stock Awards"). Subject to the Executive's continued employment with the Company through each such date, the Annual Restricted Stock Awards shall vest based on the satisfaction by the REIT of performance objectives established by the Compensation Committee and such other conditions set forth in the applicable award agreement.

(C) The terms and conditions of each Restricted Stock Award shall be set forth in separate award agreements in a form prescribed by the Company (the "Restricted Stock Award Agreements"), to be entered into by the Company and the Executive, which shall evidence the grant of the Restricted Stock Awards.

(D) Immediately prior to a Change in Control of the Company (as defined in the Incentive Plan), the Original Restricted Stock Awards shall, to the extent not previously vested, become fully vested and nonforfeitable.

(iv) Incentive, Savings and Retirement Plans. During the Employment Period, the Executive shall be eligible to participate in all other incentive plans, practices, policies and programs, and all savings and retirement plans, practices, policies and programs, in each case that are available generally to senior executives of the Company.

(v) Welfare Benefit Plans. During the Employment Period, the Executive and the Executive's eligible family members shall be eligible for participation in the welfare benefit plans, practices, policies and programs (including, if applicable, medical, dental, disability, employee life, group life and accidental death insurance plans and programs) maintained by the Company for its senior executives.

(vi) Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable business expenses incurred by the Executive in accordance with the policies, practices and procedures of the Company provided to senior executives of the Company.

(vii) Fringe Benefits. During the Employment Period, the Executive shall be entitled to such fringe benefits and perquisites as are provided by the Company to its senior executives from time to time, in accordance with the policies, practices and procedures of the Company, and shall receive such additional fringe benefits and perquisites as the Company may, in its discretion, from time-to-time provide.

(viii) Vacation. During the Employment Period, the Executive shall be entitled to paid vacation in accordance with the plans, policies, programs and practices of the Company applicable to its senior executives but in no event less than five (5) weeks per calendar year.

(ix) Indemnification Agreement. The parties have entered into an Indemnification Agreement dated as of January 19, 2011 (the "Indemnification Agreement"), which Indemnification Agreement is attached hereto as Exhibit A.

3. Termination of Employment.

(a) Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. Either the Company or the Executive may terminate the Executive's employment in the event of the Executive's Disability during the Employment Period. For purposes of this Agreement, "Disability" shall mean the absence of the Executive from the Executive's duties with the Company on a full-time basis for ninety (90) consecutive days or for a total of one hundred eighty (180) days in any twelve (12)-month period, in either case as a result of incapacity due to mental or physical illness which is determined to be total and permanent by a physician selected by the Company or its insurers and reasonably acceptable to the Executive or the Executive's legal representative.

(b) Cause. The Company may terminate the Executive's employment during the Employment Period for Cause or without Cause. For purposes of this Agreement, "Cause" shall mean the occurrence of any one or more of the following events unless, to the extent capable of correction, the Executive fully corrects the circumstances constituting Cause within fifteen (15) days after receipt of the Notice of Termination (as defined below):

(i) the Executive's willful and continued failure to substantially perform his duties with the Company (other than any such failure resulting from the Executive's incapacity due to physical or mental illness or any such actual or anticipated failure after his issuance of a Notice of Termination for Good Reason), after a written demand for substantial performance is delivered to the Executive by the Board, which demand specifically identifies the manner in which the Board believes that the Executive has not substantially performed his duties;

(ii) the Executive's willful commission of an act of fraud or dishonesty resulting in reputational, economic or financial injury to the Company;

(iii) the Executive's commission of, or entry by the Executive of a guilty or no contest plea to, a felony or a crime involving moral turpitude;

(iv) a willful breach by the Executive of his fiduciary duty to the Company which results in reputational, economic or other injury to the Company; or

(v) the Executive's willful and material breach of the Executive's obligations under a written agreement between the Company and the Executive, including without limitation, such a breach of this Agreement.

For purposes of this provision, no act or failure to act, on the part of the Executive, shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or based upon the advice of counsel for the Company shall be presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company.

(c) Good Reason. The Executive's employment may be terminated by the Executive for Good Reason or by the Executive without Good Reason. For purposes of this Agreement, "Good Reason" shall mean the occurrence of any one or more of the following events without the Executive's prior written consent:

(i) the assignment to the Executive of any duties materially inconsistent in any respect with the Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 2(a) hereof, or any other action by the Company which results in a material diminution in such position, authority, duties or responsibilities, excluding for this purpose any isolated, insubstantial or inadvertent actions not taken in bad faith and which are remedied by the Company promptly after receipt of notice thereof given by the Executive;

(ii) the Company's material reduction of the Executive's Base Salary;

(iii) a material change in the geographic location of the Principal Location which shall, in any event, include only a relocation of the Principal Location by more than thirty (30) miles from its existing location;

(iv) the Company's material breach of its obligations under this Agreement.

Notwithstanding the foregoing, the Executive will not be deemed to have resigned for Good Reason unless (1) the Executive provides the Company with written notice setting forth in reasonable detail the facts and circumstances claimed by the Executive to constitute Good Reason within sixty (60) days after the date of the occurrence of any event that the Executive knows or should reasonably have known to constitute Good Reason, (2) the Company fails to cure such acts or omissions within thirty (30) days following its receipt of such notice, and (3) the effective date of the Executive's termination for Good Reason occurs no later than thirty (30) days after the expiration of the cure period.

(d) Notice of Termination. Any termination by the Company for Cause, or by the Executive for Good Reason, shall be communicated by a Notice of Termination to the other parties hereto given in accordance with Section 11(b) hereof. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than thirty (30) days after the giving of such notice). The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

(e) Termination of Offices and Directorships. Upon termination of the Executive's employment for any reason, unless otherwise specified in a written agreement between the Executive and the Company, the Executive shall be deemed to have resigned from all offices, directorships, and other employment positions if any, then held with the Company, and shall take all actions reasonably requested by the Company to effectuate the foregoing.

4. Obligations of the Company upon Termination.

(a) Without Cause or For Good Reason. Subject to Section 4(e) below, if the Executive incurs a "separation from service" from the Company (within the meaning of Section 409A(a)(2)(A)(i) of the Internal Revenue Code of 1986, as amended (the "Code"), and Treasury Regulation Section 1.409A-1(h)) (a "Separation from Service") during the Employment Period by reason of (1) a termination of the Executive's employment by the Company without Cause (and other than by reason of the Executive's death or Disability), or (2) a termination of the Executive's employment by the Executive for Good Reason:

(i) The Executive shall be paid, in a single lump-sum payment on the date of the Executive's termination of employment, the aggregate amount of the Executive's earned but unpaid Base Salary and accrued but unpaid vacation pay through the date of such termination (the "Accrued Obligations") and any Annual Bonus required to be paid to the Executive pursuant to Section 2(b)(ii) above for any fiscal year of the Company that ends on or before the Date of Termination to the extent not previously paid (the "Unpaid Bonus") (or, if the amount of the Unpaid Bonus has not yet been determined as of the Date of Termination, such Unpaid Bonus shall be paid to the Executive on the date annual bonuses for the relevant fiscal year are paid to the Company's executives generally, but in no event later than March 15th of the calendar year following the end of the calendar year to which such Unpaid Bonus relates);

(ii) In addition, the Executive shall be paid, in a single lump-sum payment on the sixtieth (60^{th}) day after the date of the Executive's Separation from Service (such date, the "Date of Termination"), an amount equal to two (2) (the "Severance Multiple") times the sum of (A) the Base Salary in effect on the Date of Termination, plus (B) the Executive's Average Annual Bonus Amount (as defined below). For purposes of this Agreement, the Executive's "Average Annual Bonus Amount" shall be an amount equal to the average of the Annual Bonuses awarded to the Executive for each of the three (3) fiscal years prior to the Date of Termination. For purposes of determining the Executive's "Average Annual Bonus Amount," (x) to the extent the Executive received no Annual Bonus in any year due to a failure to meet the applicable performance objectives, such year will still be taken into account (using zero (0) as the applicable bonus) in determining the Executive's "Average Annual Bonus Amount," and (y) to the extent the Executive was not employed for an entire fiscal year, the Annual Bonus received by the Executive for such fiscal year shall be annualized for purposes of the preceding calculation. For the avoidance of doubt, for purposes of this Section 4(a)(ii), an Annual Bonus shall include any portion of the Executive's Annual Bonus received in the form of equity rather than cash, provided that any such equity award expressly

provides by its terms that it was issued in lieu of cash in payment of the Executive's Annual Bonus or a portion thereof.

(iii) Except to the extent an award agreement governing an equity award granted to Executive specifically provides for the treatment of such equity award in the event of Executive's termination of employment by the Company other than for Cause or Executive's resignation for Good Reason and provides that its terms shall supersede the provisions of this Section 4(a)(iii), in which case the terms of such award agreement shall govern, the vesting and/or exercisability of fifty percent (50%) of each of Executive's outstanding unvested equity awards shall be automatically accelerated on the Date of Termination (which percentage shall be increased to one hundred percent (100%) in the event the Executive's Date of Termination occurs within twelve (12) months following a Change in Control). In addition, notwithstanding anything to the contrary in the award agreements evidencing the Original Restricted Stock Awards, the Original Restricted Stock Awards shall, to the extent not previously vested, become fully vested and nonforfeitable on the Executive's Date of Termination.

(iv) For the period beginning on the Date of Termination and ending on the date which is twelve (12) full months following the Date of Termination (or, if earlier, (A) the date on which the applicable continuation period under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA") expires or (B) the date the Executive becomes eligible to receive the equivalent or increased healthcare coverage from a subsequent employer) (such period, the "COBRA Coverage Period"), if the Executive and his eligible dependents who were covered under the Company's health insurance plans as of the Date of Termination elect to have COBRA coverage and are eligible for such coverage, the Company shall pay the COBRA premiums necessary to continue health insurance coverage for the Executive and his covered dependents as in effect on the Date of Termination. If any of the Company's health benefits are self-funded as of the date of the Executive's Separation from Service, or if the Company cannot provide the foregoing benefits in a manner that is exempt from Section 409A (as defined below) or that is otherwise compliant with applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then in lieu of paying the COBRA premiums as set forth above, the Company shall instead pay to the Executive on the last day of each remaining month of the COBRA Coverage Period a fully taxable cash payment equal to the applicable COBRA premium for such month for the Executive and his covered dependents.

Notwithstanding the foregoing, it shall be a condition to the Executive's right to receive the amounts provided for in Sections 4(a)(ii), 4(a)(iii) and 4(a)(iv) above that the Executive execute and deliver to the Company an effective release of claims in substantially the form attached hereto as Exhibit B (the "Release") within twenty-one (21) days (or, to the extent required by law, forty-five (45) days) following the Date of Termination and that the Executive not revoke such Release during any applicable revocation period.

(b) Company Non-Renewal. Subject to Section 4(e) below, in the event that the Executive incurs a Separation from Service during the Employment Period by reason of a Non-Renewal of the Employment Period by the Company and the Executive is willing and able, at the time of such Non-Renewal, to continue performing services on the terms and conditions set forth herein for the Renewal Year that would have occurred but for the Non-Renewal, then the Executive shall be entitled to the payments and benefits provided in Section 4(a) hereof, subject to the terms and conditions of Section 4(a) (including, without limitation, the Release requirement contained therein).

(c) For Cause, Without Good Reason or Other Terminations. If the Executive's employment shall be terminated by the Company for Cause, by the Executive without Good Reason or for any other reason not enumerated in this Section 4, in any case, during the Employment Period, the Company shall pay to the Executive the Accrued Obligations in cash within thirty (30) days after the Date of Termination (or by such earlier date as may be required by applicable law).

(d) Death or Disability. Subject to Section 4(e) below, if the Executive incurs a Separation from Service by reason of the Executive's death or Disability during the Employment Period:

(i) The Accrued Obligations shall be paid to the Executive's estate or beneficiaries or to the Executive, as applicable, in cash on or as soon as practicable following the Date of Termination;

(ii) Any Unpaid Bonus shall be paid to the Executive's estate or beneficiaries or to the Executive, as applicable, on the Date of Termination (or, if the amount of the Unpaid Bonus has not yet been determined as of the Date of Termination, such Unpaid Bonus shall be paid to the Executive's estate or beneficiaries or to the Executive, as applicable, on the date annual bonuses for the relevant fiscal year are paid to the Company's executives generally, but in no event later than March 15th of the calendar year following the end of the calendar year to which such Unpaid Bonus relates); and

(iii) Except to the extent an award agreement governing an equity award granted to the Executive specifically provides for the treatment of such equity award in the event of the Executive's termination as a result of his death or Disability, and provides that its terms shall supersede the provisions of this Section 4(d)(iii), in which case the terms of such award agreement shall govern, all outstanding equity awards held by the Executive on the Date of Termination shall immediately become fully vested and/or exercisable.

(e) Six-Month Delay. Notwithstanding anything to the contrary in this Agreement, no compensation or benefits, including without limitation any severance payments or benefits payable under Section 4 hereof, shall be paid to the Executive during the six (6)-month period following the Executive's Separation from Service if the Company determines that paying such amounts at the time or times indicated in this Agreement would be a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code. If the payment of any such amounts is delayed as a result of the previous sentence, then on the first business day following the end of such six (6)-month period (or such earlier date upon which such amount can be paid under Section 409A of the Code without resulting in a prohibited distribution, including as a result of the Executive's death), the Company shall pay the Executive a lump-sum amount equal to the cumulative amount that would have otherwise been payable to the Executive during such period.

(f) Exclusive Benefits. Except as expressly provided in this Section 4 and subject to Section 5 below, the Executive shall not be entitled to any additional payments or benefits upon or in connection with his termination of employment. In addition, the Executive acknowledges and agrees that he is not entitled to any reimbursement by the Company for any taxes payable by the Executive as a result of the payments and benefits received by the Executive pursuant to this Section 4, including, without limitation, any income or excise tax imposed by Sections 409A and 4999 of the Code.

(g) No Mitigation. The Executive shall not be required to mitigate the amount of any payment provided for in this Section 4 by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for in this Section 4 be reduced by any compensation earned by the Executive as the result of employment by another employer or self-employment or by retirement benefits; provided, however, that loans, advances (other than salary advances) or other amounts owed by the Executive to the Company under a written agreement may be offset by the Company against amounts payable to Executive under this Section 4.

5. Non-Exclusivity of Rights. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

6. Limitation on Payments.

(a) Notwithstanding any other provision of this Agreement, in the event that any payment or benefit received or to be received by the Executive (including any payment or benefit received in connection with a termination of the Executive's employment, whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement) (all such payments and benefits, including the payments and benefits under Section 4 hereof, being hereinafter referred to as the "Total Payments") would be subject (in whole or part), to the excise tax imposed under Section 4999 of the Code (the "Excise Tax"), then, after taking into account any reduction in the Total Payments provided by reason of Section 280G of the Code in such other plan, arrangement or agreement, the cash severance payments under this Agreement shall first be reduced, and the noncash severance payments hereunder shall thereafter be reduced, to

the extent necessary so that no portion of the Total Payments is subject to the Excise Tax but only if (i) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments) is greater than or equal to (ii) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of Excise Tax to which the Executive would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments). The Total Payments shall be reduced in the following order: (A) reduction of any cash severance payments otherwise payable to the Executive that are exempt from Section 409A of the Code; (B) reduction of any other cash payments or benefits otherwise payable to the Executive that are exempt from Section 409A of the Code, but excluding any payments attributable to any acceleration of vesting or payments with respect to any equity award that are exempt from Section 409A of the Code; (C) reduction of any other payments or benefits otherwise payable to Executive on a pro-rata basis or such other manner that complies with Section 409A of the Code, but excluding any payments attributable to any acceleration of vesting and payments with respect to any equity award that are exempt from Section 409A of the Code; and (D) reduction of any payments attributable to any acceleration of vesting or payments with respect to any equity award that are exempt from Section 409A of the Code, in each case beginning with payments that would otherwise be made last in time.

(b) For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax, (i) no portion of the Total Payments the receipt or enjoyment of which the Executive shall have waived at such time and in such manner as not to constitute a “payment” within the meaning of Section 280G(b) of the Code shall be taken into account; (ii) no portion of the Total Payments shall be taken into account which, in the written opinion of independent auditors of nationally recognized standing (“Independent Advisors”) selected by the Company, does not constitute a “parachute payment” within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Total Payments shall be taken into account which, in the opinion of Independent Advisors, constitutes reasonable compensation for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the Base Amount (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation; and (iii) the value of any non cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the Independent Advisors in accordance with the principles of Sections 280G(d)(3) and (4) of the Code.

7. Confidential Information and Non-Solicitation.

(a) The Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company and its subsidiaries and affiliates, which shall have been obtained by the Executive in connection with the Executive’s employment by the Company and which shall not be or become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement). After termination of the Executive’s employment with the Company, the

Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data, to anyone other than the Company and those designated by it; provided, however, that if the Executive receives actual notice that the Executive is or may be required by law or legal process to communicate or divulge any such information, knowledge or data, the Executive shall promptly so notify the Company.

(b) While employed by the Company and, for a period of one (1) year after the Date of Termination, the Executive shall not directly or indirectly solicit, induce, or encourage any employee or consultant of any member of the Company and its subsidiaries and affiliates to terminate their employment or other relationship with the Company and its subsidiaries and affiliates or to cease to render services to any member of the Company and its subsidiaries and affiliates and the Executive shall not initiate discussion with any such person for any such purpose or authorize or knowingly cooperate with the taking of any such actions by any other individual or entity. During his employment with the Company and thereafter, the Executive shall not use any trade secret of the Company or its subsidiaries or affiliates to solicit, induce, or encourage any customer, client, vendor, or other party doing business with any member of the Company and its subsidiaries and affiliates to terminate its relationship therewith or transfer its business from any member of the Company and its subsidiaries and affiliates and the Executive shall not initiate discussion with any such person for any such purpose or authorize or knowingly cooperate with the taking of any such actions by any other individual or entity.

(c) In recognition of the facts that irreparable injury will result to the Company in the event of a breach by the Executive of his obligations under Sections 7(a) and (b) hereof, that monetary damages for such breach would not be readily calculable, and that the Company would not have an adequate remedy at law therefor, the Executive acknowledges, consents and agrees that in the event of such breach, or the threat thereof, the Company shall be entitled, in addition to any other legal remedies and damages available, to specific performance thereof and to temporary and permanent injunctive relief (without the necessity of posting a bond) to restrain the violation or threatened violation of such obligations by the Executive.

8. Representations. The Executive hereby represents and warrants to the Company that (a) the Executive is entering into this Agreement voluntarily and that the performance of his obligations hereunder will not violate any agreement between the Executive and any other person, firm, organization or other entity, and (b) the Executive is not bound by the terms of any agreement with any previous employer or other party to refrain from competing, directly or indirectly, with the business of such previous employer or other party that would be violated by his entering into this Agreement and/or providing services to the Company pursuant to the terms of this Agreement.

9. Successors.

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive’s legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

10. Payment of Financial Obligations. The payment or provision to the Executive by the Company of any remuneration, benefits or other financial obligations pursuant to this Agreement shall be allocated among the Operating Partnership, the REIT and any subsidiary or affiliate thereof in such manner as such entities determine in order to reflect the services provided by the Executive to such entities; provided, however, that the Operating Partnership and the REIT shall be jointly and severally liable for such obligations.

11. Miscellaneous.

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

(b) Notices. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive: at the Executive's most recent address on the records of the Company.

If to the REIT or the Operating Partnership:

American Assets Trust, Inc.
11455 El Camino Real, Suite 200
San Diego, CA 92130
Attn: General Counsel

with a copy to:

Latham & Watkins
355 South Grand Ave.
Los Angeles, CA 90071-1560
Attn: Julian Kleindorfer

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) Sarbanes-Oxley Act of 2002. Notwithstanding anything herein to the contrary, if the Company determines, in its good faith judgment, that any transfer or deemed transfer of funds hereunder is likely to be construed as a personal loan prohibited by Section 13(k) of the Exchange Act and the rules and regulations promulgated thereunder, then such transfer or deemed transfer shall not be made to the extent necessary or appropriate so as not to violate the Exchange Act and the rules and regulations promulgated thereunder.

