
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The
Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):
November 6, 2012

American Assets Trust, Inc.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction
of incorporation)

001-35030
(Commission
File No.)

27-3338708
(I.R.S. Employer
Identification No.)

11455 El Camino Real, Suite 200
San Diego, California 92130
(Address of principal executive offices)

92130
(Zip Code)

(858) 350-2600
Registrant's telephone number, including area code:

Not Applicable
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425).
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition.

On November 6, 2012, American Assets Trust, Inc. (the "Company") issued a press release regarding its financial results for the quarter ended September 30, 2012. Also on November 6, 2012, the Company made available on its website at www.americanassetstrust.com certain supplemental information concerning the Company's financial results and operations for the quarter ended September 30, 2012. Copies of the press release and supplemental information are attached hereto as Exhibits 99.1 and 99.2, respectively.

Exhibits 99.1 and 99.2, are being furnished pursuant to Item 2.02 and shall not be deemed "filed" for any purpose, including for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section. Such information shall not be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Item 7.01 Regulation FD Disclosure.

As discussed in Item 2.02 above, the Company issued a press release regarding its financial results for the quarter ended September 30, 2012 and made available on its website certain supplement information relating thereto.

The information being furnished pursuant to Item 7.01 and shall not be deemed "filed" for any purpose, including for the purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities of that section. Such information shall not be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits:

The following exhibits are furnished with this Current Report on Form 8-K:

<u>Exhibit Number</u>	<u>Exhibit Description</u>
99.1**	Press release issued by American Assets Trust, Inc. on November 6, 2012.
99.2**	American Assets Trust, Inc. Supplemental Information for the quarter ended September 30, 2012.

** **Furnished herewith**

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 hereunto duly authorized.

American Assets Trust, Inc.

By: /s/ Robert F. Barton

Robert F. Barton
Executive Vice President, CFO

November 6, 2012

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Exhibit Description</u>
99.1	Press release issued by American Assets Trust, Inc. on November 6, 2012.
99.2	American Assets Trust, Inc. Supplemental Information for the quarter ended September 30, 2012.



American Assets Trust, Inc. Reports Third Quarter 2012 Financial Results
Company Release - 11/6/12

SAN DIEGO - American Assets Trust, Inc. (NYSE: AAT) (the "Company") today reported financial results for its third quarter ended September 30, 2012.

Financial Results and Recent Developments

- **Funds From Operations of \$0.36 and \$0.98 per diluted share/unit for the three and nine months ended September 30, 2012, respectively**
- **\$229 million acquisition of City Center Bellevue, a 27-story LEED-EB Gold certified office tower with approximately 497,000 square feet in Bellevue, Washington**
- **\$111 million 10 year interest-only mortgage loan secured by City Center Bellevue with a fixed rate of 3.98% closed on October 10, 2012**
- **Increased 2012 annual guidance approximately 10% over the prior midpoint of \$1.20 of FFO per diluted share to a range of \$1.30 to \$1.33 of FFO per diluted share**
- **Introducing 2013 annual guidance range of \$1.35 to \$1.44 of FFO per diluted share**
- **Re-leased last remaining Borders space at Del Monte Center at an average cash basis increase of 29% per square foot; all previous Borders spaces leased and occupied at an average cash basis increase of 26%**
- **Entered into an agreement to sell San Francisco office building known as 160 King Street for approximately \$94 million, and the acquisition is expected to close in the fourth quarter of 2012, subject to customary closing conditions**
- **Entered into an agreement to acquire Geary Marketplace, a newly constructed approximately 35,000 square foot, 100% leased, grocery anchored shopping center in Walnut Creek, California, for approximately \$21 million, and the acquisition is expected to close early in the first quarter of 2013, subject to customary closing conditions**
- **Same-store NOI retail, office and mixed-use growth increased 8.9%, 2.3% and 16.9%, respectively, for the three months ended September 30, 2012**
- **Net income available to common stockholders of \$2.8 million and \$6.4 million for the three and nine months ended September 30, 2012, respectively, or \$0.08 and \$0.17 per diluted share, respectively**

During the third quarter of 2012, the Company generated funds from operations ("FFO") for common stockholders and unitholders of \$20.6 million, or \$0.36 per diluted share/unit, compared to \$16.6 million or \$0.29 per diluted share/unit for the three months ended September 30, 2011. For the nine months ended September 30, 2012, the Company generated FFO for common stockholders and unitholders of \$55.9 million, or \$0.98 per diluted share/unit, compared to \$41.0 million or \$0.77 per diluted share/unit for the nine months ended September 30, 2011. Unitholders refers to holders of common units of our operating partnership. The increase in FFO was largely due to additional operating income from office properties of \$2.7 million and \$10.6 million for the three and nine months ended September 30, 2012, respectively, including non-same store properties.

Net income attributable to common stockholders was \$2.8 million, or \$0.08 per basic and diluted share, for the three months ended September 30, 2012, compared to net income attributable to common stockholders of \$3.1 million, or \$0.08 per basic and diluted share, for the three months ended September 30, 2011. For the nine months ended September 30, 2012, net income attributable to common stockholders was \$6.4 million, or \$0.17 per basic and diluted share, compared to net income attributable to common stockholder of \$2.6 million, or \$0.07 per basic and diluted share, for the nine months ended September 30, 2011. The increase in net income attributable to common stockholders was largely due to additional operating income from office properties, as noted above, and non-recurring IPO related costs incurred during the nine months ended September 30, 2011.

FFO is a non-GAAP supplemental earnings measure which the Company considers meaningful in measuring its operating performance. Reconciliations of FFO to net income are attached to this press release.

Portfolio Results

The portfolio leased status as of the end of the indicated quarter was as follows:

	September 30, 2012	June 30, 2012	September 30, 2011
Total Portfolio			
Retail	96.9%	96.2%	92.6%
Office	94.0%	95.0%	94.1%
Multifamily	96.2%	97.7%	94.4%
Mixed-Use:			
Retail	97.4%	93.9%	99.2%
Hotel	90.2%	90.4%	88.8%
Same-Store Portfolio			
Retail	96.9%	96.2%	94.8%
Office	94.1%	96.7%	96.3%
Multifamily	96.2%	97.7%	94.4%

During the third quarter of 2012, the Company signed 42 leases for approximately 173,000 square feet of retail and office space, as well as 232 multifamily apartment leases. Renewals accounted for 93.3% of the comparable retail leases, 80.0% of the comparable office leases and 47.4% of the multifamily leases.

Retail

On a comparable space basis (i.e., leases for which there was a former tenant), the Company leased 57,000 square feet of retail space at an average cash-basis contractual rent increase of 3.4% during the third quarter of 2012. The average contractual rent on this comparable space for the first year of the new leases is \$25.90 per square foot, compared to an average contractual rent of \$25.04 per square foot for the last year of the prior leases. On a GAAP basis (including the impact of straight-line rents), average rent per square foot for the comparable retail space increased 8.4% for the third quarter of 2012.

Office

On a comparable space basis, the Company leased 71,000 square feet of office space at an average cash-basis contractual rent increase of 4.1% during the third quarter of 2012. The average contractual rent on this comparable space for the first year of the new leases is \$29.88 per square foot, compared to an average contractual rent of \$28.71 per square foot for the last year of the prior leases. On a GAAP basis (including the impact of straight-line rents), average rent per square foot for the comparable office space increased 11.7% over the prior quarter for the third quarter of 2012.

Multifamily

At September 30, 2012, the average monthly base rent per leased unit was \$1,370 compared to an average monthly base rent per leased unit of \$1,421 at September 30, 2011.

Mixed-Use

Waikiki Beach Walk - Retail and Embassy Suites™ had revenue of \$12.3 million and net operating income of \$5.4 million for the three months ended September 30, 2012. Revenue per available room, or RevPAR, increased 22% compared to the same period last year. RevPAR was \$263 for the three months ended September 30, 2012 and \$215 for the three months ended September 30, 2011. Average Daily Rate also increased over 21% compared to same period last year.