(d) Section 409A of the Code.

(i) To the extent applicable, this Agreement shall be interpreted in accordance with Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder. Notwithstanding any provision of this Agreement to the contrary, if the Company determines that any compensation or benefits payable under this Agreement may be subject to Section 409A of the Code and related Department of Treasury guidance, the Company shall work in good faith with the Executive to adopt such amendments to this Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Company determines are necessary or appropriate to avoid the imposition of taxes under Section 409A of the Code, including without limitation, actions intended to (i) exempt the compensation and benefits payable under this Agreement from Section 409A of the Code, and/or (ii) comply with the requirements of Section 409A of the Code and related Department of Treasury guidance; provided, however, that this Section 11(d) shall not create an obligation on the part of the Company to adopt any such amendment, policy or procedure or take any such other action, nor shall the Company have any liability for failing to do so. Each series of installment payments

made under this Agreement is hereby designated as a series of "separate payments" within the meaning of Section 409A of the Code.

(ii) To the extent permitted under Section 409A of the Code, any separate payment or benefit under this Agreement or otherwise shall not be deemed "nonqualified deferred compensation" subject to Section 409A of the Code and Section 4(e) hereof to the extent provided in the exceptions in Treasury Regulation Section 1.409A-1(b)(4), Section 1.409A-1(b)(9) or any other applicable exception or provision of Section 409A of the Code.

(iii) To the extent that any payments or reimbursements provided to the Executive under this Agreement, including, without limitation, pursuant to Section 2(b)(vi), are deemed to constitute compensation to the Executive to which Treasury Regulation Section 1.409A-3(i)(1)(iv) would apply, such amounts shall be paid or reimbursed reasonably promptly, but not later than December 31 of the year following the year in which the expense was incurred. The amount of any such payments eligible for reimbursement in one year shall not affect the payments or expenses that are eligible for payment or reimbursement in any other taxable year, and the Executive's right to such payments or reimbursement of any such expenses shall not be subject to liquidation or exchange for any other benefit.

(e) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(f) Withholding. The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(g) No Waiver. The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason pursuant to Section 3(c) hereof, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(h) Entire Agreement. This Agreement, together with the Indemnification Agreement and the Restricted Stock Award Agreements, constitutes the final, complete and exclusive agreement between the Executive and the Company with respect to the subject matter hereof and replaces and supersedes any and all other agreements, offers or promises, whether oral or written, by any member of the Company and its subsidiaries and affiliates (a "Predecessor Employer"), or representative thereof, whose business or assets any member of the Company and its subsidiaries and affiliates succeeded to in connection with the initial public offering of the common stock of the REIT or the transactions related thereto, including, without limitation, the Original Agreement.

(i) Amendment. No amendment or other modification of this Agreement shall be effective unless made in writing and signed by the parties hereto.

(j) Counterparts. This Agreement and any agreement referenced herein may be executed simultaneously in two or more counterparts, each of which shall be deemed an original but which together shall constitute one and the same instrument.

(k) Right to Advice of Counsel. The Executive acknowledges that he has the right to, and has been advised to, consult with an attorney regarding the execution of this Agreement, including, without limitation, as to the effect of the amendment and restatement of the Original Agreement, and any release hereunder; by his signature below, the Executive acknowledges that he understands this right and has either consulted with an attorney regarding the execution of this Agreement and the resulting amendment and restatement of the Original Agreement or determined not to do so.

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from the Board, each of the REIT and the Operating Partnership has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

AMERICAN ASSETS TRUST, INC.,
a Maryland corporation

By: /s/ ERNEST S. RADY
Name: Ernest S. Rady
Title: Executive Chairman

AMERICAN ASSETS TRUST, L.P.,
a Maryland limited partnership

By: AMERICAN ASSETS TRUST, INC.
Its: General Partner

By: /s/ ERNEST S. RADY
Name: Ernest S. Rady
Title: Executive Chairman

"EXECUTIVE"

/s/ JOHN W. CHAMBERLAIN
John W. Chamberlain

EXHIBIT A

INDEMNIFICATION AGREEMENT

EXHIBIT B

GENERAL RELEASE

For valuable consideration, the receipt and adequacy of which are hereby acknowledged, the undersigned does hereby release and forever discharge the "Releasees" hereunder, consisting of American Assets Trust, Inc., a Maryland corporation, American Assets Trust, L.P., a Maryland limited partnership, and each of their partners, subsidiaries, associates, affiliates, successors, heirs, assigns, agents, directors, officers, employees, representatives, lawyers, insurers, and all persons acting by, through, under or in concert with them, or any of them, of and from any and all manner of action or actions, cause or causes of action, in law or in equity, suits, debts, liens, contracts, agreements, promises, liability, claims, demands, damages, losses, costs, attorneys' fees or expenses, of any nature whatsoever, known or unknown, fixed or contingent (hereinafter called "Claims"), which the undersigned now has or may hereafter have against the Releasees, or any of them, by reason of any matter, cause, or thing whatsoever from the beginning of time to the date hereof. The Claims released herein include, without limiting the generality of the foregoing, any Claims in any way arising out of, based upon, or related to the employment or termination of employment of the undersigned by the Releasees, or any of them; any alleged breach of any express or implied contract of employment; any alleged torts or other alleged legal restrictions on Releasees' right to terminate the employment of the undersigned; and any alleged violation of any federal, state or local statute or ordinance including, without limitation, Title VII of the Civil Rights Act of 1964, the Age Discrimination In Employment Act, the Americans With Disabilities Act, and the California Fair Employment and Housing Act. Notwithstanding the foregoing, this Release shall not operate to release any rights or claims of the undersigned (i) to payments or benefits under either Section 4(a) or 4(b) of that certain Amended and Restated Employment Agreement, dated as of January 1, 2014, among American Assets Trust, Inc., American Assets Trust, L.P. and the undersigned (the "Employment Agreement"), whichever is applicable to the payments and benefits provided in exchange for this release, (ii) to payments or benefits under the Restricted Stock Award Agreements (as defined in the Employment Agreement), (iii) with respect to Section 2(b)(vi) or 6 of the Employment Agreement, (iv) to accrued or vested benefits the undersigned may have, if any, as of the date hereof under any applicable plan, policy, practice, program, contract or agreement with the Company, (v) to indemnification and/or advancement of expenses pursuant to the Indemnification Agreement (as defined in the Employment Agreement), (vi) for unemployment compensation or any state disability insurance benefits pursuant to the terms of applicable state law, or (vii) for workers' compensation insurance benefits under the terms of any worker's compensation insurance policy or fund of the Company.

THE UNDERSIGNED ACKNOWLEDGES THAT HE HAS BEEN ADVISED BY LEGAL COUNSEL AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

THE UNDERSIGNED, BEING AWARE OF SAID CODE SECTION, HEREBY EXPRESSLY WAIVES ANY RIGHTS HE MAY HAVE THEREUNDER, AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT.

IN ACCORDANCE WITH THE OLDER WORKERS BENEFIT PROTECTION ACT OF 1990, THE UNDERSIGNED IS HEREBY ADVISED AS FOLLOWS:

(A) HE HAS THE RIGHT TO CONSULT WITH AN ATTORNEY BEFORE SIGNING THIS RELEASE;

(B) HE HAS TWENTY-ONE (21) DAYS TO CONSIDER THIS RELEASE BEFORE SIGNING IT; AND

(C) HE HAS SEVEN (7) DAYS AFTER SIGNING THIS RELEASE TO REVOKE THIS RELEASE, AND THIS RELEASE WILL BECOME EFFECTIVE UPON THE EXPIRATION OF THAT REVOCATION PERIOD.

The undersigned represents and warrants that there has been no assignment or other transfer of any interest in any Claim which he may have against Releasees, or any of them, and the undersigned agrees to indemnify and hold Releasees, and each of them, harmless from any liability, Claims, demands, damages, costs, expenses and attorneys' fees incurred by Releasees, or any of them, as the result of any such assignment or transfer or any rights or Claims under any such assignment or transfer. It is the intention of the parties that this indemnity does not require payment as a condition precedent to recovery by the Releasees against the undersigned under this indemnity.

The undersigned agrees that if he hereafter commences any suit arising out of, based upon, or relating to any of the Claims released hereunder or in any manner asserts against Releasees, or any of them, any of the Claims released hereunder, then the undersigned agrees to pay to Releasees, and each of them, in addition to any other damages caused to Releasees thereby, all attorneys' fees incurred by Releasees in defending or otherwise responding to said suit or Claim.

The undersigned further understands and agrees that neither the payment of any sum of money nor the execution of this Release shall constitute or be construed as an admission of any liability whatsoever by the Releasees, or any of them, who have consistently taken the position that they have no liability whatsoever to the undersigned.

IN WITNESS WHEREOF, the undersigned has executed this Release this 25th day of March, 2014.

/s/ JOHN W. CHAMBERLAIN

John W. Chamberlain

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "Agreement"), effective as of March 25, 2014 (the "Effective Date"), is entered into by and among American Assets Trust, Inc., a Maryland corporation (the "REIT"), American Assets Trust, L.P., a Maryland limited partnership (the "Operating Partnership") and Robert F. Barton (the "Executive").

WHEREAS, the Executive is a party to that certain Employment Agreement dated as of January 19, 2011 (the "Original Agreement") with the REIT and the Operating Partnership (collectively, the "Company"); and

WHEREAS, the parties desire to amend the terms of the Original Agreement on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements set forth below, the parties hereto agree as follows:

1. Employment Period. Subject to the provisions for earlier termination hereinafter provided, the Executive's employment hereunder shall be for a term (as extended pursuant to this Section 1, the "Employment Period") commencing on the Effective Date and ending on the first anniversary of the Effective Date (unless the Executive's employment is terminated prior to such date pursuant to Section 3 below) (the "Initial Termination Date"); provided, however, that the Employment Period shall automatically be extended for one additional year on the Initial Termination Date and on each subsequent anniversary of the Initial Termination Date thereafter (each such extension, a "Renewal Year"), unless either the Executive or the Company elects not to so extend the Employment Period by notifying the other party, in writing, of such election (a "Non-Renewal") not less than sixty (60) days prior to the last day of the Employment Period as then in effect.

2. Terms of Employment.

(a) Position and Duties.

(i) During the Employment Period, the Executive shall serve as Executive Vice President and Chief Financial Officer of the REIT and the Operating Partnership, and shall perform such employment duties as are usual and customary for such positions. The Executive shall report directly to the Chief Executive Officer and President of the Company. At the Company's request, the Executive shall serve the Company and/or its subsidiaries and affiliates in other capacities in addition to the foregoing consistent with the Executive's position as Executive Vice President and Chief Financial Officer of the REIT and the Operating Partnership. In the event that the Executive, during the Employment Period, serves in any one or more of such additional capacities, the Executive's compensation shall not be increased beyond that specified in Section 2(b) hereof. In addition, in the event the Executive's service in one or more of such additional capacities is terminated, the Executive's compensation, as specified in

Section 2(b) hereof, shall not be diminished or reduced in any manner as a result of such termination provided that the Executive otherwise remains employed under the terms of this Agreement.

(ii) During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive may be entitled, the Executive agrees to devote his full business time and attention to the business and affairs of the Company. Notwithstanding the foregoing, during the Employment Period, it shall not be a violation of this Agreement for the Executive to (A) serve on boards, committees or similar bodies of charitable or nonprofit organizations, including, without limitation, the Executive's continued service on the board of directors of American Assets, Inc., (B) fulfill limited teaching, speaking and writing engagements, and (C) manage his personal investments, in each case, so long as such activities do not materially interfere or conflict with the performance of the Executive's duties and responsibilities under this Agreement.

(iii) During the Employment Period, the Executive shall perform the services required by this Agreement at the Company's principal offices located in San Diego, California (the "Principal Location"), except for travel to other locations as may be necessary to fulfill the Executive's duties and responsibilities hereunder.

(b) Compensation, Benefits, Etc.

(i) Base Salary. During the Employment Period, the Executive shall receive a base salary (the "Base Salary") of $360,000 per annum. The Base Salary shall be reviewed annually by the Compensation Committee (the "Compensation Committee") of the Board of Directors of the REIT (the "Board") and may be increased from time to time by the Compensation Committee in its sole discretion. The Base Salary shall be paid in accordance with the Company's normal payroll practices for executive salaries generally, but no less often than monthly. The Base Salary shall not be reduced after any increase in accordance herewith and the term "Base Salary" as utilized in this Agreement shall refer to Base Salary as so increased.

(ii) Annual Bonus. In addition to the Base Salary, the Executive shall be eligible to earn, for each fiscal year of the Company ending during the Employment Period, an annual cash performance bonus (an "Annual Bonus") under the Company's bonus plan or program applicable to senior executives. The Executive's target Annual Bonus shall be one hundred percent (100%) of his Base Salary actually paid for such year. The amount of the Annual Bonus, if any, shall be determined by the Compensation Committee in its sole discretion based on such performance criteria as the Compensation Committee shall determine in its sole discretion. Except as otherwise provided in Section 4(a) or 4(d) below, the Executive must be employed on the date of payment of the Annual Bonus in order to be eligible to receive an Annual Bonus for such fiscal year. The Executive acknowledges and agrees that nothing contained herein confers on the Executive any right to an Annual Bonus in any year, and that whether the Company pays him an Annual Bonus and the amount of any such Annual Bonus shall be determined by the Compensation Committee in its sole discretion.

(iii) Restricted Stock Awards.

(A) In connection with the execution of the Original Agreement, the REIT issued to the Executive awards of Restricted Stock (as defined in the Company's 2011 Equity Incentive Award Plan (the "Incentive Plan")), as follows:

(1) an award of Restricted Stock with respect to sixty-seven thousand five hundred (67,500) shares of the REIT's common stock (the "Time Vesting Restricted Stock Award"); and

(2) an award of Restricted Stock with respect to one hundred one thousand two hundred fifty (101,250) shares of the REIT's common stock (the "Performance Vesting Restricted Stock Award" and together with the Time Vesting Restricted Stock Award, the "Original Restricted Stock Awards").

(B) Each year during the Employment Period, the REIT shall issue to the Executive an additional award of Restricted Stock. It is the intention of the Company that the annual Restricted Stock Awards, together with the Base Salary and Annual Bonus, will provide the Executive with total annual compensation at no less than the median of similarly-situated executive officers among the Company's current peer group for compensation purposes (as determined based on the Executive's duties, authority and responsibilities (and not solely by reference to title) in the reasonable discretion of the Compensation Committee), and that each such annual Restricted Stock Award will have an aggregate value on the date of grant (at the target vesting level) of $500,000 (which amount may be increased or decreased by the Compensation Committee each year based on its consideration of such comparable peer group compensation data) (each, an "Annual Restricted Stock Award," and together with the Original Restricted Stock Awards, the "Restricted Stock Awards"). Subject to the Executive's continued employment with the Company through each such date, the Annual Restricted Stock Awards shall vest based on the satisfaction by the REIT of performance objectives established by the Compensation Committee and such other conditions set forth in the applicable award agreement.

(C) The terms and conditions of each Restricted Stock Award shall be set forth in separate award agreements in a form prescribed by the Company (the "Restricted Stock Award Agreements"), to be entered into by the Company and the Executive, which shall evidence the grant of the Restricted Stock Awards.

(D) Immediately prior to a Change in Control of the Company (as defined in the Incentive Plan), the Original Restricted Stock Awards shall, to the extent not previously vested, become fully vested and nonforfeitable.

(iv) Incentive, Savings and Retirement Plans. During the Employment Period, the Executive shall be eligible to participate in all other incentive plans, practices, policies and programs, and all savings and retirement plans, practices, policies and programs, in each case that are available generally to senior executives of the Company.

(v) Welfare Benefit Plans. During the Employment Period, the Executive and the Executive's eligible family members shall be eligible for participation in the welfare benefit plans, practices, policies and programs (including, if applicable, medical, dental, disability, employee life, group life and accidental death insurance plans and programs) maintained by the Company for its senior executives.

(vi) Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable business expenses incurred by the Executive in accordance with the policies, practices and procedures of the Company provided to senior executives of the Company.

(vii) Fringe Benefits. During the Employment Period, the Executive shall be entitled to such fringe benefits and perquisites as are provided by the Company to its senior executives from time to time, in accordance with the policies, practices and procedures of the Company, and shall receive such additional fringe benefits and perquisites as the Company may, in its discretion, from time-to-time provide.

(viii) Vacation. During the Employment Period, the Executive shall be entitled to paid vacation in accordance with the plans, policies, programs and practices of the Company applicable to its senior executives but in no event less than five (5) weeks per calendar year.

(ix) Indemnification Agreement. The parties have entered into an Indemnification Agreement dated as of January 19, 2011 (the "Indemnification Agreement"), which Indemnification Agreement is attached hereto as Exhibit A.

3. Termination of Employment.

(a) Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. Either the Company or the Executive may terminate the Executive's employment in the event of the Executive's Disability during the Employment Period. For purposes of this Agreement, "Disability" shall mean the absence of the Executive from the Executive's duties with the Company on a full-time basis for ninety (90) consecutive days or for a total of one hundred eighty (180) days in any twelve (12)-month period, in either case as a result of incapacity due to mental or physical illness which is determined to be total and permanent by a physician selected by the Company or its insurers and reasonably acceptable to the Executive or the Executive's legal representative.

(b) Cause. The Company may terminate the Executive's employment during the Employment Period for Cause or without Cause. For purposes of this Agreement, "Cause" shall mean the occurrence of any one or more of the following events unless, to the extent capable of correction, the Executive fully corrects the circumstances constituting Cause within fifteen (15) days after receipt of the Notice of Termination (as defined below):

(i) the Executive's willful and continued failure to substantially perform his duties with the Company (other than any such failure resulting from the Executive's incapacity due to physical or mental illness or any such actual or anticipated failure after his issuance of a Notice of Termination for Good Reason), after a written demand for substantial performance is delivered to the Executive by the Board, which demand specifically identifies the manner in which the Board believes that the Executive has not substantially performed his duties;

(ii) the Executive's willful commission of an act of fraud or dishonesty resulting in reputational, economic or financial injury to the Company;

(iii) the Executive's commission of, or entry by the Executive of a guilty or no contest plea to, a felony or a crime involving moral turpitude;

(iv) a willful breach by the Executive of his fiduciary duty to the Company which results in reputational, economic or other injury to the Company; or

(v) the Executive's willful and material breach of the Executive's obligations under a written agreement between the Company and the Executive, including without limitation, such a breach of this Agreement.

For purposes of this provision, no act or failure to act, on the part of the Executive, shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or based upon the advice of counsel for the Company shall be presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company.

(c) Good Reason. The Executive's employment may be terminated by the Executive for Good Reason or by the Executive without Good Reason. For purposes of this Agreement, "Good Reason" shall mean the occurrence of any one or more of the following events without the Executive's prior written consent:

(i) the assignment to the Executive of any duties materially inconsistent in any respect with the Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 2(a) hereof, or any other action by the Company which results in a material diminution in such position, authority, duties or responsibilities, excluding for this purpose any isolated, insubstantial or inadvertent actions not taken in bad faith and which are remedied by the Company promptly after receipt of notice thereof given by the Executive;

(ii) the Company's material reduction of the Executive's Base Salary;

(iii) a material change in the geographic location of the Principal Location which shall, in any event, include only a relocation of the Principal Location by more than thirty (30) miles from its existing location;

(iv) the Company's material breach of its obligations under this Agreement.