Same-Store Net Operating Income

Same-store net operating income increased approximately 6.9% and 1.6% for the three and nine months ended September 30, 2012, respectively, on a GAAP basis, compared to the corresponding periods in 2011. The same-store net operating income by segment was as follows (in thousands):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2012	2011	Change	2012	2011	Change
Retail	\$16,891	\$15,512	8.9%	\$44,029	\$43,150	2.0%
Office	12,244	11,972	2.3	21,663	21,277	1.8
Multifamily	2,348	2,416	(2.8)	6,520	6,614	(1.4)
Mixed-Use	5,447	4,661	16.9	—	—	—
	<u>\$36,930</u>	<u>\$34,561</u>	<u>6.9%</u>	<u>\$72,212</u>	<u>\$71,041</u>	<u>1.6%</u>

The increase in same-store retail net operating income is primarily due to an increase in the percentage leased for the retail properties, which include our Nordstrom Rack leases at Carmel Mountain Plaza and Alamo Quarry Market, and additional cost reimbursements.

Same-store multifamily net operating income decreased primarily due to additional real estate tax assessments during 2012.

The increase in mixed-use rental revenue was due to increased tourist travel to Hawaii and higher RevPAR for the three months ended September 30, 2012 compared to the three months ended September 30, 2011, with average occupancy for the three months ended September 30, 2012 of 89.7% compared to 88.8% for the three months ended September 30, 2011.

In the tables above, same-store property operating income excludes income from First & Main, which was acquired in March 2011, Lloyed District Portfolio, which was acquired in July 2011, One Beach Street, which was acquired in January 2012, City Center Bellevue, which was acquired in August 2012, and Solana Beach Town Centre, Solana Beach Corporate Centre and Waikiki Beach Walk, as these three properties represented noncontrolled properties that were not consolidated until our IPO in January 2011.

Acquisitions and Dispositions

On August 21, 2012, the Company acquired City Center Bellevue, a 27-story trophy LEED-EB Gold certified office tower consisting of approximately 497,000 square feet, located in the heart of Bellevue's Central Business District at 500 108th Avenue NE, Bellevue, Washington. The purchase price was approximately \$228.8 million, with credits of approximately \$6.9 million related to outstanding tenant improvement obligations and rent abatements. On October 10, 2012, the Company entered into a ten-year non-recourse mortgage loan with PNC Bank, National Association, with an original principal amount of \$111.0 million. Proceeds of the loan were used to reduce the amounts outstanding on the Company's credit facility.

On August 28, 2012, we entered into an agreement to acquire Geary Marketplace, a newly constructed, approximately 35,000 square foot, 100% leased, grocery anchored shopping center in Walnut Creek, California. The purchase price is approximately \$21.0 million. The acquisition is expected to close early in the first quarter of 2013, subject to customary closing conditions.

On October 23, 2012, we entered into an agreement to sell 160 King Street located in San Francisco, California for approximately \$93.8 million. The decision to sell 160 King Street was a result of our desire to reallocate capital within our existing and future portfolio. The sale is expected to be completed in connection with the reverse tax deferred exchange structured for the acquisition of City Center Bellevue pursuant to the provisions of Section 1031 of the Internal Revenue Code of 1986, as amended, and applicable state revenue and taxation code sections.

Balance Sheet and Liquidity

As of September 30, 2012, the Company had gross real estate assets of \$2.0 billion and liquidity of \$113.3 million, comprised of cash and cash equivalents of \$34.9 million and approximately \$219.4 million of availability on its line of credit, of which \$141.0 million was outstanding.

Dividends

The Company declared dividends on its shares of common stock of \$0.21 per share for the third quarter of 2012. The dividends were declared on July 26, 2012 to holders of record on September 14, 2012 and were paid on September 28, 2012. Total dividends paid on shares of the Company's common stock for the nine months ended September 30, 2012 were \$0.63 per share.

In addition, the Company has declared a dividend on its common stock of \$0.21 per share for the quarter ending December 31, 2012. The dividend will be paid on December 28, 2012 to stockholders of record on December 14, 2012.

Guidance

The Company increased 2012 FFO per diluted share, approximately 10% from the prior range of \$1.17 to \$1.22 per share to a range of \$1.30 to \$1.33 per share. Additionally, the Company is providing initial 2013 guidance of \$1.35 to \$1.44 diluted FFO per share. Other than the acquisition of Geary Marketplace and disposition of 160 King Street, the Company's guidance excludes any impact from future acquisitions, dispositions, equity issuances or repurchases, debt financings or repayments. The Company will discuss key assumptions regarding the increase in guidance tomorrow on the conference call.