Notwithstanding the foregoing, the Executive will not be deemed to have resigned for Good Reason unless (1) the Executive provides the Company with written notice setting forth in reasonable detail the facts and circumstances claimed by the Executive to constitute Good Reason within sixty (60) days after the date of the occurrence of any event that the Executive knows or should reasonably have known to constitute Good Reason, (2) the Company fails to cure such acts or omissions within thirty (30) days following its receipt of such notice, and (3) the effective date of the Executive's termination for Good Reason occurs no later than thirty (30) days after the expiration of the cure period.

(d) Notice of Termination. Any termination by the Company for Cause, or by the Executive for Good Reason, shall be communicated by a Notice of Termination to the other parties hereto given in accordance with Section 11(b) hereof. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than thirty (30) days after the giving of such notice). The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

(e) Termination of Offices and Directorships. Upon termination of the Executive's employment for any reason, unless otherwise specified in a written agreement between the Executive and the Company, the Executive shall be deemed to have resigned from all offices, directorships, and other employment positions if any, then held with the Company, and shall take all actions reasonably requested by the Company to effectuate the foregoing.

4. Obligations of the Company upon Termination.

(a) Without Cause or For Good Reason. Subject to Section 4(e) below, if the Executive incurs a "separation from service" from the Company (within the meaning of Section 409A(a)(2)(A)(i) of the Internal Revenue Code of 1986, as amended (the "Code"), and Treasury Regulation Section 1.409A-1(h)) (a "Separation from Service") during the Employment Period by reason of (1) a termination of the Executive's employment by the Company without Cause (and other than by reason of the Executive's death or Disability), or (2) a termination of the Executive's employment by the Executive for Good Reason:

(i) The Executive shall be paid, in a single lump-sum payment on the date of the Executive's termination of employment, the aggregate amount of the Executive's earned but unpaid Base Salary and accrued but unpaid vacation pay through the date of such termination (the "Accrued Obligations") and any Annual Bonus required to be paid to the Executive pursuant to Section 2(b)(ii) above for any fiscal year of the Company that ends on or before the Date of Termination to the extent not previously paid (the "Unpaid Bonus") (or, if the amount of the Unpaid Bonus has not yet been determined as of the Date of Termination, such Unpaid Bonus shall be paid to the Executive on the date annual bonuses for the relevant fiscal year are paid to the Company's executives generally, but in no event later than March 15th of the calendar year following the end of the calendar year to which such Unpaid Bonus relates);

(ii) In addition, the Executive shall be paid, in a single lump-sum payment on the sixtieth (60^{th}) day after the date of the Executive's Separation from Service (such date, the "Date of Termination"), an amount equal to one and one-half (1.5) (the "Severance Multiple") times the sum of (A) the Base Salary in effect on the Date of Termination, plus (B) the Executive's Average Annual Bonus Amount (as defined below). For purposes of this Agreement, the Executive's "Average Annual Bonus Amount" shall be an amount equal to the average of the Annual Bonuses awarded to the Executive for each of the three (3) fiscal years prior to the Date of Termination. For purposes of determining the Executive's "Average Annual Bonus Amount," (x) to the extent the Executive received no Annual Bonus in any year due to a failure to meet the applicable performance objectives, such year will still be taken into account (using zero (0) as the applicable bonus) in determining the Executive's "Average Annual Bonus Amount," and (y) to the extent the Executive was not employed for an entire fiscal year, the Annual Bonus received by the Executive for such fiscal year shall be annualized for purposes of the preceding calculation. For the avoidance of doubt, for purposes of this Section 4(a)(ii), an Annual Bonus shall include any portion of the Executive's Annual Bonus received in the form of equity rather than cash, provided that any such equity award expressly provides by its terms that it was issued in lieu of cash in payment of the Executive's Annual Bonus or a portion thereof. In the event the Executive's Date of Termination occurs within twelve (12) months following a Change in Control, the Severance Multiple shall be two (2).

(iii) Except to the extent an award agreement governing an equity award granted to Executive specifically provides for the treatment of such equity award in the event of Executive's termination of employment by the Company other than for Cause or Executive's resignation for Good Reason and provides that its terms shall supersede the provisions of this Section 4(a)(iii), in which case the terms of such award agreement shall govern, the vesting and/or exercisability of fifty percent (50%) of each of Executive's outstanding unvested equity awards shall be automatically accelerated on the Date of Termination (which percentage shall be increased to one hundred percent (100%) in the event the Executive's Date of Termination occurs within twelve (12) months following a Change in Control). In addition, notwithstanding anything to the contrary in the award agreements evidencing the Original Restricted Stock Awards, the Original

Restricted Stock Awards shall, to the extent not previously vested, become fully vested and nonforfeitable on the Executive's Date of Termination.

(iv) For the period beginning on the Date of Termination and ending on the date which is twelve (12) full months following the Date of Termination (or, if earlier, (A) the date on which the applicable continuation period under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA") expires or (B) the date the Executive becomes eligible to receive the equivalent or increased healthcare coverage from a subsequent employer) (such period, the "COBRA Coverage Period"), if the Executive and his eligible dependents who were covered under the Company's health insurance plans as of the Date of Termination elect to have COBRA coverage and are eligible for such coverage, the Company shall pay the COBRA premiums necessary to continue health insurance coverage for the Executive and his covered dependents as in effect on the Date of Termination. If any of the Company's health benefits are self-funded as of the date of the Executive's Separation from Service, or if the Company cannot provide the foregoing benefits in a manner that is exempt from Section 409A (as defined below) or that is otherwise compliant with applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then in lieu of paying the COBRA premiums as set forth above, the Company shall instead pay to the Executive on the last day of each remaining month of the COBRA Coverage Period a fully taxable cash payment equal to the applicable COBRA premium for such month for the Executive and his covered dependents.

Notwithstanding the foregoing, it shall be a condition to the Executive's right to receive the amounts provided for in Sections 4(a)(ii), 4(a)(iii) and 4(a)(iv) above that the Executive execute and deliver to the Company an effective release of claims in substantially the form attached hereto as Exhibit B (the "Release") within twenty-one (21) days (or, to the extent required by law, forty-five (45) days) following the Date of Termination and that the Executive not revoke such Release during any applicable revocation period.

(b) Company Non-Renewal. Subject to Section 4(e) below, in the event that the Executive incurs a Separation from Service during the Employment Period by reason of a Non-Renewal of the Employment Period by the Company and the Executive is willing and able, at the time of such Non-Renewal, to continue performing services on the terms and conditions set forth herein for the Renewal Year that would have occurred but for the Non-Renewal, then the Executive shall be entitled to the payments and benefits provided in Section 4(a) hereof, subject to the terms and conditions of Section 4(a) (including, without limitation, the Release requirement contained therein).

(c) For Cause, Without Good Reason or Other Terminations. If the Executive's employment shall be terminated by the Company for Cause, by the Executive without Good Reason or for any other reason not enumerated in this Section 4, in any case, during the Employment Period, the Company shall pay to the Executive the Accrued Obligations in cash within thirty (30) days after the Date of Termination (or by such earlier date as may be required by applicable law).

(d) Death or Disability. Subject to Section 4(e) below, if the Executive incurs a Separation from Service by reason of the Executive's death or Disability during the Employment Period:

(i) The Accrued Obligations shall be paid to the Executive's estate or beneficiaries or to the Executive, as applicable, in cash on or as soon as practicable following the Date of Termination;

(ii) Any Unpaid Bonus shall be paid to the Executive's estate or beneficiaries or to the Executive, as applicable, on the Date of Termination (or, if the amount of the Unpaid Bonus has not yet been determined as of the Date of Termination, such Unpaid Bonus shall be paid to the Executive's estate or beneficiaries or to the Executive, as applicable, on the date annual bonuses for the relevant fiscal year are paid to the Company's executives generally, but in no event later than March 15th of the calendar year following the end of the calendar year to which such Unpaid Bonus relates); and

(iii) Except to the extent an award agreement governing an equity award granted to the Executive specifically provides for the treatment of such equity award in the event of the Executive's termination as a result of his death or Disability, and provides that its terms shall supersede the provisions of this Section 4(d)(iii), in which case the terms of such award agreement shall govern, all outstanding equity awards held by the Executive on the Date of Termination shall immediately become fully vested and/or exercisable.

(e) Six-Month Delay. Notwithstanding anything to the contrary in this Agreement, no compensation or benefits, including without limitation any severance payments or benefits payable under Section 4 hereof, shall be paid to the Executive during the six (6)-month period following the Executive's Separation from Service if the Company determines that paying such amounts at the time or times indicated in this Agreement would be a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code. If the payment of any such amounts is delayed as a result of the previous sentence, then on the first business day following the end of such six (6)-month period (or such earlier date upon which such amount can be paid under Section 409A of the Code without resulting in a prohibited distribution, including as a result of the Executive's death), the Company shall pay the Executive a lump-sum amount equal to the cumulative amount that would have otherwise been payable to the Executive during such period.

(f) Exclusive Benefits. Except as expressly provided in this Section 4 and subject to Section 5 below, the Executive shall not be entitled to any additional payments or benefits upon or in connection with his termination of employment. In addition, the Executive acknowledges and agrees that he is not entitled to any reimbursement by the Company for any taxes payable by the Executive as a result of the payments and benefits received by the Executive pursuant to this Section 4, including, without limitation, any income or excise tax imposed by Sections 409A and 4999 of the Code.

(g) No Mitigation. The Executive shall not be required to mitigate the amount of any payment provided for in this Section 4 by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for in this Section 4 be reduced by any compensation earned by the Executive as the result of employment by another employer or self-employment or by retirement benefits; provided, however, that loans, advances (other than salary advances) or other amounts owed by the Executive to the Company under a written agreement may be offset by the Company against amounts payable to Executive under this Section 4.

5. Non-Exclusivity of Rights. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

6. Limitation on Payments.

(a) Notwithstanding any other provision of this Agreement, in the event that any payment or benefit received or to be received by the Executive (including any payment or benefit received in connection with a termination of the Executive's employment, whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement) (all such payments and benefits, including the payments and benefits under Section 4 hereof, being hereinafter referred to as the "Total Payments") would be subject (in whole or part), to the excise tax imposed under Section 4999 of the Code (the "Excise Tax"), then, after taking into account any reduction in the Total Payments provided by reason of Section 280G of the Code in such other plan, arrangement or agreement, the cash severance payments under this Agreement shall first be reduced, and the noncash severance payments hereunder shall thereafter be reduced, to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax but only if (i) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments) is greater than or equal to (ii) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of Excise Tax to which the Executive would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments). The Total Payments shall be reduced in the following order: (A) reduction of any cash severance payments otherwise payable to the Executive that are exempt from Section 409A of the Code; (B) reduction of any other cash payments or benefits otherwise payable to the Executive that are exempt from Section 409A of the Code, but excluding any payments attributable to any acceleration of vesting or payments with respect to any equity award that are exempt from Section 409A of the Code; (C) reduction of any other payments or benefits otherwise payable to Executive on a pro-rata basis or such other manner that complies with Section 409A of the Code, but excluding any payments attributable to any acceleration of vesting and payments with respect to any equity award that are exempt from Section 409A of the Code; and (D) reduction of any payments attributable to any acceleration of vesting or payments with respect to any equity

award that are exempt from Section 409A of the Code, in each case beginning with payments that would otherwise be made last in time.

(b) For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax, (i) no portion of the Total Payments the receipt or enjoyment of which the Executive shall have waived at such time and in such manner as not to constitute a "payment" within the meaning of Section 280G(b) of the Code shall be taken into account; (ii) no portion of the Total Payments shall be taken into account which, in the written opinion of independent auditors of nationally recognized standing ("Independent Advisors") selected by the Company, does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Total Payments shall be taken into account which, in the opinion of Independent Advisors, constitutes reasonable compensation for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the Base Amount (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation; and (iii) the value of any non cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the Independent Advisors in accordance with the principles of Sections 280G(d)(3) and (4) of the Code.

7. Confidential Information and Non-Solicitation.

(a) The Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company and its subsidiaries and affiliates, which shall have been obtained by the Executive in connection with the Executive's employment by the Company and which shall not be or become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement). After termination of the Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data, to anyone other than the Company and those designated by it; provided, however, that if the Executive receives actual notice that the Executive is or may be required by law or legal process to communicate or divulge any such information, knowledge or data, the Executive shall promptly so notify the Company.

(b) While employed by the Company and, for a period of one (1) year after the Date of Termination, the Executive shall not directly or indirectly solicit, induce, or encourage any employee or consultant of any member of the Company and its subsidiaries and affiliates to terminate their employment or other relationship with the Company and its subsidiaries and affiliates or to cease to render services to any member of the Company and its subsidiaries and affiliates and the Executive shall not initiate discussion with any such person for any such purpose or authorize or knowingly cooperate with the taking of any such actions by any other individual or entity. During his employment with the Company and thereafter, the Executive shall not use any trade secret of the Company or its subsidiaries or affiliates to solicit, induce, or encourage any customer, client, vendor, or other party doing business with any member of the Company and its subsidiaries and affiliates to terminate its relationship therewith or transfer its business from any member of the Company and its subsidiaries and affiliates and

the Executive shall not initiate discussion with any such person for any such purpose or authorize or knowingly cooperate with the taking of any such actions by any other individual or entity.

(c) In recognition of the facts that irreparable injury will result to the Company in the event of a breach by the Executive of his obligations under Sections 7(a) and (b) hereof, that monetary damages for such breach would not be readily calculable, and that the Company would not have an adequate remedy at law therefor, the Executive acknowledges, consents and agrees that in the event of such breach, or the threat thereof, the Company shall be entitled, in addition to any other legal remedies and damages available, to specific performance thereof and to temporary and permanent injunctive relief (without the necessity of posting a bond) to restrain the violation or threatened violation of such obligations by the Executive.

8. Representations. The Executive hereby represents and warrants to the Company that (a) the Executive is entering into this Agreement voluntarily and that the performance of his obligations hereunder will not violate any agreement between the Executive and any other person, firm, organization or other entity, and (b) the Executive is not bound by the terms of any agreement with any previous employer or other party to refrain from competing, directly or indirectly, with the business of such previous employer or other party that would be violated by his entering into this Agreement and/or providing services to the Company pursuant to the terms of this Agreement.

9. Successors.

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

10. Payment of Financial Obligations. The payment or provision to the Executive by the Company of any remuneration, benefits or other financial obligations pursuant to this Agreement shall be allocated among the Operating Partnership, the REIT and any subsidiary or affiliate thereof in such manner as such entities determine in order to reflect the services provided by the Executive to such entities; provided, however, that the Operating Partnership and the REIT shall be jointly and severally liable for such obligations.

11. Miscellaneous.

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

(b) Notices. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive: at the Executive's most recent address on the records of the Company.

If to the REIT or the Operating Partnership:

American Assets Trust, Inc.
11455 El Camino Real, Suite 200
San Diego, CA 92130
Attn: General Counsel

with a copy to:

Latham & Watkins
355 South Grand Ave.
Los Angeles, CA 90071-1560
Attn: Julian Kleindorfer

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) Sarbanes-Oxley Act of 2002. Notwithstanding anything herein to the contrary, if the Company determines, in its good faith judgment, that any transfer or deemed transfer of funds hereunder is likely to be construed as a personal loan prohibited by Section 13(k) of the Exchange Act and the rules and regulations promulgated thereunder, then such transfer or deemed transfer shall not be made to the extent necessary or appropriate so as not to violate the Exchange Act and the rules and regulations promulgated thereunder.

(d) Section 409A of the Code.

(i) To the extent applicable, this Agreement shall be interpreted in accordance with Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder. Notwithstanding any provision of this Agreement to the contrary, if the Company determines that any compensation or benefits payable under this Agreement may be subject to Section 409A of the Code and related Department of Treasury guidance, the Company shall work in good faith with the Executive to adopt such amendments to this Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Company determines are necessary or appropriate to avoid the imposition of taxes under Section 409A of the Code, including without limitation, actions intended to (i) exempt the compensation and benefits payable under this Agreement from Section 409A of the Code, and/or (ii) comply with the requirements of Section 409A of the Code and related Department of Treasury guidance; provided, however, that this Section 11(d) shall not create an obligation on the part of the Company to adopt any such amendment, policy or procedure or take any such other action, nor shall the Company have any liability for failing to do so. Each series of installment payments made under this Agreement is hereby designated as a series of "separate payments" within the meaning of Section 409A of the Code.

(ii) To the extent permitted under Section 409A of the Code, any separate payment or benefit under this Agreement or otherwise shall not be deemed "nonqualified deferred compensation" subject to Section 409A of the Code and Section 4(e) hereof to the extent provided in the exceptions in Treasury Regulation Section 1.409A-1(b)(4), Section 1.409A-1(b)(9) or any other applicable exception or provision of Section 409A of the Code.

(iii) To the extent that any payments or reimbursements provided to the Executive under this Agreement, including, without limitation, pursuant to Section 2(b)(vi), are deemed to constitute compensation to the Executive to which Treasury Regulation Section 1.409A-3(i)(1)(iv) would apply, such amounts shall be paid or reimbursed reasonably promptly, but not later than December 31 of the year following the year in which the expense was incurred. The amount of any such payments eligible for reimbursement in one year shall not affect the payments or expenses that are eligible for payment or reimbursement in any other taxable year, and the Executive's right to such payments or reimbursement of any such expenses shall not be subject to liquidation or exchange for any other benefit.

(e) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(f) Withholding. The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(g) No Waiver. The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason pursuant to Section 3(c) hereof, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(h) Entire Agreement. This Agreement, together with the Indemnification Agreement and the Restricted Stock Award Agreements, constitutes the final, complete and exclusive agreement between the Executive and the Company with respect to the subject matter hereof and replaces and supersedes any and all other agreements, offers or promises, whether oral or written, by any member of the Company and its subsidiaries and affiliates (a "Predecessor Employer"), or representative thereof, whose business or assets any member of the Company and its subsidiaries and affiliates succeeded to in connection with the initial public offering of the common stock of the REIT or the transactions related thereto, including, without limitation, the Original Agreement.

(i) Amendment. No amendment or other modification of this Agreement shall be effective unless made in writing and signed by the parties hereto.

(j) Counterparts. This Agreement and any agreement referenced herein may be executed simultaneously in two or more counterparts, each of which shall be deemed an original but which together shall constitute one and the same instrument.

(k) Right to Advice of Counsel. The Executive acknowledges that he has the right to, and has been advised to, consult with an attorney regarding the execution of this Agreement, including, without limitation, as to the effect of the amendment and restatement of the Original Agreement, and any release hereunder; by his signature below, the Executive acknowledges that he understands this right and has either consulted with an attorney regarding the execution of this Agreement and the resulting amendment and restatement of the Original Agreement or determined not to do so.