Conference Call

The Company will hold a conference call to discuss the results for the third quarter 2012 on Wednesday, November 7, 2012 at 8:00 a.m. Pacific Time ("PT"). To participate in the event by telephone, please dial 1-800-591-6923 and use the pass code 42503060. A telephonic replay of the conference call will be available beginning at 10:00 a.m. PT on Wednesday, November 7, 2012 through Wednesday, November 21, 2012. To access the replay, dial 1-888-286-8010 and use the pass code 87876989. A live on-demand audio webcast of the conference call will be available on the Company's website at www.americanassettrust.com. A replay of the call will also be available on the Company's website.

Supplemental Information

Supplemental financial information regarding the Company's third quarter 2012 results may be found in the "Investor Relations" section of the Company's website at www.americanassettrust.com. This supplemental information provides additional detail on items such as property occupancy, financial performance by property and debt maturity schedules.

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

	September 30, 2012 (unaudited)	December 31, 2011
ASSETS		
Real estate, at cost		
Operating real estate	\$ 1,917,089	\$ 1,659,106
Construction in progress	34,369	3,495
Held for development	14,877	24,675
	1,966,335	1,687,276
Accumulated depreciation	(267,840)	(234,595)
Net real estate	1,698,495	1,452,681
Cash and cash equivalents	34,917	112,723
Restricted cash	10,251	9,216
Marketable securities	—	28,235
Accounts receivable, net	6,076	6,847
Deferred rent	29,392	23,294
Other assets, net	81,806	76,285
TOTAL ASSETS	\$ 1,860,937	\$ 1,709,281
LIABILITIES AND EQUITY		
LIABILITIES:		
Secured notes payable	\$ 964,068	\$ 943,479
Line of credit	141,000	—
Accounts payable and accrued expenses	33,950	25,476
Security deposits payable	5,482	4,790
Other liabilities and deferred credits	61,140	55,808
Total liabilities	1,205,640	1,029,553
Commitments and contingencies		
EQUITY:		
American Assets Trust, Inc. stockholders' equity		
Common stock, \$0.01 par value, 490,000,000 shares authorized, 39,316,461 and 39,283,796 shares outstanding at September 30, 2012 and December 31, 2011, respectively	393	393
Additional paid-in capital	656,425	653,645
Accumulated dividends in excess of net income	(46,004)	(28,007)
Total American Assets Trust, Inc. stockholders' equity	610,814	626,031
Noncontrolling interests	44,483	53,697
Total equity	655,297	679,728
TOTAL LIABILITIES AND EQUITY	\$ 1,860,937	\$ 1,709,281