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from the Board, each of the REIT and the Operating Partnership has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

AMERICAN ASSETS TRUST, INC.,
a Maryland corporation

By: /s/ ERNEST S. RADY
Name: Ernest S. Rady
Title: Executive Chairman

AMERICAN ASSETS TRUST, L.P.,
a Maryland limited partnership

By: AMERICAN ASSETS TRUST, INC.
Its: General Partner

By: /s/ ERNEST S. RADY
Name: Ernest S. Rady
Title: Executive Chairman

"EXECUTIVE"

/s/ ROBERT F. BARTON
Robert F. Barton

EXHIBIT A

INDEMNIFICATION AGREEMENT

EXHIBIT B

GENERAL RELEASE

For valuable consideration, the receipt and adequacy of which are hereby acknowledged, the undersigned does hereby release and forever discharge the "Releasees" hereunder, consisting of American Assets Trust, Inc., a Maryland corporation, American Assets Trust, L.P., a Maryland limited partnership, and each of their partners, subsidiaries, associates, affiliates, successors, heirs, assigns, agents, directors, officers, employees, representatives, lawyers, insurers, and all persons acting by, through, under or in concert with them, or any of them, of and from any and all manner of action or actions, cause or causes of action, in law or in equity, suits, debts, liens, contracts, agreements, promises, liability, claims, demands, damages, losses, costs, attorneys' fees or expenses, of any nature whatsoever, known or unknown, fixed or contingent (hereinafter called "Claims"), which the undersigned now has or may hereafter have against the Releasees, or any of them, by reason of any matter, cause, or thing whatsoever from the beginning of time to the date hereof. The Claims released herein include, without limiting the generality of the foregoing, any Claims in any way arising out of, based upon, or related to the employment or termination of employment of the undersigned by the Releasees, or any of them; any alleged breach of any express or implied contract of employment; any alleged torts or other alleged legal restrictions on Releasees' right to terminate the employment of the undersigned; and any alleged violation of any federal, state or local statute or ordinance including, without limitation, Title VII of the Civil Rights Act of 1964, the Age Discrimination In Employment Act, the Americans With Disabilities Act, and the California Fair Employment and Housing Act. Notwithstanding the foregoing, this Release shall not operate to release any rights or claims of the undersigned (i) to payments or benefits under either Section 4(a) or 4(b) of that certain Amended and Restated Employment Agreement, dated as of January 1, 2014, among American Assets Trust, Inc., American Assets Trust, L.P. and the undersigned (the "Employment Agreement"), whichever is applicable to the payments and benefits provided in exchange for this release, (ii) to payments or benefits under the Restricted Stock Award Agreements (as defined in the Employment Agreement), (iii) with respect to Section 2(b)(vi) or 6 of the Employment Agreement, (iv) to accrued or vested benefits the undersigned may have, if any, as of the date hereof under any applicable plan, policy, practice, program, contract or agreement with the Company, (v) to indemnification and/or advancement of expenses pursuant to the Indemnification Agreement (as defined in the Employment Agreement), (vi) for unemployment compensation or any state disability insurance benefits pursuant to the terms of applicable state law, or (vii) for workers' compensation insurance benefits under the terms of any worker's compensation insurance policy or fund of the Company.

THE UNDERSIGNED ACKNOWLEDGES THAT HE HAS BEEN ADVISED BY LEGAL COUNSEL AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

THE UNDERSIGNED, BEING AWARE OF SAID CODE SECTION, HEREBY EXPRESSLY WAIVES ANY RIGHTS HE MAY HAVE THEREUNDER, AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT.

IN ACCORDANCE WITH THE OLDER WORKERS BENEFIT PROTECTION ACT OF 1990, THE UNDERSIGNED IS HEREBY ADVISED AS FOLLOWS:

(A) HE HAS THE RIGHT TO CONSULT WITH AN ATTORNEY BEFORE SIGNING THIS RELEASE;

(B) HE HAS TWENTY-ONE (21) DAYS TO CONSIDER THIS RELEASE BEFORE SIGNING IT; AND

(C) HE HAS SEVEN (7) DAYS AFTER SIGNING THIS RELEASE TO REVOKE THIS RELEASE, AND THIS RELEASE WILL BECOME EFFECTIVE UPON THE EXPIRATION OF THAT REVOCATION PERIOD.

The undersigned represents and warrants that there has been no assignment or other transfer of any interest in any Claim which he may have against Releasees, or any of them, and the undersigned agrees to indemnify and hold Releasees, and each of them, harmless from any liability, Claims, demands, damages, costs, expenses and attorneys' fees incurred by Releasees, or any of them, as the result of any such assignment or transfer or any rights or Claims under any such assignment or transfer. It is the intention of the parties that this indemnity does not require payment as a condition precedent to recovery by the Releasees against the undersigned under this indemnity.

The undersigned agrees that if he hereafter commences any suit arising out of, based upon, or relating to any of the Claims released hereunder or in any manner asserts against Releasees, or any of them, any of the Claims released hereunder, then the undersigned agrees to pay to Releasees, and each of them, in addition to any other damages caused to Releasees thereby, all attorneys' fees incurred by Releasees in defending or otherwise responding to said suit or Claim.

The undersigned further understands and agrees that neither the payment of any sum of money nor the execution of this Release shall constitute or be construed as an admission of any liability whatsoever by the Releasees, or any of them, who have consistently taken the position that they have no liability whatsoever to the undersigned.

IN WITNESS WHEREOF, the undersigned has executed this Release this 25th day of March, 2014.

/s/ ROBERT F. BARTON

Robert F. Barton

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "Agreement"), effective as of March 25, 2014 (the "Effective Date"), is entered into by and among American Assets Trust, Inc., a Maryland corporation (the "REIT"), American Assets Trust, L.P., a Maryland limited partnership (the "Operating Partnership") and Adam Wyll (the "Executive").

WHEREAS, the Executive is a party to that certain Employment Agreement dated as of January 19, 2011 (the "Original Agreement") with the REIT and the Operating Partnership (collectively, the "Company"); and

WHEREAS, the parties desire to amend the terms of the Original Agreement on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements set forth below, the parties hereto agree as follows:

1. Employment Period. Subject to the provisions for earlier termination hereinafter provided, the Executive's employment hereunder shall be for a term (as extended pursuant to this Section 1, the "Employment Period") commencing on the Effective Date and ending on the first anniversary of the Effective Date (unless the Executive's employment is terminated prior to such date pursuant to Section 3 below) (the "Initial Termination Date"); provided, however, that the Employment Period shall automatically be extended for one additional year on the Initial Termination Date and on each subsequent anniversary of the Initial Termination Date thereafter (each such extension, a "Renewal Year"), unless either the Executive or the Company elects not to so extend the Employment Period by notifying the other party, in writing, of such election (a "Non-Renewal") not less than sixty (60) days prior to the last day of the Employment Period as then in effect.

2. Terms of Employment.

(a) Position and Duties.

(i) During the Employment Period, the Executive shall serve as Senior Vice President, General Counsel and Secretary of the REIT and the Operating Partnership, and shall perform such employment duties as are usual and customary for such positions. The Executive shall report directly to the Chief Executive Officer and President of the Company. At the Company's request, the Executive shall serve the Company and/or its subsidiaries and affiliates in other capacities in addition to the foregoing consistent with the Executive's position as Senior Vice President, General Counsel and Secretary of the REIT and the Operating Partnership. In the event that the Executive, during the Employment Period, serves in any one or more of such additional capacities, the Executive's compensation shall not be increased beyond that specified in Section 2(b) hereof. In addition, in the event the Executive's service in one or more of such additional capacities is terminated, the Executive's compensation, as specified in

Section 2(b) hereof, shall not be diminished or reduced in any manner as a result of such termination provided that the Executive otherwise remains employed under the terms of this Agreement.

(ii) During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive may be entitled, the Executive agrees to devote his full business time and attention to the business and affairs of the Company. Notwithstanding the foregoing, during the Employment Period, it shall not be a violation of this Agreement for the Executive to (A) serve on boards, committees or similar bodies of charitable or nonprofit organizations, (B) fulfill limited teaching, speaking and writing engagements, (C) manage his personal investments, and (D) provide litigation management and legal consulting services to American Assets, Inc., Ernest S. Rady and their respective affiliates, in each case, so long as such activities do not materially interfere or conflict with the performance of the Executive's duties and responsibilities under this Agreement. It is expressly understood and agreed that to the extent that any such activities have been conducted by the Executive prior to the Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the Effective Date shall not thereafter be deemed to interfere with the performance of the Executive's responsibilities to the Company; provided, that no such activity that violates the provisions of Section 7 shall be permitted.

(iii) During the Employment Period, the Executive shall perform the services required by this Agreement at the Company's principal offices located in San Diego, California (the "Principal Location"), except for travel to other locations as may be necessary to fulfill the Executive's duties and responsibilities hereunder.

(b) Compensation, Benefits, Etc.

(i) Base Salary. During the Employment Period, the Executive shall receive a base salary (the "Base Salary") of $305,000 per annum. The Base Salary shall be reviewed annually by the Compensation Committee (the "Compensation Committee") of the Board of Directors (the "Board") and may be increased from time to time by the Compensation Committee in its sole discretion. The Base Salary shall be paid in accordance with the Company's normal payroll practices for executive salaries generally, but no less often than monthly. The Base Salary shall not be reduced after any increase in accordance herewith and the term "Base Salary" as utilized in this Agreement shall refer to Base Salary as so increased.

(ii) Annual Bonus. In addition to the Base Salary, the Executive shall be eligible to earn, for each fiscal year of the Company ending during the Employment Period, an annual cash performance bonus (an "Annual Bonus") under the Company's bonus plan or program applicable to senior executives. The Executive's target Annual Bonus shall be seventy percent (70%) of his Base Salary actually paid for such year. The amount of the Annual Bonus, if any, shall be determined by the Compensation Committee in its sole discretion based on such performance criteria as the Compensation Committee shall determine in its sole discretion. Except as otherwise provided in Section

4(a) or 4(d) below, the Executive must be employed on the date of payment of the Annual Bonus in order to be eligible to receive an Annual Bonus for such fiscal year. The Executive acknowledges and agrees that nothing contained herein confers on the Executive any right to an Annual Bonus in any year, and that whether the Company pays him an Annual Bonus and the amount of any such Annual Bonus shall be determined by the Compensation Committee in its sole discretion.

(iii) Restricted Stock Awards.

(A) In connection with the execution of the Original Agreement, the REIT issued to the Executive awards of Restricted Stock (as defined in the Company's 2011 Equity Incentive Award Plan (the "Incentive Plan")), as follows:

(1) an award of Restricted Stock with respect to twenty-two thousand five hundred (22,500) shares of the REIT's common stock (the "Time Vesting Restricted Stock Award"); and

(2) an award of Restricted Stock with respect to thirty-three thousand seven hundred fifty (33,750) shares of the REIT's common stock (the "Performance Vesting Restricted Stock Award" and together with the Time Vesting Restricted Stock Award, the "Original Restricted Stock Awards").

(B) Each year during the Employment Period, the REIT shall issue to the Executive an additional award of Restricted Stock. It is the intention of the Company that the annual Restricted Stock Awards, together with the Base Salary and Annual Bonus, will provide the Executive with total annual compensation at no less than the median of similarly-situated executive officers among the Company's current peer group for compensation purposes (as determined based on the Executive's duties, authority and responsibilities (and not solely by reference to title) in the reasonable discretion of the Compensation Committee), and that each such annual Restricted Stock Award will have an aggregate value on the date of grant (at the target vesting level) of $250,000 (which amount may be increased or decreased by the Compensation Committee each year based on its consideration of such comparable peer group compensation data) (each, an "Annual Restricted Stock Award," and together with the Original Restricted Stock Awards, the "Restricted Stock Awards"). Subject to the Executive's continued employment with the Company through each such date, the Annual Restricted Stock Awards shall vest based on the satisfaction by the REIT of performance objectives established by the Compensation Committee and such other conditions set forth in the applicable award agreement.

(C) The terms and conditions of each Restricted Stock Award shall be set forth in separate award agreements in a form prescribed by the Company (the "Restricted Stock Award Agreements"), to be entered into by the Company and the Executive, which shall evidence the grant of the Restricted Stock Awards.

(D) Immediately prior to a Change in Control of the Company (as defined in the Incentive Plan), the Original Restricted Stock Awards shall, to the extent not previously vested, become fully vested and nonforfeitable.

(iv) Incentive, Savings and Retirement Plans. During the Employment Period, the Executive shall be eligible to participate in all other incentive plans, practices, policies and programs, and all savings and retirement plans, practices, policies and programs, in each case that are available generally to senior executives of the Company.

(v) Welfare Benefit Plans. During the Employment Period, the Executive and the Executive's eligible family members shall be eligible for participation in the welfare benefit plans, practices, policies and programs (including, if applicable, medical, dental, disability, employee life, group life and accidental death insurance plans and programs) maintained by the Company for its senior executives.

(vi) Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable business expenses incurred by the Executive in accordance with the policies, practices and procedures of the Company provided to senior executives of the Company.

(vii) Fringe Benefits. During the Employment Period, the Executive shall be entitled to such fringe benefits and perquisites as are provided by the Company to its senior executives from time to time, in accordance with the policies, practices and procedures of the Company, and shall receive such additional fringe benefits and perquisites as the Company may, in its discretion, from time-to-time provide.

(viii) Vacation. During the Employment Period, the Executive shall be entitled to paid vacation in accordance with the plans, policies, programs and practices of the Company applicable to its senior executives but in no event less than five (5) weeks per calendar year.

(ix) Indemnification Agreement. The parties have entered into an Indemnification Agreement dated as of January 19, 2011 (the "Indemnification Agreement"), which Indemnification Agreement is attached hereto as Exhibit A.

3. Termination of Employment.

(a) Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. Either the Company or the Executive may terminate the Executive's employment in the event of the Executive's Disability during the Employment Period. For purposes of this Agreement, "Disability" shall mean the absence of the Executive from the Executive's duties with the Company on a full-time basis for ninety (90) consecutive days or for a total of one hundred eighty (180) days in any twelve (12)-month period, in either case as a result of incapacity due to mental or physical illness which is determined to be total and permanent by a physician selected by the Company or its insurers and reasonably acceptable to the Executive or the Executive's legal representative.

(b) Cause. The Company may terminate the Executive's employment during the Employment Period for Cause or without Cause. For purposes of this Agreement, "Cause" shall mean the occurrence of any one or more of the following events unless, to the extent capable of correction, the Executive fully corrects the circumstances constituting Cause within fifteen (15) days after receipt of the Notice of Termination (as defined below):

(i) the Executive's willful and continued failure to substantially perform his duties with the Company (other than any such failure resulting from the Executive's incapacity due to physical or mental illness or any such actual or anticipated failure after his issuance of a Notice of Termination for Good Reason), after a written demand for substantial performance is delivered to the Executive by the Board, which demand specifically identifies the manner in which the Board believes that the Executive has not substantially performed his duties;

(ii) the Executive's willful commission of an act of fraud or dishonesty resulting in reputational, economic or financial injury to the Company;

(iii) the Executive's commission of, or entry by the Executive of a guilty or no contest plea to, a felony or a crime involving moral turpitude;

(iv) a willful breach by the Executive of his fiduciary duty to the Company which results in reputational, economic or other injury to the Company; or

(v) the Executive's willful and material breach of the Executive's obligations under a written agreement between the Company and the Executive, including without limitation, such a breach of this Agreement.

For purposes of this provision, no act or failure to act, on the part of the Executive, shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or based upon the advice of counsel for the Company shall be presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company.

(c) Good Reason. The Executive's employment may be terminated by the Executive for Good Reason or by the Executive without Good Reason. For purposes of this Agreement, "Good Reason" shall mean the occurrence of any one or more of the following events without the Executive's prior written consent:

(i) the assignment to the Executive of any duties materially inconsistent in any respect with the Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 2(a) hereof, or any other action by the Company which results in a material diminution in such position, authority, duties or responsibilities, excluding for this purpose any isolated, insubstantial or inadvertent actions not taken in bad faith and which are remedied by the Company promptly after receipt of notice thereof given by the Executive;

(ii) the Company's material reduction of the Executive's Base Salary;

(iii) a material change in the geographic location of the Principal Location which shall, in any event, include only a relocation of the Principal Location by more than thirty (30) miles from its existing location;

(iv) the Company's material breach of its obligations under this Agreement.

Notwithstanding the foregoing, the Executive will not be deemed to have resigned for Good Reason unless (1) the Executive provides the Company with written notice setting forth in reasonable detail the facts and circumstances claimed by the Executive to constitute Good Reason within sixty (60) days after the date of the occurrence of any event that the Executive knows or should reasonably have known to constitute Good Reason, (2) the Company fails to cure such acts or omissions within thirty (30) days following its receipt of such notice, and (3) the effective date of the Executive's termination for Good Reason occurs no later than thirty (30) days after the expiration of the cure period.

(d) Notice of Termination. Any termination by the Company for Cause, or by the Executive for Good Reason, shall be communicated by a Notice of Termination to the other parties hereto given in accordance with Section 11(b) hereof. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than thirty (30) days after the giving of such notice). The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

(e) Termination of Offices and Directorships. Upon termination of the Executive's employment for any reason, unless otherwise specified in a written agreement between the Executive and the Company, the Executive shall be deemed to have resigned from all offices, directorships, and other employment positions if any, then held with the Company, and shall take all actions reasonably requested by the Company to effectuate the foregoing.

4. Obligations of the Company upon Termination.

(a) Without Cause or For Good Reason. Subject to Section 4(e) below, if the Executive incurs a "separation from service" from the Company (within the meaning of Section 409A(a)(2)(A)(i) of the Internal Revenue Code of 1986, as amended (the "Code"), and Treasury Regulation Section 1.409A-1(h)) (a "Separation from Service") during the Employment Period by reason of (1) a termination of the Executive's employment by the Company without Cause (and other than by reason of the Executive's death or Disability), or (2) a termination of the Executive's employment by the Executive for Good Reason:

(i) The Executive shall be paid, in a single lump-sum payment on the date of the Executive's termination of employment, the aggregate amount of the Executive's earned but unpaid Base Salary and accrued but unpaid vacation pay through the date of such termination (the "Accrued Obligations") and any Annual Bonus required to be paid to the Executive pursuant to Section 2(b)(ii) above for any fiscal year of the Company that ends on or before the Date of Termination to the extent not previously paid (the "Unpaid Bonus") (or, if the amount of the Unpaid Bonus has not yet been determined as of the Date of Termination, such Unpaid Bonus shall be paid to the Executive on the date annual bonuses for the relevant fiscal year are paid to the Company's executives generally, but in no event later than March 15th of the calendar year following the end of the calendar year to which such Unpaid Bonus relates);

(ii) In addition, the Executive shall be paid, in a single lump-sum payment on the sixtieth (60^{th}) day after the date of the Executive's Separation from Service (such date, the "Date of Termination"), an amount equal to one (1) (the "Severance Multiple") times the sum of (A) the Base Salary in effect on the Date of Termination, plus (B) the Executive's Average Annual Bonus Amount (as defined below). For purposes of this Agreement, the Executive's "Average Annual Bonus Amount" shall be an amount equal to the average of the Annual Bonuses awarded to the Executive for each of the three (3) fiscal years prior to the Date of Termination. For purposes of determining the Executive's "Average Annual Bonus Amount," (x) to the extent the Executive received no Annual Bonus in any year due to a failure to meet the applicable performance objectives, such year will still be taken into account (using zero (0) as the applicable bonus) in determining the Executive's "Average Annual Bonus Amount," and (y) to the extent the Executive was not employed for an entire fiscal year, the Annual Bonus received by the Executive for such fiscal year shall be annualized for purposes of the preceding calculation. For the avoidance of doubt, for purposes of this Section 4(a)(ii), an Annual Bonus shall include any portion of the Executive's Annual Bonus received in the form of equity rather than cash, provided that any such equity award expressly provides by its terms that it was issued in lieu of cash in payment of the Executive's

Annual Bonus or a portion thereof. In the event the Executive's Date of Termination occurs within twelve (12) months following a Change in Control, the Severance Multiple shall be two (2).

(iii) Except to the extent an award agreement governing an equity award granted to Executive specifically provides for the treatment of such equity award in the event of Executive's termination of employment by the Company other than for Cause or Executive's resignation for Good Reason and provides that its terms shall supersede the provisions of this Section 4(a)(iii), in which case the terms of such award agreement shall govern, the vesting and/or exercisability of fifty percent (50%) of each of Executive's outstanding unvested equity awards shall be automatically accelerated on the Date of Termination (which percentage shall be increased to one hundred percent (100%) in the event the Executive's Date of Termination occurs within twelve (12) months following a Change in Control). In addition, notwithstanding anything to the contrary in the award agreements evidencing the Original Restricted Stock Awards, the Original Restricted Stock Awards shall, to the extent not previously vested, become fully vested and nonforfeitable on the Executive's Date of Termination.

(iv) For the period beginning on the Date of Termination and ending on the date which is twelve (12) full months following the Date of Termination (or, if earlier, (A) the date on which the applicable continuation period under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA") expires or (B) the date the Executive becomes eligible to receive the equivalent or increased healthcare coverage from a subsequent employer) (such period, the "COBRA Coverage Period"), if the Executive and his eligible dependents who were covered under the Company's health insurance plans as of the Date of Termination elect to have COBRA coverage and are eligible for such coverage, the Company shall pay the COBRA premiums necessary to continue health insurance coverage for the Executive and his covered dependents as in effect on the Date of Termination. If any of the Company's health benefits are self-funded as of the date of the Executive's Separation from Service, or if the Company cannot provide the foregoing benefits in a manner that is exempt from Section 409A (as defined below) or that is otherwise compliant with applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then in lieu of paying the COBRA premiums as set forth above, the Company shall instead pay to the Executive on the last day of each remaining month of the COBRA Coverage Period a fully taxable cash payment equal to the applicable COBRA premium for such month for the Executive and his covered dependents.

Notwithstanding the foregoing, it shall be a condition to the Executive's right to receive the amounts provided for in Sections 4(a)(ii), 4(a)(iii) and 4(a)(iv) above that the Executive execute and deliver to the Company an effective release of claims in substantially the form attached hereto as Exhibit B (the "Release") within twenty-one (21) days (or, to the extent required by law, forty-five (45) days) following the Date of Termination and that the Executive not revoke such Release during any applicable revocation period.

(b) Company Non-Renewal. Subject to Section 4(e) below, in the event that the Executive incurs a Separation from Service during the Employment Period by reason of a Non-Renewal of the Employment Period by the Company and the Executive is willing and able, at the time of such Non-Renewal, to continue performing services on the terms and conditions set forth herein for the Renewal Year that would have occurred but for the Non-Renewal, then the Executive shall be entitled to the payments and benefits provided in Section 4(a) hereof, subject to the terms and conditions of Section 4(a) (including, without limitation, the Release requirement contained therein).

(c) For Cause, Without Good Reason or Other Terminations. If the Executive's employment shall be terminated by the Company for Cause, by the Executive without Good Reason or for any other reason not enumerated in this Section 4, in any case, during the Employment Period, the Company shall pay to the Executive the Accrued Obligations in cash within thirty (30) days after the Date of Termination (or by such earlier date as may be required by applicable law).

(d) Death or Disability. Subject to Section 4(e) below, if the Executive incurs a Separation from Service by reason of the Executive's death or Disability during the Employment Period:

(i) The Accrued Obligations shall be paid to the Executive's estate or beneficiaries or to the Executive, as applicable, in cash on or as soon as practicable following the Date of Termination;

(ii) Any Unpaid Bonus shall be paid to the Executive's estate or beneficiaries or to the Executive, as applicable, on the Date of Termination (or, if the amount of the Unpaid Bonus has not yet been determined as of the Date of Termination, such Unpaid Bonus shall be paid to the Executive's estate or beneficiaries or to the Executive, as applicable, on the date annual bonuses for the relevant fiscal year are paid to the Company's executives generally, but in no event later than March 15th of the calendar year following the end of the calendar year to which such Unpaid Bonus relates); and

(iii) Except to the extent an award agreement governing an equity award granted to the Executive specifically provides for the treatment of such equity award in the event of the Executive's termination as a result of his death or Disability, and provides that its terms shall supersede the provisions of this Section 4(d)(iii), in which case the terms of such award agreement shall govern, all outstanding equity awards held by the Executive on the Date of Termination shall immediately become fully vested and/or exercisable.

(e) Six-Month Delay. Notwithstanding anything to the contrary in this Agreement, no compensation or benefits, including without limitation any severance payments or benefits payable under Section 4 hereof, shall be paid to the Executive during the six (6)-month period following the Executive's Separation from Service if the Company determines that paying such amounts at the time or times indicated in this Agreement would be a prohibited

distribution under Section 409A(a)(2)(B)(i) of the Code. If the payment of any such amounts is delayed as a result of the previous sentence, then on the first business day following the end of such six (6)-month period (or such earlier date upon which such amount can be paid under Section 409A of the Code without resulting in a prohibited distribution, including as a result of the Executive's death), the Company shall pay the Executive a lump-sum amount equal to the cumulative amount that would have otherwise been payable to the Executive during such period.

(f) Exclusive Benefits. Except as expressly provided in this Section 4 and subject to Section 5 below, the Executive shall not be entitled to any additional payments or benefits upon or in connection with his termination of employment. In addition, the Executive acknowledges and agrees that he is not entitled to any reimbursement by the Company for any taxes payable by the Executive as a result of the payments and benefits received by the Executive pursuant to this Section 4, including, without limitation, any income or excise tax imposed by Sections 409A and 4999 of the Code.

(g) No Mitigation. The Executive shall not be required to mitigate the amount of any payment provided for in this Section 4 by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for in this Section 4 be reduced by any compensation earned by the Executive as the result of employment by another employer or self-employment or by retirement benefits; provided, however, that loans, advances (other than salary advances) or other amounts owed by the Executive to the Company under a written agreement may be offset by the Company against amounts payable to Executive under this Section 4.

5. Non-Exclusivity of Rights. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

6. Limitation on Payments.

(a) Notwithstanding any other provision of this Agreement, in the event that any payment or benefit received or to be received by the Executive (including any payment or benefit received in connection with a termination of the Executive's employment, whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement) (all such payments and benefits, including the payments and benefits under Section 4 hereof, being hereinafter referred to as the "Total Payments") would be subject (in whole or part), to the excise tax imposed under Section 4999 of the Code (the "Excise Tax"), then, after taking into account any reduction in the Total Payments provided by reason of Section 280G of the Code in such other plan, arrangement or agreement, the cash severance payments under this Agreement shall first be reduced, and the noncash severance payments hereunder shall thereafter be reduced, to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax but only if (i) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments) is greater than or equal to (ii) the net amount of such Total Payments

without such reduction (but after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of Excise Tax to which the Executive would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments). The Total Payments shall be reduced in the following order: (A) reduction of any cash severance payments otherwise payable to the Executive that are exempt from Section 409A of the Code; (B) reduction of any other cash payments or benefits otherwise payable to the Executive that are exempt from Section 409A of the Code, but excluding any payments attributable to any acceleration of vesting or payments with respect to any equity award that are exempt from Section 409A of the Code; (C) reduction of any other payments or benefits otherwise payable to Executive on a pro-rata basis or such other manner that complies with Section 409A of the Code, but excluding any payments attributable to any acceleration of vesting and payments with respect to any equity award that are exempt from Section 409A of the Code; and (D) reduction of any payments attributable to any acceleration of vesting or payments with respect to any equity award that are exempt from Section 409A of the Code, in each case beginning with payments that would otherwise be made last in time.

(b) For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax, (i) no portion of the Total Payments the receipt or enjoyment of which the Executive shall have waived at such time and in such manner as not to constitute a "payment" within the meaning of Section 280G(b) of the Code shall be taken into account; (ii) no portion of the Total Payments shall be taken into account which, in the written opinion of independent auditors of nationally recognized standing ("Independent Advisors") selected by the Company, does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Total Payments shall be taken into account which, in the opinion of Independent Advisors, constitutes reasonable compensation for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the Base Amount (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation; and (iii) the value of any non cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the Independent Advisors in accordance with the principles of Sections 280G(d)(3) and (4) of the Code.

7. Confidential Information and Non-Solicitation.

(a) The Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company and its subsidiaries and affiliates, which shall have been obtained by the Executive in connection with the Executive's employment by the Company and which shall not be or become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement). After termination of the Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data, to anyone other than the Company and those designated by it; provided, however, that if the Executive receives actual notice that the Executive is or may be required by law or legal process

to communicate or divulge any such information, knowledge or data, the Executive shall promptly so notify the Company.

(b) While employed by the Company and, for a period of one (1) year after the Date of Termination, the Executive shall not directly or indirectly solicit, induce, or encourage any employee or consultant of any member of the Company and its subsidiaries and affiliates to terminate their employment or other relationship with the Company and its subsidiaries and affiliates or to cease to render services to any member of the Company and its subsidiaries and affiliates and the Executive shall not initiate discussion with any such person for any such purpose or authorize or knowingly cooperate with the taking of any such actions by any other individual or entity. During his employment with the Company and thereafter, the Executive shall not use any trade secret of the Company or its subsidiaries or affiliates to solicit, induce, or encourage any customer, client, vendor, or other party doing business with any member of the Company and its subsidiaries and affiliates to terminate its relationship therewith or transfer its business from any member of the Company and its subsidiaries and affiliates and the Executive shall not initiate discussion with any such person for any such purpose or authorize or knowingly cooperate with the taking of any such actions by any other individual or entity.

(c) In recognition of the facts that irreparable injury will result to the Company in the event of a breach by the Executive of his obligations under Sections 7(a) and (b) hereof, that monetary damages for such breach would not be readily calculable, and that the Company would not have an adequate remedy at law therefor, the Executive acknowledges, consents and agrees that in the event of such breach, or the threat thereof, the Company shall be entitled, in addition to any other legal remedies and damages available, to specific performance thereof and to temporary and permanent injunctive relief (without the necessity of posting a bond) to restrain the violation or threatened violation of such obligations by the Executive.

8. Representations. The Executive hereby represents and warrants to the Company that (a) the Executive is entering into this Agreement voluntarily and that the performance of his obligations hereunder will not violate any agreement between the Executive and any other person, firm, organization or other entity, and (b) the Executive is not bound by the terms of any agreement with any previous employer or other party to refrain from competing, directly or indirectly, with the business of such previous employer or other party that would be violated by his entering into this Agreement and/or providing services to the Company pursuant to the terms of this Agreement.

9. Successors.

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive’s legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

10. Payment of Financial Obligations. The payment or provision to the Executive by the Company of any remuneration, benefits or other financial obligations pursuant to this Agreement shall be allocated among the Operating Partnership, the REIT and any subsidiary or affiliate thereof in such manner as such entities determine in order to reflect the services provided by the Executive to such entities; provided, however, that the Operating Partnership and the REIT shall be jointly and severally liable for such obligations.

11. Miscellaneous.

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

(b) Notices. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive: at the Executive's most recent address on the records of the Company.

If to the REIT or the Operating Partnership:

American Assets Trust, Inc.
11455 El Camino Real, Suite 200
San Diego, CA 92130
Attn: General Counsel

with a copy to:

Latham & Watkins
355 South Grand Ave.
Los Angeles, CA 90071-1560
Attn: Julian Kleindorfer

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) Sarbanes-Oxley Act of 2002. Notwithstanding anything herein to the contrary, if the Company determines, in its good faith judgment, that any transfer or deemed transfer of funds hereunder is likely to be construed as a personal loan prohibited by Section 13(k) of the Exchange Act and the rules and regulations promulgated thereunder, then such transfer or deemed transfer shall not be made to the extent necessary or appropriate so as not to violate the Exchange Act and the rules and regulations promulgated thereunder.

(d) Section 409A of the Code.

(i) To the extent applicable, this Agreement shall be interpreted in accordance with Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder. Notwithstanding any provision of this Agreement to the contrary, if the Company determines that any compensation or benefits payable under this Agreement may be subject to Section 409A of the Code and related Department of Treasury guidance, the Company shall work in good faith with the Executive to adopt such amendments to this Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Company determines are necessary or appropriate to avoid the imposition of taxes under Section 409A of the Code, including without limitation, actions intended to (i) exempt the compensation and benefits payable under this Agreement from Section 409A of the Code, and/or (ii) comply with the requirements of Section 409A of the Code and related Department of Treasury guidance; provided, however, that this Section 11(d) shall not create an obligation on the part of the Company to adopt any such amendment, policy or procedure or take any such other action, nor shall the Company have any liability for failing to do so. Each series of installment payments made under this Agreement is hereby designated as a series of "separate payments" within the meaning of Section 409A of the Code.

(ii) To the extent permitted under Section 409A of the Code, any separate payment or benefit under this Agreement or otherwise shall not be deemed "nonqualified deferred compensation" subject to Section 409A of the Code and Section 4(e) hereof to the extent provided in the exceptions in Treasury Regulation Section 1.409A-1(b)(4), Section 1.409A-1(b)(9) or any other applicable exception or provision of Section 409A of the Code.

(iii) To the extent that any payments or reimbursements provided to the Executive under this Agreement, including, without limitation, pursuant to Section 2(b)(vi), are deemed to constitute compensation to the Executive to which Treasury Regulation Section 1.409A-3(i)(1)(iv) would apply, such amounts shall be paid or reimbursed reasonably promptly, but not later than December 31 of the year following the year in which the expense was incurred. The amount of any such payments eligible for reimbursement in one year shall not affect the payments or expenses that are eligible for payment or reimbursement in any other taxable year, and the Executive's right to such payments or reimbursement of any such expenses shall not be subject to liquidation or exchange for any other benefit.

(e) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(f) Withholding. The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(g) No Waiver. The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason pursuant to Section 3(c) hereof, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(h) Entire Agreement. This Agreement, together with the Indemnification Agreement and the Restricted Stock Award Agreements, constitutes the final, complete and exclusive agreement between the Executive and the Company with respect to the subject matter hereof and replaces and supersedes any and all other agreements, offers or promises, whether oral or written, by any member of the Company and its subsidiaries and affiliates (a "Predecessor Employer"), or representative thereof, whose business or assets any member of the Company and its subsidiaries and affiliates succeeded to in connection with the initial public offering of the common stock of the REIT or the transactions related thereto, including, without limitation, the Original Agreement.

(i) Amendment. No amendment or other modification of this Agreement shall be effective unless made in writing and signed by the parties hereto.

(j) Counterparts. This Agreement and any agreement referenced herein may be executed simultaneously in two or more counterparts, each of which shall be deemed an original but which together shall constitute one and the same instrument.

(k) Right to Advice of Counsel. The Executive acknowledges that he has the right to, and has been advised to, consult with an attorney regarding the execution of this Agreement, including, without limitation, as to the effect of the amendment and restatement of the Original Agreement, and any release hereunder; by his signature below, the Executive acknowledges that he understands this right and has either consulted with an attorney regarding the execution of this Agreement and the resulting amendment and restatement of the Original Agreement or determined not to do so.

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from the Board, each of the REIT and the Operating Partnership has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

AMERICAN ASSETS TRUST, INC.,
a Maryland corporation

By: /s/ ERNEST S. RADY
Name: Ernest S. Rady
Title: Executive Chairman

AMERICAN ASSETS TRUST, L.P.,
a Maryland limited partnership

By: AMERICAN ASSETS TRUST, INC.
Its: General Partner

By: /s/ ERNEST S. RADY
Name: Ernest S. Rady
Title: Executive Chairman

"EXECUTIVE"

/s/ ADAM WYLL
Adam Wyll

EXHIBIT A

INDEMNIFICATION AGREEMENT

EXHIBIT B

GENERAL RELEASE

For valuable consideration, the receipt and adequacy of which are hereby acknowledged, the undersigned does hereby release and forever discharge the "Releasees" hereunder, consisting of American Assets Trust, Inc., a Maryland corporation, American Assets Trust, L.P., a Maryland limited partnership, and each of their partners, subsidiaries, associates, affiliates, successors, heirs, assigns, agents, directors, officers, employees, representatives, lawyers, insurers, and all persons acting by, through, under or in concert with them, or any of them, of and from any and all manner of action or actions, cause or causes of action, in law or in equity, suits, debts, liens, contracts, agreements, promises, liability, claims, demands, damages, losses, costs, attorneys' fees or expenses, of any nature whatsoever, known or unknown, fixed or contingent (hereinafter called "Claims"), which the undersigned now has or may hereafter have against the Releasees, or any of them, by reason of any matter, cause, or thing whatsoever from the beginning of time to the date hereof. The Claims released herein include, without limiting the generality of the foregoing, any Claims in any way arising out of, based upon, or related to the employment or termination of employment of the undersigned by the Releasees, or any of them; any alleged breach of any express or implied contract of employment; any alleged torts or other alleged legal restrictions on Releasees' right to terminate the employment of the undersigned; and any alleged violation of any federal, state or local statute or ordinance including, without limitation, Title VII of the Civil Rights Act of 1964, the Age Discrimination In Employment Act, the Americans With Disabilities Act, and the California Fair Employment and Housing Act. Notwithstanding the foregoing, this Release shall not operate to release any rights or claims of the undersigned (i) to payments or benefits under either Section 4(a) or 4(b) of that certain Amended and Restated Employment Agreement, dated as of January 1, 2014, among American Assets Trust, Inc., American Assets Trust, L.P. and the undersigned (the "Employment Agreement"), whichever is applicable to the payments and benefits provided in exchange for this release, (ii) to payments or benefits under the Restricted Stock Award Agreements (as defined in the Employment Agreement), (iii) with respect to Section 2(b)(vi) or 6 of the Employment Agreement, (iv) to accrued or vested benefits the undersigned may have, if any, as of the date hereof under any applicable plan, policy, practice, program, contract or agreement with the Company, (v) to indemnification and/or advancement of expenses pursuant to the Indemnification Agreement (as defined in the Employment Agreement), (vi) for unemployment compensation or any state disability insurance benefits pursuant to the terms of applicable state law, or (vii) for workers' compensation insurance benefits under the terms of any worker's compensation insurance policy or fund of the Company.

THE UNDERSIGNED ACKNOWLEDGES THAT HE HAS BEEN ADVISED BY LEGAL COUNSEL AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

THE UNDERSIGNED, BEING AWARE OF SAID CODE SECTION, HEREBY EXPRESSLY WAIVES ANY RIGHTS HE MAY HAVE THEREUNDER, AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT.

IN ACCORDANCE WITH THE OLDER WORKERS BENEFIT PROTECTION ACT OF 1990, THE UNDERSIGNED IS HEREBY ADVISED AS FOLLOWS:

(A) HE HAS THE RIGHT TO CONSULT WITH AN ATTORNEY BEFORE SIGNING THIS RELEASE;

(B) HE HAS TWENTY-ONE (21) DAYS TO CONSIDER THIS RELEASE BEFORE SIGNING IT; AND

(C) HE HAS SEVEN (7) DAYS AFTER SIGNING THIS RELEASE TO REVOKE THIS RELEASE, AND THIS RELEASE WILL BECOME EFFECTIVE UPON THE EXPIRATION OF THAT REVOCATION PERIOD.

The undersigned represents and warrants that there has been no assignment or other transfer of any interest in any Claim which he may have against Releasees, or any of them, and the undersigned agrees to indemnify and hold Releasees, and each of them, harmless from any liability, Claims, demands, damages, costs, expenses and attorneys' fees incurred by Releasees, or any of them, as the result of any such assignment or transfer or any rights or Claims under any such assignment or transfer. It is the intention of the parties that this indemnity does not require payment as a condition precedent to recovery by the Releasees against the undersigned under this indemnity.

The undersigned agrees that if he hereafter commences any suit arising out of, based upon, or relating to any of the Claims released hereunder or in any manner asserts against Releasees, or any of them, any of the Claims released hereunder, then the undersigned agrees to pay to Releasees, and each of them, in addition to any other damages caused to Releasees thereby, all attorneys' fees incurred by Releasees in defending or otherwise responding to said suit or Claim.

The undersigned further understands and agrees that neither the payment of any sum of money nor the execution of this Release shall constitute or be construed as an admission of any liability whatsoever by the Releasees, or any of them, who have consistently taken the position that they have no liability whatsoever to the undersigned.

IN WITNESS WHEREOF, the undersigned has executed this Release this 25th day of March, 2014.

/s/ ADAM WYLL

Adam Wyll

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "Agreement"), effective as of March 25, 2014 (the "Effective Date"), is entered into by and among American Assets Trust, Inc., a Maryland corporation (the "REIT"), American Assets Trust, L.P., a Maryland limited partnership (the "Operating Partnership") and Patrick Kinney (the "Executive").