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
REVENUE:				
Rental income	\$ 59,915	\$ 53,278	\$ 169,199	\$ 146,860
Other property income	2,921	3,015	8,484	7,416
Total revenue	62,836	56,293	177,683	154,276
EXPENSES:				
Rental expenses	17,024	16,187	48,219	42,720
Real estate taxes	6,301	5,390	17,689	14,800
General and administrative	3,959	3,733	11,716	10,786
Depreciation and amortization	16,432	15,827	46,356	41,916
Total operating expenses	43,716	41,137	123,980	110,222
OPERATING INCOME	19,120	15,156	53,703	44,054
Interest expense	(14,690)	(14,738)	(43,522)	(41,791)
Early extinguishment of debt	—	—	—	(25,867)
Loan transfer and consent fees	—	—	—	(9,019)
Gain on acquisition	—	—	—	46,371
Other income (expense), net	68	(108)	(188)	(179)
INCOME FROM CONTINUING OPERATIONS DISCONTINUED OPERATIONS	4,498	310	9,993	13,569
Results from discontinued operations	(213)	4,308	(213)	5,100
NET INCOME	4,285	4,618	9,780	18,669
Net income attributable to restricted shares	(133)	(132)	(396)	(350)
Net loss attributable to Predecessor's noncontrolling interests in consolidated real estate entities	—	—	—	2,458
Net income attributable to Predecessor's controlled owners' equity	—	—	—	(16,995)
Net (income) loss attributable to unitholders in the Operating Partnership	(1,335)	(1,434)	(3,022)	(1,209)
NET INCOME ATTRIBUTABLE TO AMERICAN ASSETS TRUST, INC. STOCKHOLDERS	\$ 2,817	\$ 3,052	\$ 6,362	\$ 2,573
Basic net income (loss) from continuing operations attributable to common stockholders per share	\$ 0.08	\$ —	\$ 0.17	\$ (0.03)
Basic net income from discontinued operations attributable to common stockholders per share	—	0.08	—	0.10
Basic net income (loss) attributable to common stockholders per share	\$ 0.08	\$ 0.08	\$ 0.17	\$ 0.07
Weighted average shares of common stock outstanding - basic	38,673,617	38,655,084	38,663,352	36,106,397
Diluted net income (loss) from continuing operations attributable to common stockholders per share	\$ 0.08	\$ —	\$ 0.17	\$ (0.03)
Diluted net income from discontinued operations attributable to common stockholders per share	—	0.08	—	0.10
Diluted net income (loss) attributable to common stockholders per share	\$ 0.08	\$ 0.08	\$ 0.17	\$ 0.07
Weighted average shares of common stock outstanding - diluted	57,054,425	57,051,173	57,054,425	53,265,648
Dividends declared per common share	\$ 0.21	\$ 0.21	\$ 0.63	\$ 0.59

Reconciliation of Net Income to Funds From Operations

The Company's FFO attributable to common stockholders and operating partnership unitholders and a reconciliation to net income is as follows (in thousands except shares and per share data):

	<u>Three Months Ended</u> <u>September 30, 2012</u>	<u>Nine Months Ended</u> <u>September 30, 2012</u>
Funds From Operations (FFO)		
Net income	\$ 4,285	\$ 9,780
Depreciation and amortization of real estate assets	16,432	46,356
FFO, as defined by NAREIT	20,717	56,136
Less: Nonforfeitable dividends on incentive stock awards	(89)	(266)
FFO attributable to common stock and units	<u>\$ 20,628</u>	<u>\$ 55,870</u>
FFO per diluted share/unit	<u>\$ 0.36</u>	<u>\$ 0.98</u>
Weighted average number of common shares and units, diluted	<u>57,266,166</u>	<u>57,261,363</u>

Reported results are preliminary and not final until the filing of the Company's Form 10-Q with the Securities and Exchange Commission and, therefore, remain subject to adjustment.

Use of Non-GAAP Information

The Company calculates 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 the Company's 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. The Company also believes that, as a widely recognized measure of the performance of REITs, FFO will be used by investors as a basis to compare the Company's operating performance with that of other REITs. However, because FFO excludes depreciation and amortization and captures neither the changes in the value of the Company's properties that result from use or market conditions nor the level of capital expenditures and leasing commissions necessary to maintain the operating performance of the Company's properties, all of which have real economic effects and could materially impact the Company's results from operations, the utility of FFO as a measure of the Company's performance is limited. In addition, other equity REITs may not calculate FFO in accordance with the NAREIT definition as the Company does, and, accordingly, the Company's FFO may not be comparable to such other REITs' FFO. Accordingly, FFO should be considered only as supplements to net income as measures of the Company's performance. FFO should not be used as measures of the Company's liquidity, nor are they indicative of funds available to fund the Company's cash needs, including the Company's 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.

About American Assets Trust, Inc.

The Company is a full service, vertically integrated and self-administered real estate investment trust, or REIT, headquartered in San Diego, California. For over 40 years, the Company has been acquiring, improving, developing and managing premier retail, office and residential properties throughout the United States in some of the nation's most dynamic, high-barrier-to-entry markets primarily in Southern California, Northern California, Oregon, Washington and Hawaii. The Company's retail portfolio comprises approximately 3.0 million rentable square feet, and its office portfolio comprises approximately 2.8 million square feet. In addition the company owns one mixed-use property (including approximately 97,000 rentable square feet of retail space and a 369-room all-suite hotel) and over 900 multifamily units. In 2011, the Company succeeded to the real estate business of American Assets, Inc., a privately held corporation founded in 1967 and, as such, has significant experience, long-standing relationships and extensive knowledge of its core markets, submarkets and asset classes. For additional information, please visit www.americanassetstrust.com.