WHEREAS, the Executive is a party to that certain Employment Agreement dated as of January 19, 2011 (the "Original Agreement") with the REIT and the Operating Partnership (collectively, the "Company"); and

WHEREAS, the parties desire to amend the terms of the Original Agreement on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements set forth below, the parties hereto agree as follows:

1. Employment Period. Subject to the provisions for earlier termination hereinafter provided, the Executive's employment hereunder shall be for a term (as extended pursuant to this Section 1, the "Employment Period") commencing on the Effective Date and ending on the first anniversary of the Effective Date (unless the Executive's employment is terminated prior to such date pursuant to Section 3 below) (the "Initial Termination Date"); provided, however, that the Employment Period shall automatically be extended for one additional year on the Initial Termination Date and on each subsequent anniversary of the Initial Termination Date thereafter (each such extension, a "Renewal Year"), unless either the Executive or the Company elects not to so extend the Employment Period by notifying the other party, in writing, of such election (a "Non-Renewal") not less than sixty (60) days prior to the last day of the Employment Period as then in effect.

2. Terms of Employment.

(a) Position and Duties.

(i) During the Employment Period, the Executive shall serve as Senior Vice President of Real Estate Operations of the REIT and the Operating Partnership, and shall perform such employment duties as are usual and customary for such positions. The Executive shall report directly to the Chief Executive Officer and President of the Company. At the Company's request, the Executive shall serve the Company and/or its subsidiaries and affiliates in other capacities in addition to the foregoing consistent with the Executive's position as Senior Vice President of Real Estate Operations of the REIT and the Operating Partnership. In the event that the Executive, during the Employment Period, serves in any one or more of such additional capacities, the Executive's compensation shall not be increased beyond that specified in Section 2(b) hereof. In addition, in the event the Executive's service in one or more of such additional capacities is terminated, the Executive's compensation, as specified in Section 2(b) hereof, shall not

be diminished or reduced in any manner as a result of such termination provided that the Executive otherwise remains employed under the terms of this Agreement.

(ii) During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive may be entitled, the Executive agrees to devote his full business time and attention to the business and affairs of the Company. Notwithstanding the foregoing, during the Employment Period, it shall not be a violation of this Agreement for the Executive to (A) serve on boards, committees or similar bodies of charitable or nonprofit organizations, including, without limitation, the Executive's continued service on the board of directors of American Assets, Inc., (B) fulfill limited teaching, speaking and writing engagements, and (C) manage his personal investments, in each case, so long as such activities do not materially interfere or conflict with the performance of the Executive's duties and responsibilities under this Agreement.

(iii) During the Employment Period, the Executive shall perform the services required by this Agreement at the Company's principal offices located in San Diego, California (the "Principal Location"), except for travel to other locations as may be necessary to fulfill the Executive's duties and responsibilities hereunder.

(b) Compensation, Benefits, Etc.

(i) Base Salary. During the Employment Period, the Executive shall receive a base salary (the "Base Salary") of $223,000 per annum. The Base Salary shall be reviewed annually by the Compensation Committee (the "Compensation Committee") of the Board of Directors (the "Board") and may be increased from time to time by the Compensation Committee in its sole discretion. The Base Salary shall be paid in accordance with the Company's normal payroll practices for executive salaries generally, but no less often than monthly. The Base Salary shall not be reduced after any increase in accordance herewith and the term "Base Salary" as utilized in this Agreement shall refer to Base Salary as so increased.

(ii) Annual Bonus. In addition to the Base Salary, the Executive shall be eligible to earn, for each fiscal year of the Company ending during the Employment Period, an annual cash performance bonus (an "Annual Bonus") under the Company's bonus plan or program applicable to senior executives. The Executive's target Annual Bonus shall be forty percent (40%) of his Base Salary actually paid for such year. The amount of the Annual Bonus, if any, shall be determined by the Compensation Committee in its sole discretion based on such performance criteria as the Compensation Committee shall determine in its sole discretion. Except as otherwise provided in Section 4(a) or 4(d) below, the Executive must be employed on the date of payment of the Annual Bonus in order to be eligible to receive an Annual Bonus for such fiscal year. The Executive acknowledges and agrees that nothing contained herein confers on the Executive any right to an Annual Bonus in any year, and that whether the Company pays him an Annual Bonus and the amount of any such Annual Bonus shall be determined by the Compensation Committee in its sole discretion.

(iii) Restricted Stock Awards.

(A) In connection with the execution of the Original Agreement, the REIT issued to the Executive awards of Restricted Stock (as defined in the Company's 2011 Equity Incentive Award Plan (the "Incentive Plan")), as follows:

(1) an award of Restricted Stock with respect to eighteen thousand (18,000) shares of the REIT's common stock (the "Time Vesting Restricted Stock Award"); and

(2) an award of Restricted Stock with respect to twenty-seven thousand (27,000) shares of the REIT's common stock (the "Performance Vesting Restricted Stock Award" and together with the Time Vesting Restricted Stock Award, the "Original Restricted Stock Awards").

(B) Each year during the Employment Period, the REIT shall issue to the Executive an additional award of Restricted Stock. It is the intention of the Company that the annual Restricted Stock Awards, together with the Base Salary and Annual Bonus, will provide the Executive with total annual compensation at no less than the median of similarly-situated executive officers among the Company's current peer group for compensation purposes (as determined based on the Executive's duties, authority and responsibilities (and not solely by reference to title) in the reasonable discretion of the Compensation Committee), and that each such annual Restricted Stock Award will have an aggregate value on the date of grant (at the target vesting level) of $125,000 (which amount may be increased or decreased by the Compensation Committee each year based on its consideration of such comparable peer group compensation data) (each, an "Annual Restricted Stock Award," and together with the Original Restricted Stock Awards, the "Restricted Stock Awards"). Subject to the Executive's continued employment with the Company through each such date, the Annual Restricted Stock Awards shall vest based on the satisfaction by the REIT of performance objectives established by the Compensation Committee and such other conditions set forth in the applicable award agreement.

(C) The terms and conditions of each Restricted Stock Award shall be set forth in separate award agreements in a form prescribed by the Company (the "Restricted Stock Award Agreements"), to be entered into by the Company and the Executive, which shall evidence the grant of the Restricted Stock Awards.

(D) Immediately prior to a Change in Control of the Company (as defined in the Incentive Plan), the Original Restricted Stock Awards shall, to the extent not previously vested, become fully vested and nonforfeitable.

(iv) Incentive, Savings and Retirement Plans. During the Employment Period, the Executive shall be eligible to participate in all other incentive plans, practices, policies and programs, and all savings and retirement plans, practices, policies and programs, in each case that are available generally to senior executives of the Company.

(v) Welfare Benefit Plans. During the Employment Period, the Executive and the Executive's eligible family members shall be eligible for participation in the welfare benefit plans, practices, policies and programs (including, if applicable, medical, dental, disability, employee life, group life and accidental death insurance plans and programs) maintained by the Company for its senior executives.

(vi) Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable business expenses incurred by the Executive in accordance with the policies, practices and procedures of the Company provided to senior executives of the Company.

(vii) Fringe Benefits. During the Employment Period, the Executive shall be entitled to such fringe benefits and perquisites as are provided by the Company to its senior executives from time to time, in accordance with the policies, practices and procedures of the Company, and shall receive such additional fringe benefits and perquisites as the Company may, in its discretion, from time-to-time provide.

(viii) Vacation. During the Employment Period, the Executive shall be entitled to paid vacation in accordance with the plans, policies, programs and practices of the Company applicable to its senior executives but in no event less than five (5) weeks per calendar year.

(ix) Indemnification Agreement. The parties have entered into an Indemnification Agreement dated as of January 19, 2011 (the "Indemnification Agreement"), which Indemnification Agreement is attached hereto as Exhibit A.

3. Termination of Employment.

(a) Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. Either the Company or the Executive may terminate the Executive's employment in the event of the Executive's Disability during the Employment Period. For purposes of this Agreement, "Disability" shall mean the absence of the Executive from the Executive's duties with the Company on a full-time basis for ninety (90) consecutive days or for a total of one hundred eighty (180) days in any twelve (12)-month period, in either case as a result of incapacity due to mental or physical illness which is determined to be total and permanent by a physician selected by the Company or its insurers and reasonably acceptable to the Executive or the Executive's legal representative.

(b) Cause. The Company may terminate the Executive's employment during the Employment Period for Cause or without Cause. For purposes of this Agreement, "Cause" shall mean the occurrence of any one or more of the following events unless, to the extent capable of correction, the Executive fully corrects the circumstances constituting Cause within fifteen (15) days after receipt of the Notice of Termination (as defined below):

(i) the Executive's willful and continued failure to substantially perform his duties with the Company (other than any such failure resulting from the Executive's incapacity due to physical or mental illness or any such actual or anticipated failure after his issuance of a Notice of Termination for Good Reason), after a written demand for substantial performance is delivered to the Executive by the Board, which demand specifically identifies the manner in which the Board believes that the Executive has not substantially performed his duties;

(ii) the Executive's willful commission of an act of fraud or dishonesty resulting in reputational, economic or financial injury to the Company;

(iii) the Executive's commission of, or entry by the Executive of a guilty or no contest plea to, a felony or a crime involving moral turpitude;

(iv) a willful breach by the Executive of his fiduciary duty to the Company which results in reputational, economic or other injury to the Company; or

(v) the Executive's willful and material breach of the Executive's obligations under a written agreement between the Company and the Executive, including without limitation, such a breach of this Agreement.

For purposes of this provision, no act or failure to act, on the part of the Executive, shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or based upon the advice of counsel for the Company shall be presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company.

(c) Good Reason. The Executive's employment may be terminated by the Executive for Good Reason or by the Executive without Good Reason. For purposes of this Agreement, "Good Reason" shall mean the occurrence of any one or more of the following events without the Executive's prior written consent:

(i) the assignment to the Executive of any duties materially inconsistent in any respect with the Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 2(a) hereof, or any other action by the Company which results in a material diminution in such position, authority, duties or responsibilities, excluding for this purpose any isolated, insubstantial or inadvertent actions not taken in bad faith and which are remedied by the Company promptly after receipt of notice thereof given by the Executive;

(ii) the Company's material reduction of the Executive's Base Salary;

(iii) a material change in the geographic location of the Principal Location which shall, in any event, include only a relocation of the Principal Location by more than thirty (30) miles from its existing location;

(iv) the Company's material breach of its obligations under this Agreement.

Notwithstanding the foregoing, the Executive will not be deemed to have resigned for Good Reason unless (1) the Executive provides the Company with written notice setting forth in reasonable detail the facts and circumstances claimed by the Executive to constitute Good Reason within sixty (60) days after the date of the occurrence of any event that the Executive knows or should reasonably have known to constitute Good Reason, (2) the Company fails to cure such acts or omissions within thirty (30) days following its receipt of such notice, and (3) the effective date of the Executive's termination for Good Reason occurs no later than thirty (30) days after the expiration of the cure period.

(d) Notice of Termination. Any termination by the Company for Cause, or by the Executive for Good Reason, shall be communicated by a Notice of Termination to the other parties hereto given in accordance with Section 11(b) hereof. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than thirty (30) days after the giving of such notice). The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

(e) Termination of Offices and Directorships. Upon termination of the Executive's employment for any reason, unless otherwise specified in a written agreement between the Executive and the Company, the Executive shall be deemed to have resigned from all offices, directorships, and other employment positions if any, then held with the Company, and shall take all actions reasonably requested by the Company to effectuate the foregoing.

4. Obligations of the Company upon Termination.

(a) Without Cause or For Good Reason. Subject to Section 4(e) below, if the Executive incurs a "separation from service" from the Company (within the meaning of Section 409A(a)(2)(A)(i) of the Internal Revenue Code of 1986, as amended (the "Code"), and Treasury Regulation Section 1.409A-1(h)) (a "Separation from Service") during the Employment Period by reason of (1) a termination of the Executive's employment by the Company without Cause (and other than by reason of the Executive's death or Disability), or (2) a termination of the Executive's employment by the Executive for Good Reason:

(i) The Executive shall be paid, in a single lump-sum payment on the date of the Executive's termination of employment, the aggregate amount of the Executive's earned but unpaid Base Salary and accrued but unpaid vacation pay through the date of such termination (the "Accrued Obligations") and any Annual Bonus required to be paid to the Executive pursuant to Section 2(b)(ii) above for any fiscal year of the Company that ends on or before the Date of Termination to the extent not previously paid (the "Unpaid Bonus") (or, if the amount of the Unpaid Bonus has not yet been determined as of the Date of Termination, such Unpaid Bonus shall be paid to the Executive on the date annual bonuses for the relevant fiscal year are paid to the Company's executives generally, but in no event later than March 15th of the calendar year following the end of the calendar year to which such Unpaid Bonus relates);

(ii) In addition, the Executive shall be paid, in a single lump-sum payment on the sixtieth (60^{th}) day after the date of the Executive's Separation from Service (such date, the "Date of Termination"), an amount equal to one (1) (the "Severance Multiple") times the sum of (A) the Base Salary in effect on the Date of Termination, plus (B) the Executive's Average Annual Bonus Amount (as defined below). For purposes of this Agreement, the Executive's "Average Annual Bonus Amount" shall be an amount equal to the average of the Annual Bonuses awarded to the Executive for each of the three (3) fiscal years prior to the Date of Termination. For purposes of determining the Executive's "Average Annual Bonus Amount," (x) to the extent the Executive received no Annual Bonus in any year due to a failure to meet the applicable performance objectives, such year will still be taken into account (using zero (0) as the applicable bonus) in determining the Executive's "Average Annual Bonus Amount," and (y) to the extent the Executive was not employed for an entire fiscal year, the Annual Bonus received by the Executive for such fiscal year shall be annualized for purposes of the preceding calculation. For the avoidance of doubt, for purposes of this Section 4(a)(ii), an Annual Bonus shall include any portion of the Executive's Annual Bonus received in the form of equity rather than cash, provided that any such equity award expressly provides by its terms that it was issued in lieu of cash in payment of the Executive's Annual Bonus or a portion thereof. In the event the Executive's Date of Termination occurs within twelve (12) months following a Change in Control, the Severance Multiple shall be two (2).

(iii) Except to the extent an award agreement governing an equity award granted to Executive specifically provides for the treatment of such equity award in the event of Executive's termination of employment by the Company other than for Cause or Executive's resignation for Good Reason and provides that its terms shall supersede the provisions of this Section 4(a)(iii), in which case the terms of such award agreement shall govern, the vesting and/or exercisability of fifty percent (50%) of each of Executive's outstanding unvested equity awards shall be automatically accelerated on the Date of Termination (which percentage shall be increased to one hundred percent (100%) in the event the Executive's Date of Termination occurs within twelve (12) months following a Change in Control). In addition, notwithstanding anything to the contrary in the award agreements evidencing the Original Restricted Stock Awards, the Original

Restricted Stock Awards shall, to the extent not previously vested, become fully vested and nonforfeitable on the Executive's Date of Termination.

(iv) For the period beginning on the Date of Termination and ending on the date which is twelve (12) full months following the Date of Termination (or, if earlier, (A) the date on which the applicable continuation period under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA") expires or (B) the date the Executive becomes eligible to receive the equivalent or increased healthcare coverage from a subsequent employer) (such period, the "COBRA Coverage Period"), if the Executive and his eligible dependents who were covered under the Company's health insurance plans as of the Date of Termination elect to have COBRA coverage and are eligible for such coverage, the Company shall pay the COBRA premiums necessary to continue health insurance coverage for the Executive and his covered dependents as in effect on the Date of Termination. If any of the Company's health benefits are self-funded as of the date of the Executive's Separation from Service, or if the Company cannot provide the foregoing benefits in a manner that is exempt from Section 409A (as defined below) or that is otherwise compliant with applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then in lieu of paying the COBRA premiums as set forth above, the Company shall instead pay to the Executive on the last day of each remaining month of the COBRA Coverage Period a fully taxable cash payment equal to the applicable COBRA premium for such month for the Executive and his covered dependents.

Notwithstanding the foregoing, it shall be a condition to the Executive's right to receive the amounts provided for in Sections 4(a)(ii), 4(a)(iii) and 4(a)(iv) above that the Executive execute and deliver to the Company an effective release of claims in substantially the form attached hereto as Exhibit B (the "Release") within twenty-one (21) days (or, to the extent required by law, forty-five (45) days) following the Date of Termination and that the Executive not revoke such Release during any applicable revocation period.

(b) Company Non-Renewal. Subject to Section 4(e) below, in the event that the Executive incurs a Separation from Service during the Employment Period by reason of a Non-Renewal of the Employment Period by the Company and the Executive is willing and able, at the time of such Non-Renewal, to continue performing services on the terms and conditions set forth herein for the Renewal Year that would have occurred but for the Non-Renewal, then the Executive shall be entitled to the payments and benefits provided in Section 4(a) hereof, subject to the terms and conditions of Section 4(a) (including, without limitation, the Release requirement contained therein).

(c) For Cause, Without Good Reason or Other Terminations. If the Executive's employment shall be terminated by the Company for Cause, by the Executive without Good Reason or for any other reason not enumerated in this Section 4, in any case, during the Employment Period, the Company shall pay to the Executive the Accrued Obligations in cash within thirty (30) days after the Date of Termination (or by such earlier date as may be required by applicable law).

(d) Death or Disability. Subject to Section 4(e) below, if the Executive incurs a Separation from Service by reason of the Executive's death or Disability during the Employment Period:

(i) The Accrued Obligations shall be paid to the Executive's estate or beneficiaries or to the Executive, as applicable, in cash on or as soon as practicable following the Date of Termination;

(ii) Any Unpaid Bonus shall be paid to the Executive's estate or beneficiaries or to the Executive, as applicable, on the Date of Termination (or, if the amount of the Unpaid Bonus has not yet been determined as of the Date of Termination, such Unpaid Bonus shall be paid to the Executive's estate or beneficiaries or to the Executive, as applicable, on the date annual bonuses for the relevant fiscal year are paid to the Company's executives generally, but in no event later than March 15th of the calendar year following the end of the calendar year to which such Unpaid Bonus relates); and

(iii) Except to the extent an award agreement governing an equity award granted to the Executive specifically provides for the treatment of such equity award in the event of the Executive's termination as a result of his death or Disability, and provides that its terms shall supersede the provisions of this Section 4(d)(iii), in which case the terms of such award agreement shall govern, all outstanding equity awards held by the Executive on the Date of Termination shall immediately become fully vested and/or exercisable.

(e) Six-Month Delay. Notwithstanding anything to the contrary in this Agreement, no compensation or benefits, including without limitation any severance payments or benefits payable under Section 4 hereof, shall be paid to the Executive during the six (6)-month period following the Executive's Separation from Service if the Company determines that paying such amounts at the time or times indicated in this Agreement would be a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code. If the payment of any such amounts is delayed as a result of the previous sentence, then on the first business day following the end of such six (6)-month period (or such earlier date upon which such amount can be paid under Section 409A of the Code without resulting in a prohibited distribution, including as a result of the Executive's death), the Company shall pay the Executive a lump-sum amount equal to the cumulative amount that would have otherwise been payable to the Executive during such period.

(f) Exclusive Benefits. Except as expressly provided in this Section 4 and subject to Section 5 below, the Executive shall not be entitled to any additional payments or benefits upon or in connection with his termination of employment. In addition, the Executive acknowledges and agrees that he is not entitled to any reimbursement by the Company for any taxes payable by the Executive as a result of the payments and benefits received by the Executive pursuant to this Section 4, including, without limitation, any income or excise tax imposed by Sections 409A and 4999 of the Code.

(g) No Mitigation. The Executive shall not be required to mitigate the amount of any payment provided for in this Section 4 by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for in this Section 4 be reduced by any compensation earned by the Executive as the result of employment by another employer or self-employment or by retirement benefits; provided, however, that loans, advances (other than salary advances) or other amounts owed by the Executive to the Company under a written agreement may be offset by the Company against amounts payable to Executive under this Section 4.