Forward Looking Statements

This press release may contain forward-looking statements within the meaning of the federal securities laws, which are based on current expectations, forecasts and assumptions that involve risks and uncertainties that could cause actual outcomes and results to differ materially. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. In some cases, you can identify forward-looking statements by the use of forward-looking terminology such as “may,” “will,” “should,” “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” or “potential” 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. While forward-looking statements reflect the Company’s good faith beliefs, assumptions and expectations, they are not guarantees of future performance. For a further discussion of these and other factors that could cause the Company’s future results to differ materially from any forward-looking statements, see the section entitled “Risk Factors” in the Company’s most recent annual report on Form 10-K, and other risks described in documents subsequently filed by the Company from time to time with the Securities and Exchange Commission. The Company disclaims any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, of new information, data or methods, future events or other changes.

Source: American Assets Trust, Inc.

Investor and Media Contact:

American Assets Trust

Robert F. Barton

Executive Vice President and Chief Financial Officer

858-350-2607

THIRD QUARTER 2012

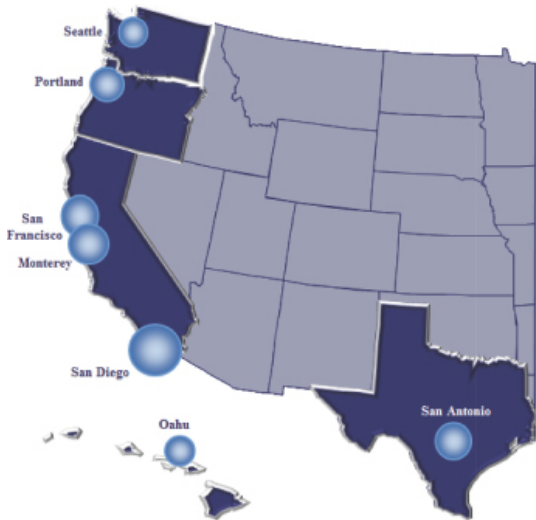
Supplemental Information



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American Assets Trust
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Executive Vice President and Chief Financial Officer
858-350-2607



American Asset Trust, Inc.'s Portfolio is concentrated in high-barrier-to-entry markets with favorable supply/demand characteristics



Market	Retail	Office	Multifamily	Mixed-Use	
	Square Feet	Square Feet	Units	Square Feet	Suites
San Diego	1,217,919	668,772	922 ⁽¹⁾	-	-
San Francisco	-	687,534	-	-	-
Oahu	549,695	-	-	96,569	369
Monterey	675,385	-	-	-	-
San Antonio	589,501	-	-	-	-
Portland	-	971,036	-	-	-
Seattle	-	489,856	-	-	-
Total	3,032,500	2,817,198	922	96,569	369

Note: Circled areas represent all markets in which American Assets Trust, Inc. (the "Company") currently owns and operates its real estate assets. Size of circle denotes approximation of square feet / units.

Data is as of September 30, 2012.

(1) Includes 122 RV spaces.

	Square Feet	%
Retail	3.0 million	52%
Office	2.8 million	48%
Totals	5.8 million	

THIRD QUARTER 2012 SUPPLEMENTAL INFORMATION

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This Supplemental Information contains 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). 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 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, or new information, data or methods, future events or other changes. For a further discussion of these and other factors that could impact our future results, refer to our most recent Annual Report on Form 10-K and other risks described in documents subsequently filed by us from time to time with the Securities and Exchange Commission.

FINANCIAL HIGHLIGHTS

CONSOLIDATED BALANCE SHEETS

(Amounts in thousands, except share data)

	September 30, 2012 <u>(unaudited)</u>	December 31, 2011 <u>(audited)</u>
ASSETS		
Real estate, at cost		
Operating real estate	\$ 1,917,089	\$ 1,659,106
Construction in progress	34,369	3,495
Held for development	14,877	24,675
	<u>1,966,335</u>	<u>1,687,276</u>
Accumulated depreciation	(267,840)	(234,595)
Net real estate	1,698,495	1,452,681
Cash and cash equivalents	34,917	112,723
Restricted cash	10,251	9,216
Marketable securities	-	28,235
Accounts receivable, net	6,076	6,847
Deferred rent	29,392	23,294
Other assets, net	81,806	76,285
TOTAL ASSETS	<u>\$ 1,860,937</u>	<u>\$ 1,709,281</u>
LIABILITIES AND EQUITY		
LIABILITIES:		
Secured notes payable	\$ 964,068	\$ 943,479
Line of credit	141,000	-
Accounts payable and accrued expenses	33,950	25,476
Security deposits payable	5,482	4,790
Other liabilities and deferred credits	61,140	55,808
Total liabilities	<u>1,205,640</u>	<u>1,029,553</u>
Commitments and contingencies		
EQUITY:		
American Assets Trust, Inc. stockholders' equity		
Common stock, \$0.01 par value, 490,000,000 shares authorized, 39,316,461 and 39,283,796 shares outstanding at September 30, 2012 and December 31, 2011, respectively	393	393
Additional paid in capital	656,425	653,645
Accumulated dividends in excess of net income	(46,004)	(28,007)
Total American Assets Trust, Inc. stockholders' equity	<u>610,814</u>	<u>626,031</u>
Noncontrolling interests	44,483	53,697
Total equity	<u>655,297</u>	<u>679,728</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 1,860,937</u>	<u>\$ 1,709,281</u>

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited, amounts in thousands, except shares and per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
REVENUE:				
Rental income	\$ 59,915	\$ 53,278	\$ 169,199	\$ 146,860
Other property income	2,921	3,015	8,484	7,416
Total revenue	62,836	56,293	177,683	154,276
EXPENSES:				
Rental expenses	17,024	16,187	48,219	42,720
Real estate taxes	6,301	5,390	17,689	14,800
General and administrative	3,959	3,733	11,716	10,786
Depreciation and amortization	16,432	15,827	46,356	41,916
Total operating expenses	43,716	41,137	123,980	110,222
OPERATING INCOME	19,120	15,156	53,703	44,054
Interest expense	(14,690)	(14,738)	(43,522)	(41,791)
Early extinguishment of debt	-	-	-	(25,867)
Loan transfer and consent fees	-	-	-	(9,019)
Gain on acquisition	-	-	-	46,371
Other income (expense), net	68	(108)	(188)	(179)
INCOME FROM CONTINUING OPERATIONS	4,498	310	9,993	13,569
DISCONTINUED OPERATIONS				
Income from discontinued operations	(213)	327	(213)	1,119
Gain on sale of real estate property	-	3,981	-	3,981
Results from discontinued operations	(213)	4,308	(213)	5,100
NET INCOME	4,285	4,618	9,780	18,669
Net income attributable to restricted shares	(133)	(132)	(396)	(350)
Net loss attributable to Predecessor's noncontrolling interests in consolidated real estate entities	-	-	-	2,458
Net income attributable to Predecessor's controlled owners' equity	-	-	-	(16,995)
Net income attributable to unitholders in the Operating Partnership	(1,335)	(1,434)	(3,022)	(1,209)
NET INCOME ATTRIBUTABLE TO AMERICAN ASSETS TRUST, INC. STOCKHOLDERS	\$ 2,817	\$ 3,052	\$ 6,362	\$ 2,573
Basic net income (loss) from continuing operations attributable to common stockholders per share	\$ 0.08	\$ -	\$ 0.17	\$ (0.03)
Basic net income from discontinued operations attributable to common stockholders per share	-	0.08	-	0.10
Basic net income attributable to common stockholders per share	\$ 0.08	\$ 0.08	\$ 0.17	\$ 0.07
Weighted average shares of common stock outstanding —basic	38,673,617	38,655,084	38,663,352	36,106,397
Diluted net income (loss) from continuing operations attributable to common stockholders per share	0.08	\$ -	\$ 0.17	\$ (0.03)
Diluted net income from discontinued operations attributable to common stockholders per share	-	0.08	-	0.10
Diluted net income (loss) attributable to common stockholders per share	\$ 0.08	\$ 0.08	\$ 0.17	\$ 0.07
Weighted average shares of common stock outstanding —diluted	57,054,425	57,051,173	57,054,425	53,265,648