5. Non-Exclusivity of Rights. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

6. Limitation on Payments.

(a) Notwithstanding any other provision of this Agreement, in the event that any payment or benefit received or to be received by the Executive (including any payment or benefit received in connection with a termination of the Executive's employment, whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement) (all such payments and benefits, including the payments and benefits under Section 4 hereof, being hereinafter referred to as the "Total Payments") would be subject (in whole or part), to the excise tax imposed under Section 4999 of the Code (the "Excise Tax"), then, after taking into account any reduction in the Total Payments provided by reason of Section 280G of the Code in such other plan, arrangement or agreement, the cash severance payments under this Agreement shall first be reduced, and the noncash severance payments hereunder shall thereafter be reduced, to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax but only if (i) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments) is greater than or equal to (ii) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of Excise Tax to which the Executive would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments). The Total Payments shall be reduced in the following order: (A) reduction of any cash severance payments otherwise payable to the Executive that are exempt from Section 409A of the Code; (B) reduction of any other cash payments or benefits otherwise payable to the Executive that are exempt from Section 409A of the Code, but excluding any payments attributable to any acceleration of vesting or payments with respect to any equity award that are exempt from Section 409A of the Code; (C) reduction of any other payments or benefits otherwise payable to Executive on a pro-rata basis or such other manner that complies with Section 409A of the Code, but excluding any payments attributable to any acceleration of vesting and payments with respect to any equity award that are exempt from Section 409A of the Code; and (D) reduction of any payments attributable to any acceleration of vesting or payments with respect to any equity

award that are exempt from Section 409A of the Code, in each case beginning with payments that would otherwise be made last in time.

(b) For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax, (i) no portion of the Total Payments the receipt or enjoyment of which the Executive shall have waived at such time and in such manner as not to constitute a "payment" within the meaning of Section 280G(b) of the Code shall be taken into account; (ii) no portion of the Total Payments shall be taken into account which, in the written opinion of independent auditors of nationally recognized standing ("Independent Advisors") selected by the Company, does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Total Payments shall be taken into account which, in the opinion of Independent Advisors, constitutes reasonable compensation for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the Base Amount (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation; and (iii) the value of any non cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the Independent Advisors in accordance with the principles of Sections 280G(d)(3) and (4) of the Code.

7. Confidential Information and Non-Solicitation.

(a) The Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company and its subsidiaries and affiliates, which shall have been obtained by the Executive in connection with the Executive's employment by the Company and which shall not be or become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement). After termination of the Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data, to anyone other than the Company and those designated by it; provided, however, that if the Executive receives actual notice that the Executive is or may be required by law or legal process to communicate or divulge any such information, knowledge or data, the Executive shall promptly so notify the Company.

(b) While employed by the Company and, for a period of one (1) year after the Date of Termination, the Executive shall not directly or indirectly solicit, induce, or encourage any employee or consultant of any member of the Company and its subsidiaries and affiliates to terminate their employment or other relationship with the Company and its subsidiaries and affiliates or to cease to render services to any member of the Company and its subsidiaries and affiliates and the Executive shall not initiate discussion with any such person for any such purpose or authorize or knowingly cooperate with the taking of any such actions by any other individual or entity. During his employment with the Company and thereafter, the Executive shall not use any trade secret of the Company or its subsidiaries or affiliates to solicit, induce, or encourage any customer, client, vendor, or other party doing business with any member of the Company and its subsidiaries and affiliates to terminate its relationship therewith or transfer its business from any member of the Company and its subsidiaries and affiliates and

the Executive shall not initiate discussion with any such person for any such purpose or authorize or knowingly cooperate with the taking of any such actions by any other individual or entity.

(c) In recognition of the facts that irreparable injury will result to the Company in the event of a breach by the Executive of his obligations under Sections 7(a) and (b) hereof, that monetary damages for such breach would not be readily calculable, and that the Company would not have an adequate remedy at law therefor, the Executive acknowledges, consents and agrees that in the event of such breach, or the threat thereof, the Company shall be entitled, in addition to any other legal remedies and damages available, to specific performance thereof and to temporary and permanent injunctive relief (without the necessity of posting a bond) to restrain the violation or threatened violation of such obligations by the Executive.

8. Representations. The Executive hereby represents and warrants to the Company that (a) the Executive is entering into this Agreement voluntarily and that the performance of his obligations hereunder will not violate any agreement between the Executive and any other person, firm, organization or other entity, and (b) the Executive is not bound by the terms of any agreement with any previous employer or other party to refrain from competing, directly or indirectly, with the business of such previous employer or other party that would be violated by his entering into this Agreement and/or providing services to the Company pursuant to the terms of this Agreement.

9. Successors.

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

10. Payment of Financial Obligations. The payment or provision to the Executive by the Company of any remuneration, benefits or other financial obligations pursuant to this Agreement shall be allocated among the Operating Partnership, the REIT and any subsidiary or affiliate thereof in such manner as such entities determine in order to reflect the services provided by the Executive to such entities; provided, however, that the Operating Partnership and the REIT shall be jointly and severally liable for such obligations.

11. Miscellaneous.

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

(b) Notices. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive: at the Executive's most recent address on the records of the Company.

If to the REIT or the Operating Partnership:

American Assets Trust, Inc.
11455 El Camino Real, Suite 200
San Diego, CA 92130
Attn: General Counsel

with a copy to:

Latham & Watkins
355 South Grand Ave.
Los Angeles, CA 90071-1560
Attn: Julian Kleindorfer

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) Sarbanes-Oxley Act of 2002. Notwithstanding anything herein to the contrary, if the Company determines, in its good faith judgment, that any transfer or deemed transfer of funds hereunder is likely to be construed as a personal loan prohibited by Section 13(k) of the Exchange Act and the rules and regulations promulgated thereunder, then such transfer or deemed transfer shall not be made to the extent necessary or appropriate so as not to violate the Exchange Act and the rules and regulations promulgated thereunder.

(d) Section 409A of the Code.

(i) To the extent applicable, this Agreement shall be interpreted in accordance with Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder. Notwithstanding any provision of this Agreement to the contrary, if the Company determines that any compensation or benefits payable under this Agreement may be subject to Section 409A of the Code and related Department of Treasury guidance, the Company shall work in good faith with the Executive to adopt such amendments to this Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Company determines are necessary or appropriate to avoid the imposition of taxes under Section 409A of the Code, including without limitation, actions intended to (i) exempt the compensation and benefits payable under this Agreement from Section 409A of the Code, and/or (ii) comply with the requirements of Section 409A of the Code and related Department of Treasury guidance; provided, however, that this Section 11(d) shall not create an obligation on the part of the Company to adopt any such amendment, policy or procedure or take any such other action, nor shall the Company have any liability for failing to do so. Each series of installment payments made under this Agreement is hereby designated as a series of "separate payments" within the meaning of Section 409A of the Code.

(ii) To the extent permitted under Section 409A of the Code, any separate payment or benefit under this Agreement or otherwise shall not be deemed "nonqualified deferred compensation" subject to Section 409A of the Code and Section 4(e) hereof to the extent provided in the exceptions in Treasury Regulation Section 1.409A-1(b)(4), Section 1.409A-1(b)(9) or any other applicable exception or provision of Section 409A of the Code.

(iii) To the extent that any payments or reimbursements provided to the Executive under this Agreement, including, without limitation, pursuant to Section 2(b)(vi), are deemed to constitute compensation to the Executive to which Treasury Regulation Section 1.409A-3(i)(1)(iv) would apply, such amounts shall be paid or reimbursed reasonably promptly, but not later than December 31 of the year following the year in which the expense was incurred. The amount of any such payments eligible for reimbursement in one year shall not affect the payments or expenses that are eligible for payment or reimbursement in any other taxable year, and the Executive's right to such payments or reimbursement of any such expenses shall not be subject to liquidation or exchange for any other benefit.

(e) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(f) Withholding. The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(g) No Waiver. The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason pursuant to Section 3(c) hereof, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(h) Entire Agreement. This Agreement, together with the Indemnification Agreement and the Restricted Stock Award Agreements, constitutes the final, complete and exclusive agreement between the Executive and the Company with respect to the subject matter hereof and replaces and supersedes any and all other agreements, offers or promises, whether oral or written, by any member of the Company and its subsidiaries and affiliates (a "Predecessor Employer"), or representative thereof, whose business or assets any member of the Company and its subsidiaries and affiliates succeeded to in connection with the initial public offering of the common stock of the REIT or the transactions related thereto, including, without limitation, the Original Agreement.

(i) Amendment. No amendment or other modification of this Agreement shall be effective unless made in writing and signed by the parties hereto.

(j) Counterparts. This Agreement and any agreement referenced herein may be executed simultaneously in two or more counterparts, each of which shall be deemed an original but which together shall constitute one and the same instrument.

(k) Right to Advice of Counsel. The Executive acknowledges that he has the right to, and has been advised to, consult with an attorney regarding the execution of this Agreement, including, without limitation, as to the effect of the amendment and restatement of the Original Agreement, and any release hereunder; by his signature below, the Executive acknowledges that he understands this right and has either consulted with an attorney regarding the execution of this Agreement and the resulting amendment and restatement of the Original Agreement or determined not to do so.

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from the Board, each of the REIT and the Operating Partnership has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

AMERICAN ASSETS TRUST, INC.,
a Maryland corporation

By: /s/ ERNEST S. RADY
Name: Ernest S. Rady
Title: Executive Chairman

AMERICAN ASSETS TRUST, L.P.,
a Maryland limited partnership

By: AMERICAN ASSETS TRUST, INC.
Its: General Partner

By: /s/ ERNEST S. RADY
Name: Ernest S. Rady
Title: Executive Chairman

"EXECUTIVE"

/s/ PATRICK KINNEY
Patrick Kinney

EXHIBIT A

INDEMNIFICATION AGREEMENT

EXHIBIT B

GENERAL RELEASE

For valuable consideration, the receipt and adequacy of which are hereby acknowledged, the undersigned does hereby release and forever discharge the "Releasees" hereunder, consisting of American Assets Trust, Inc., a Maryland corporation, American Assets Trust, L.P., a Maryland limited partnership, and each of their partners, subsidiaries, associates, affiliates, successors, heirs, assigns, agents, directors, officers, employees, representatives, lawyers, insurers, and all persons acting by, through, under or in concert with them, or any of them, of and from any and all manner of action or actions, cause or causes of action, in law or in equity, suits, debts, liens, contracts, agreements, promises, liability, claims, demands, damages, losses, costs, attorneys' fees or expenses, of any nature whatsoever, known or unknown, fixed or contingent (hereinafter called "Claims"), which the undersigned now has or may hereafter have against the Releasees, or any of them, by reason of any matter, cause, or thing whatsoever from the beginning of time to the date hereof. The Claims released herein include, without limiting the generality of the foregoing, any Claims in any way arising out of, based upon, or related to the employment or termination of employment of the undersigned by the Releasees, or any of them; any alleged breach of any express or implied contract of employment; any alleged torts or other alleged legal restrictions on Releasees' right to terminate the employment of the undersigned; and any alleged violation of any federal, state or local statute or ordinance including, without limitation, Title VII of the Civil Rights Act of 1964, the Age Discrimination In Employment Act, the Americans With Disabilities Act, and the California Fair Employment and Housing Act. Notwithstanding the foregoing, this Release shall not operate to release any rights or claims of the undersigned (i) to payments or benefits under either Section 4(a) or 4(b) of that certain Amended and Restated Employment Agreement, dated as of January 1, 2014, among American Assets Trust, Inc., American Assets Trust, L.P. and the undersigned (the "Employment Agreement"), whichever is applicable to the payments and benefits provided in exchange for this release, (ii) to payments or benefits under the Restricted Stock Award Agreements (as defined in the Employment Agreement), (iii) with respect to Section 2(b)(vi) or 6 of the Employment Agreement, (iv) to accrued or vested benefits the undersigned may have, if any, as of the date hereof under any applicable plan, policy, practice, program, contract or agreement with the Company, (v) to indemnification and/or advancement of expenses pursuant to the Indemnification Agreement (as defined in the Employment Agreement), (vi) for unemployment compensation or any state disability insurance benefits pursuant to the terms of applicable state law, or (vii) for workers' compensation insurance benefits under the terms of any worker's compensation insurance policy or fund of the Company.

THE UNDERSIGNED ACKNOWLEDGES THAT HE HAS BEEN ADVISED BY LEGAL COUNSEL AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

THE UNDERSIGNED, BEING AWARE OF SAID CODE SECTION, HEREBY EXPRESSLY WAIVES ANY RIGHTS HE MAY HAVE THEREUNDER, AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT.

IN ACCORDANCE WITH THE OLDER WORKERS BENEFIT PROTECTION ACT OF 1990, THE UNDERSIGNED IS HEREBY ADVISED AS FOLLOWS:

(A) HE HAS THE RIGHT TO CONSULT WITH AN ATTORNEY BEFORE SIGNING THIS RELEASE;

(B) HE HAS TWENTY-ONE (21) DAYS TO CONSIDER THIS RELEASE BEFORE SIGNING IT; AND

(C) HE HAS SEVEN (7) DAYS AFTER SIGNING THIS RELEASE TO REVOKE THIS RELEASE, AND THIS RELEASE WILL BECOME EFFECTIVE UPON THE EXPIRATION OF THAT REVOCATION PERIOD.

The undersigned represents and warrants that there has been no assignment or other transfer of any interest in any Claim which he may have against Releasees, or any of them, and the undersigned agrees to indemnify and hold Releasees, and each of them, harmless from any liability, Claims, demands, damages, costs, expenses and attorneys' fees incurred by Releasees, or any of them, as the result of any such assignment or transfer or any rights or Claims under any such assignment or transfer. It is the intention of the parties that this indemnity does not require payment as a condition precedent to recovery by the Releasees against the undersigned under this indemnity.

The undersigned agrees that if he hereafter commences any suit arising out of, based upon, or relating to any of the Claims released hereunder or in any manner asserts against Releasees, or any of them, any of the Claims released hereunder, then the undersigned agrees to pay to Releasees, and each of them, in addition to any other damages caused to Releasees thereby, all attorneys' fees incurred by Releasees in defending or otherwise responding to said suit or Claim.

The undersigned further understands and agrees that neither the payment of any sum of money nor the execution of this Release shall constitute or be construed as an admission of any liability whatsoever by the Releasees, or any of them, who have consistently taken the position that they have no liability whatsoever to the undersigned.

IN WITNESS WHEREOF, the undersigned has executed this Release this 25th day of March, 2014.

/s/ PATRICK KINNEY

Patrick Kinney

AMERICAN ASSETS TRUST, INC.

2011 EQUITY INCENTIVE AWARD PLAN

RESTRICTED STOCK AWARD GRANT NOTICE AND
RESTRICTED STOCK AWARD AGREEMENT

American Assets Trust, Inc., a Maryland corporation (the "***Company***"), pursuant to its 2011 Equity Incentive Award Plan (the "***Plan***"), hereby grants to the individual listed below ("***Participant***") the number of shares of the Company's Stock (the "***Shares***") set forth below. This Restricted Stock award (the "***Award***") is subject to all of the terms and conditions as set forth herein and in the Restricted Stock Award Agreement attached hereto as Exhibit A (the "***Restricted Stock Agreement***") and the Plan, which are incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Grant Notice and the Restricted Stock Agreement.

Participant:	[_____]
Grant Date:	[_____]
Grant Number:	[_____]
Maximum Number of Shares of Restricted Stock ("*Maximum Shares*"):	[_____]
Target Number of Shares of Restricted Stock ("*Target Shares*"):	[_____]
Vesting Schedule:	This Award shall vest in accordance with the vesting schedule set forth on Exhibit C attached hereto.

By his or her signature, Participant agrees to be bound by the terms and conditions of the Plan, the Restricted Stock Agreement and this Grant Notice. Participant has reviewed the Restricted Stock Agreement, the Plan and this Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of this Grant Notice, the Restricted Stock Agreement and the Plan. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator of the Plan upon any questions arising under the Plan, this Grant Notice or the Restricted Stock Agreement.

AMERICAN ASSETS TRUST, INC.

By: _____

John W. Chamberlain, CEO
11455 El Camino Real, #200
San Diego, CA 92130

PARTICIPANT

By: _____

[_____]
11455 El Camino Real, #200
San Diego, CA 92130

EXHIBIT A

TO RESTRICTED STOCK AWARD GRANT NOTICE

RESTRICTED STOCK AWARD AGREEMENT

Pursuant to the Restricted Stock Award Grant Notice ("***Grant Notice***") to which this Restricted Stock Award Agreement (this "***Agreement***") is attached, American Assets Trust, Inc., a Maryland corporation (the "***Company***"), has granted to Participant the right to purchase the number of shares of Restricted Stock under the Company's 2011 Equity Incentive Award Plan (the "***Plan***") indicated in the Grant Notice. The Shares are subject to the terms and conditions of the Plan which are incorporated herein by reference. Capitalized terms not specifically defined herein shall have the meanings specified in the Plan and the Grant Notice.

ARTICLE I

ISSUANCE OF SHARES

1.1 Issuance of Shares. Pursuant to the Plan and subject to the terms and conditions of this Agreement, effective on the Grant Date, the Company irrevocably grants to Participant the number of shares of Stock set forth in the Grant Notice (the "***Shares***"), in consideration of Participant's employment with or service to the Company, the Partnership or one of their Subsidiaries on or before the Grant Date, for which the Administrator has determined Participant has not been fully compensated, and the Administrator has determined that the benefit received by the Company as a result of such employment or service has a value that exceeds the aggregate par value of the Shares, which Shares, when issued in accordance with the terms hereof, shall be fully paid and nonassessable.

1.2 Issuance Mechanics. On the Grant Date, the Company shall issue the Shares to Participant and shall (a) cause a stock certificate or certificates representing the Shares to be registered in the name of Participant, or (b) cause such Shares to be held in book entry form. If a stock certificate is issued, it shall be delivered to and held in custody by the Company and shall bear the restrictive legends required by Section 4.1 below. If the Shares are held in book entry form, then such entry will reflect that the Shares are subject to the restrictions of this Agreement. Participant's execution of a stock assignment in the form attached as Exhibit B to the Grant Notice (the "***Stock Assignment***") shall be a condition to the issuance of the Shares.

ARTICLE II
FORFEITURE AND TRANSFER RESTRICTIONS

2.1 Forfeiture Restriction. Subject to the provisions of Section 2.2 below, in the event of Participant's cessation of Service for any reason, including as a result of Participant's death or Disability, all of the Unreleased Shares (as defined below) shall thereupon be forfeited immediately and without any further action by the Company (the "***Forfeiture Restriction***"). Upon the occurrence of such a forfeiture, the Company shall become the legal and beneficial owner of the Unreleased Shares and all rights and interests therein or relating thereto, and the Company shall have the right to retain and transfer to its own name the number of Unreleased Shares being forfeited by Participant. The Unreleased Shares and Participant's executed stock assignment in the form attached as Exhibit B to the Grant Notice shall be held by the Company in accordance with Section 2.4 until the Shares are forfeited as provided in this Section 2.1, until such Unreleased Shares are fully released from the Forfeiture Restriction, or until such time as this Agreement

no longer is in effect. Participant hereby authorizes and directs the Secretary of the Company, or such other person designated by the Committee, to transfer the Unreleased Shares which have been forfeited pursuant to this Section 2.1 from Participant to the Company.

2.2 Release of Shares from Forfeiture Restriction. The Shares shall be released from the Forfeiture Restriction in accordance with the vesting schedule set forth in Exhibit C attached to the Grant Notice. Any of the Shares which, from time to time, have not yet been released from the Forfeiture Restriction are referred to herein as "***Unreleased Shares***." As soon as administratively practicable following the release of any Shares from the Forfeiture Restriction, the Company shall, as applicable, either deliver to Participant the certificate or certificates representing such Shares in the Company's possession belonging to Participant, or, if the Shares are held in book entry form, then the Company shall remove the notations on the book form. Participant (or the beneficiary or personal representative of Participant in the event of Participant's death or incapacity, as the case may be) shall deliver to the Company any representations or other documents or assurances as the Company or its representatives deem necessary or advisable in connection with any such delivery.

2.3 Transfer Restriction. No Unreleased Shares or any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of the Participant or his successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect.

2.4 Escrow. The Unreleased Shares and Participant's executed Stock Assignment shall be held by the Company until the Shares are forfeited as provided in Section 2.1, until such Unreleased Shares are fully released from the Forfeiture Restriction, or until such time as this Agreement no longer is in effect. In such event, Participant shall not retain physical custody of any certificates representing Unreleased Shares issued to Participant. Participant, by acceptance of this Award, shall be deemed to appoint, and does so appoint, the Company and each of its authorized representatives as Participant's attorney(s)-in-fact to effect any transfer of forfeited Unreleased Shares to the Company as may be required pursuant to the Plan or this Agreement, and to execute such representations or other documents or assurances as the Company or such representatives deem necessary or advisable in connection with any such transfer. The Company, or its designee, shall not be liable for any act it may do or omit to do with respect to holding the Shares in escrow and while acting in good faith and in the exercise of its judgment.

2.5 Rights as Stockholder. Except as otherwise provided herein, upon issuance of the Shares by the Company, Participant shall have all the rights of a stockholder with respect to said Shares, subject to the restrictions herein, including the right to vote the Shares and to receive all dividends or other distributions paid or made with respect to the Shares.

2.6 Ownership Limit and REIT Status. The Forfeiture Restriction on the Shares shall not lapse if the lapsing of such restrictions would likely result in any of the following:

(a) a violation of the restrictions or limitations on ownership provided for from time to time under the terms of the organizational documents of the Company; or

(b) income to the Company that could impair the Company's status as a real estate investment trust, within the meaning of Section 856 through 860 of the Code.

ARTICLE III
TAXATION REPRESENTATIONS

3.1 Tax Representation. Participant represents to the Company that Participant has reviewed with his or her own tax advisors the federal, state, local and foreign tax consequences of this investment and the transactions contemplated by this Agreement. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. Participant understands that Participant (and not the Company) shall be responsible for his or her own tax liability that may arise as a result of this investment or the transactions contemplated by this Agreement.

3.2 No 83(b) Election Without Administrator Consent. Participant covenants that he or she will not make an election under Section 83(b) of the Code with respect to the receipt of any of the Shares without the consent of the Administrator, which the Administrator may grant or withhold in its sole discretion.

3.3 Tax Withholding. Notwithstanding anything to the contrary in this Agreement, the Company, the Partnership and their Subsidiaries shall be entitled to require payment of any sums required by federal, state and local income and employment or payroll tax law to be withheld with respect to the issuance, lapsing of restrictions on or sale of the Shares. The Company, the Partnership and their Subsidiaries may withhold or the Participant may make such payment in one or more of the forms specified below:

(a) by cash or check made payable to the Company;

(b) by the deduction of such amount from other compensation payable to Participant;

(c) with respect to any withholding taxes arising in connection with the vesting of the Shares, and with the consent of the Administrator, through the delivery of a notice that Participant has placed a market sell order with a broker acceptable to the Company with respect to those Shares that are then becoming vested and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company, the Partnership or any Subsidiary with respect to which the withholding obligation arises in satisfaction of such withholding taxes; *provided* that payment of such proceeds is then made to the Company, the Partnership or the applicable Subsidiary at such time as may be required by the Administrator, but in any event not later the settlement of such;

(d) with respect to any withholding taxes arising in connection with the vesting of the Shares, and with the consent of the Administrator, by requesting that the Company withhold a net number of vested Shares otherwise deliverable pursuant to this Agreement having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Company, the Partnership and their Subsidiaries based on the minimum applicable statutory withholding rates for federal, state and local income tax and payroll tax purposes;

(e) with respect to any withholding taxes arising in connection with the vesting of the Shares, and with the consent of the Administrator, by tendering vested shares of Stock owned by Participant having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Company, the Partnership and their Subsidiaries based on the minimum applicable statutory withholding rates for federal, state and local income tax and payroll tax purposes; or

(f) in any combination of the foregoing.

In the event Participant fails to provide timely payment of all sums required pursuant to this Section 3.3, the Company shall have the right and option, but not the obligation, to treat such failure as an election by Participant to satisfy all or any portion of Participant's required payment obligation pursuant to clauses (c) or (d) above, at the Company's option. The Company shall not be obligated to deliver any stock certificate representing vested Shares to Participant or Participant's legal representative, or, if the Shares are held in book entry form, to remove the notations on the book form, unless and until Participant or Participant's legal representative shall have paid or otherwise satisfied in full the amount of all federal, state and local taxes applicable to the taxable income of Participant resulting from the issuance, lapsing of restrictions on or sale of the Shares.

In the event any tax withholding obligation arising in connection with the Shares will be satisfied under clause (c) above, then the Company may elect to instruct any brokerage firm determined acceptable to the Company for such purpose to sell on Participant's behalf a whole number of shares of Stock from those Shares that are then becoming vested as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy the tax withholding obligation and to remit the proceeds of such sale to the Company, the Partnership or any Subsidiary with respect to which the withholding obligation arises. Participant's acceptance of this Award constitutes Participant's instruction and authorization to the Company and such brokerage firm to complete the transactions described in this paragraph, including the transactions described in the previous sentence, as applicable. The Company may refuse to deliver any certificate representing the Shares to Participant or his or her legal representative until the foregoing tax withholding obligations are satisfied. In the event of any broker-assisted sale of shares of Stock in connection with the payment of withholding taxes as provided in this Section 3.3: (i) any shares of Stock to be sold through a broker-assisted sale will be sold on the day the tax withholding obligation arises or as soon thereafter as practicable; (ii) such shares of Stock may be sold as part of a block trade with other participants in the Plan in which all participants receive an average price; (iii) Participant will be responsible for all broker's fees and other costs of sale, and Participant agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale; (iv) to the extent the proceeds of such sale exceed the applicable tax withholding obligation, the Company agrees to pay such excess in cash to Participant as soon as reasonably practicable; (v) Participant acknowledges that the Company or its designee is under no obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy the applicable tax withholding obligation; and (vi) in the event the proceeds of such sale are insufficient to satisfy the applicable tax withholding obligation, Participant agrees to pay immediately upon demand to the Company, the Partnership or any Subsidiary with respect to which the withholding obligation arises an amount in cash sufficient to satisfy any remaining portion of the Company's, the Partnership's or the applicable Subsidiary's withholding obligation.

ARTICLE IV
RESTRICTIVE LEGENDS AND STOP-TRANSFER ORDERS

4.1 Legends. The certificate or certificates representing the Shares, if any, shall bear the following legend (as well as any legends required by the Company's charter and applicable state and federal corporate and securities laws):

> THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO FORFEITURE IN FAVOR OF THE COMPANY AND MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH THE TERMS OF A RESTRICTED STOCK AWARD AGREEMENT BETWEEN THE COMPANY AND THE STOCKHOLDER, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY.

4.2 Refusal to Transfer; Stop-Transfer Notices. The Company shall not be required (a) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or (b) to treat as owner of such Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares shall have been so transferred. Participant agrees that, in order to ensure compliance with the restrictions referred to herein, the Company may issue appropriate "stop transfer" instructions to its transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

4.3 Removal of Legend. After such time as the Forfeiture Restriction shall have lapsed with respect to the Shares, and upon Participant's request, a new certificate or certificates representing such Shares shall be issued without the legend referred to in Section 4.1, and delivered to Participant. If the Shares are held in book entry form, the Company shall cause any restrictions noted on the book form to be removed.

ARTICLE V
MISCELLANEOUS

5.1 Governing Law. This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of California, without giving effect to principles of conflicts of law.

5.2 Entire Agreement; Enforcement of Rights. This Agreement and the Plan set forth the entire agreement and understanding of the parties relating to the subject matter herein and merge all prior discussions between them. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, shall be effective unless in writing signed by the parties to this Agreement.

5.3 Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (a) such provision shall be excluded from this Agreement, (b) the balance of the Agreement shall be interpreted as if such provision were so excluded and (c) the balance of the Agreement shall be enforceable in accordance with its terms.

5.4 Notices. Any notice required or permitted by this Agreement shall be in writing and shall be deemed sufficient when delivered personally or sent by electronic mail (with return receipt requested and received) or fax or forty-eight (48) hours after being deposited in the U.S. mail, as certified or registered mail, with postage prepaid, and addressed to the party to be notified, if to the Company, at its principal offices, and if to Participant, at Participant's address, electronic mail address or fax number in the Company's employee records or as subsequently modified by written notice.

5.5 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.

5.6 Successors and Assigns. The rights and benefits of this Agreement shall inure to the benefit of, and be enforceable by the Company's successors and assigns. The Company may assign its rights under this Agreement to any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company without the prior written consent of Participant. The rights and obligations of Participant under this Agreement may only be assigned with the prior written consent of the Company.

5.7 Conformity to Securities Laws. Participant acknowledges that the Plan is intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act and any and all regulations and rules promulgated by the Securities and Exchange Commission thereunder, and state securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the Shares are to be issued, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

5.8 NO RIGHT TO CONTINUED SERVICE. THE PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE LAPSING OF THE FORFEITURE RESTRICTION PURSUANT TO SECTION 2.1 HEREOF IS EARNED ONLY BY CONTINUING SERVICE TO THE COMPANY, THE PARTNERSHIP OR ONE OF THEIR SUBSIDIARIES AS AN "AT WILL" EMPLOYEE OR CONSULTANT OF THE COMPANY, THE PARTNERSHIP OR ONE OF THEIR SUBSIDIARIES OR AN INDEPENDENT DIRECTOR OF THE COMPANY (AND NOT THROUGH THE ACT OF BEING HIRED OR ACQUIRING SHARES HEREUNDER). THE PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE FORFEITURE RESTRICTION SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS AN EMPLOYEE, CONSULTANT OR INDEPENDENT DIRECTOR FOR SUCH PERIOD, FOR ANY PERIOD, OR AT ALL, AND SHALL NOT INTERFERE WITH THE COMPANY'S, THE PARTNERSHIP'S OR ANY OF THEIR SUBSIDIARIES' RIGHT TO TERMINATE THE PARTICIPANT'S EMPLOYMENT OR SERVICE TO THE COMPANY AT ANY TIME, WITH OR WITHOUT CAUSE.

EXHIBIT B

TO RESTRICTED STOCK AWARD GRANT NOTICE

STOCK ASSIGNMENT

FOR VALUE RECEIVED, the undersigned, [_____], hereby sells, assigns and transfers unto AMERICAN ASSETS TRUST, INC., a Maryland corporation, _____ shares of the Common Stock of AMERICAN ASSETS TRUST, INC., a Maryland corporation, standing in its name of the books of said corporation represented by Certificate No. _____ herewith and do hereby irrevocably constitute and appoint _____ to transfer the said stock on the books of the within named corporation with full power of substitution in the premises.

This Stock Assignment may be used only in accordance with the Restricted Stock Award Grant Notice and Restricted Stock Award Agreement between AMERICAN ASSETS TRUST, INC. and the undersigned dated March 25, 2014.

Dated: _____, _____

_____
[_____]

INSTRUCTIONS: Please do not fill in the blanks other than the signature line. The purpose of this assignment is to enable the Company to enforce the Forfeiture Restriction as set forth in the Restricted Stock Award Grant Notice and Restricted Stock Award Agreement, without requiring additional signatures on the part of the stockholder.

EXHIBIT C

TO RESTRICTED STOCK AWARD GRANT NOTICE

VESTING SCHEDULE

1. Performance Vesting. On each Measurement Date (as defined below), up to one-third of the Maximum Shares (as defined in the Grant Notice) subject to this Award shall be eligible to vest based on the Company's FFO Multiple Rank (as defined below) as of such Measurement Date as follows:

(a) Vesting Provisions on Measurement Dates. With respect to each Measurement Date, such number of Shares shall vest on the Determination Date (as defined below) for such Measurement Date as is determined by multiplying (i) the Target Shares set forth in the Grant Notice, by (ii) one-third, by (iii) the Performance Multiplier (as defined in the chart below) determined pursuant to the chart set forth below as of the Measurement Date (rounded to the nearest whole Share). Subject to clauses (b), (c) and (d) below, Participant must continue to be an Employee, Independent Director or Consultant on each applicable Measurement Date in order to be eligible for vesting pursuant to this clause (a) with respect to such Measurement Date.

Relative Consensus FFO Ranking Relative to Peer Group on Measurement Date	**Performance Multiplier**
Above the 85th Percentile	125%
Above the 75th Percentile and At or Below the 85th Percentile	100%
Above the 60th Percentile and At or Below the 75th Percentile	75%
Below the 60th Percentile	0%

The Administrator retains the discretion to adjust the Performance Multiplier to address events or circumstances that are extraordinary or unusual in nature or infrequent in occurrence or that otherwise have an unintended effect on the calculation of the Performance Multiplier.

(b) Effect of a Change in Control Prior to Final Measurement Date. In the event of a Change in Control prior to the final Measurement Date, the number of Shares in which Participant shall be eligible to vest pursuant to this Award following the date of such Change in Control (the "***Vesting Eligible Shares***") shall be equal to (i) the Maximum Shares set forth in the Grant Notice, less (ii) any Shares that have previously vested and/or been forfeited under clause (a) above. The Vesting Eligible Shares will continue to vest in equal installments on each of the Measurement Date(s) following the Change in Control, subject to Participant's continued status as an Employee, Independent Director or Consultant on each applicable Measurement Date; *provided*, *however*, that in the event of Participant's Qualifying Termination (as defined below) or termination as a result of death or Disability (as defined below) following the date of a Change in Control, all of the Vesting Eligible Shares shall vest as of the date of termination.

(c) Effect of Termination Due to Death or Disability Prior to Final Measurement Date and Prior to a Change in Control. In the event of Participant's termination of Service as a result of his death or Disability prior to the final Measurement Date and prior to a Change in Control, on the date of Participant's termination of Service, Participant shall vest in such number of Shares as is equal to (i) the Maximum Shares set forth in the Grant Notice, less (ii) any Shares that have previously vested and/or been forfeited under clause (a) above.

(d) Effect of a Qualifying Termination Prior to Final Measurement Date and Prior to a Change in Control. In the event of Participant's Qualifying Termination prior to the final Measurement Date and prior to a Change in Control, on the date of Participant's termination of Service, Participant shall vest in such number of Shares as is equal to the (i) (A) Maximum Shares set forth in the Grant Notice, less (B) any Shares that have previously vested and/or been forfeited under clause (a) above, multipled by (ii) fifty percent (50%).

2. Forfeiture. Any portion of the Award and any Shares which do not vest pursuant to Section 1 above shall automatically and without further action be cancelled and forfeited by Participant, and Participant shall have no further right or interest in or with respect to such portion of the Award or Shares. For the avoidance of doubt, to the extent that the Performance Multiplier is less than 125% on any Measurement Date, such portion of the Shares as is equal to (a) one-third of the Maximum Shares, less (b) the number of Shares vesting as of such Measurement Date in accordance with clause (a), shall automatically and without further action be cancelled and forfeited by Participant, and Participant shall have no further right or interest in or with respect to such portion of the Award or Shares. In no event shall a number of Shares greater than the Maximum Shares set forth in the Grant Notice vest pursuant to this Exhibit C.

3. Interaction with Employment Agreement. Notwithstanding anything to the contrary in the Employment Agreement (as defined below), the accelerated vesting of the Shares in the event of a Change in Control or Participant's termination of Service by reason of death, Disability or a Qualifying Termination shall be governed by the terms of this Agreement and not the provisions of the Employment Agreement.

4. Definitions. For purposes of this Exhibit C, the following terms shall have the meanings given below:

(a) ***"Consensus FFO"*** means, for each Measurement Date for each of the Company and the Peer Companies, an average of the estimates of FFO given by institutional analysts covering the company for the calendar year following the applicable Measurement Date.

(b) ***"Determination Date"*** means the date on which the Administrator certifies in writing the Company's FFO Multiple Rank for the applicable Measurement Date. The Determination Date will occur within thirty (30) days following the applicable Measurement Date.

(c) ***"Disability"*** shall have the meaning given to such term in the Employment Agreement.

(d) ***"Employment Agreement"*** means that certain Amended and Restated Employment Agreement between the Company and Participant effective as of January 1, 2014.

(e) ***"FFO"*** means, for each of the Company and the Peer Companies, net income (loss) (computed in accordance with generally accepted accounting principles), excluding gains (or losses) from sales of depreciable operating property, impairment losses, real estate related depreciation and amortization (excluding amortization of deferred financing costs) and after adjustments for unconsolidated partnerships and joint ventures, as calculated in accordance with the standards established by the National Association of Real Estate Investment Trusts and in a manner generally consistent with the FFO calculations set forth in the company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and/or any supplemental information filed in connection therewith.

(f) ***"FFO Multiple"*** means, for each of the Company and the Peer Companies, (i) the company's Measurement Market Value on the applicable Measurement Date divided by (ii) the company's Consensus FFO per share for such Measurement Date.

(g) "***FFO Multiple Rank***" means the Company's FFO Multiple as compared to the FFO Multiples of the Peer Companies as of the applicable Measurement Date, expressed as a percentile ranking.

(h) ***"Measurement Date"*** means each of November 30, 2014, 2015 and 2016, or, if any of such dates is not a trading day, the immediately preceding trading day.

(i) ***"Measurement Market Value"*** means, for each of the Company and the Peer Companies, the closing price per share of the company's stock on the applicable Measurement Date as reported by the NYSE or such other authoritative source as the Administrator may determine.

(j) ***"Peer Companies"*** means the companies set forth on Attachment 1 attached to this Exhibit C, provided that any listed company that experiences an acquisition, divestiture or other unexpected fundamental change in its business that is material taken as a whole such that is no longer reasonably comparable to the Company shall be eliminated by the Administrator.

(k) "***Qualifying Termination***" means (i) a termination of Participant's employment by the Company without Cause (as defined in the Employment Agreement) (and other than by reason of Participant's death or Disability), or (ii) a termination of Participant's employment by Participant for Good Reason (as defined in the Employment Agreement).

ATTACHMENT 1 TO EXHIBIT C

TO RESTRICTED STOCK AWARD GRANT NOTICE

PEER COMPANIES

Company	Asset Segment(s)
Washington Real Estate Investment Trust	Multifamily, Office and Retail
Investors Real Estate Trust	Multifamily, Office and Retail
Essex Property Trust	Multifamily
BRE Properties, Inc.	Multifamily
UDR, Inc.	Multifamily
Avalon Bay	Multifamily
Kilroy Realty Corporation	Office x
Hudson Pacific Properties	Office
Douglas Emmett Inc.	Office
Boston Properties	Office
Acadia Realty Trust	Retail
Weingarten Realty	Retail
Federal Realty Investment Trust	Retail
Regency Centers Corporation	Retail
DDR Inc.	Retail
Kimco Realty	Retail
Equity One	Retail

Exhibit 31.1

CERTIFICATION PURSUANT
TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John W. Chamberlain, certify that:

1. I have reviewed this quarterly report on Form 10-Q of American Assets Trust, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2014

/s/ JOHN W. CHAMBERLAIN

John W. Chamberlain

President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT
TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert F. Barton, certify that:

1. I have reviewed this quarterly report on Form 10-Q of American Assets Trust, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2014

/s/ ROBERT F. BARTON

Robert F. Barton

EVP and Chief Financial Officer

Exhibit 32.1

CERTIFICATION

The undersigned, John W. Chamberlain and Robert F. Barton, the Chief Executive Officer and Chief Financial Officer, respectively, of American Assets Trust, Inc. (the "Company"), pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each hereby certifies that, to the best of his knowledge:

(i) the Quarterly Report for the period ended March 31, 2014 of the Company (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ JOHN W. CHAMBERLAIN

John W. Chamberlain

President and Chief Executive Officer

/s/ ROBERT F. BARTON

Robert F. Barton

EVP and Chief Financial Officer

Date: May 2, 2014