FUNDS FROM OPERATIONS, FFO AS ADJUSTED & FUNDS AVAILABLE FOR DISTRIBUTION

(Unaudited, amounts in thousands, except share and per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Funds from Operations (FFO)⁽¹⁾				
Net income	\$ 4,285	\$ 4,618	\$ 9,780	\$ 18,669
Depreciation and amortization of real estate assets ⁽²⁾	16,432	16,053	46,356	42,820
Depreciation and amortization on unconsolidated real estate joint ventures (pro rata)	-	-	-	688
Gain on sale of real estate	-	(3,981)	-	(3,981)
FFO, as defined by NAREIT	20,717	16,690	56,136	58,196
Less: FFO attributable to Predecessor's controlled and noncontrolled owners' equity	-	-	-	(16,973)
Less: Nonforfeitable dividends on incentive stock awards	(89)	(88)	(266)	(227)
FFO attributable to common stock and common units	\$ 20,628	\$ 16,602	\$ 55,870	\$ 40,996
FFO per diluted share/unit	\$ 0.36	\$ 0.29	\$ 0.98	\$ 0.77
Weighted average number of common shares and common units, diluted ⁽³⁾	57,266,166	57,258,190	57,261,363	53,459,442
FFO As Adjusted⁽¹⁾				
FFO	\$ 20,717	\$ 16,690	\$ 56,136	\$ 58,196
Early extinguishment of debt	-	-	-	25,867
Loan transfer and consent fees	-	-	-	9,019
Gain on acquisition of controlling interests ⁽⁴⁾	-	-	-	(46,371)
FFO As Adjusted	20,717	16,690	56,136	46,711
Less: FFO As Adjusted attributable to Predecessor's controlled and noncontrolled owners' equity	-	-	-	(2,462)
Less: Nonforfeitable dividends on incentive stock awards	(89)	(88)	(266)	(227)
FFO As Adjusted attributable to common stock and units	\$ 20,628	\$ 16,602	\$ 55,870	\$ 44,022
FFO As Adjusted per diluted share/unit	\$ 0.36	\$ 0.29	\$ 0.98	\$ 0.82
Weighted average number of common shares and units, diluted ⁽³⁾	57,266,166	57,258,190	57,261,363	53,459,442
Dividends				
Dividends declared and paid	\$ 12,114	\$ 12,113	\$ 36,340	\$ 34,010
Dividends declared and paid per share/unit	\$ 0.21	\$ 0.21	\$ 0.63	\$ 0.59

FUNDS FROM OPERATIONS, FFO AS ADJUSTED & FUNDS AVAILABLE FOR DISTRIBUTION (CONTINUED)



(Unaudited, amounts in thousands, except share and per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Funds Available for Distribution (FAD)⁽¹⁾				
FFO As Adjusted	\$ 20,717	\$ 16,690	\$ 56,136	\$ 46,711
Adjustments:				
Tenant improvements, leasing commissions and maintenance capital expenditures ⁽⁵⁾	(13,208)	(3,765)	(23,067)	(6,997)
Net effect of straight-line rents ⁽⁶⁾	(2,300)	(1,996)	(6,487)	(3,328)
Amortization of net above (below) market rents ⁽⁷⁾	9	863	720	1,644
Net effect of other lease intangibles ⁽⁸⁾	59	518	197	1,054
Amortization of debt issuance costs and debt fair value adjustment	985	1,031	2,964	2,924
Non-cash compensation expense	722	712	2,128	1,902
Unrealized (gains) losses on marketable securities	(86)	56	538	3
Loss on sale of marketable securities	121	-	121	-
Nonforfeitable dividends on incentive stock awards	(89)	(88)	(266)	(227)
Adjustments related to discontinued operations	-	(137)	-	(664)
FAD	\$ 6,930	\$ 13,884	\$ 32,984	\$ 43,022
Summary of Capital Expenditures				
Tenant improvements and leasing commissions ⁽⁵⁾	\$ 11,779	\$ 1,779	\$ 18,437	\$ 4,352
Maintenance capital expenditures	1,429	1,986	4,630	2,645
	\$ 13,208	\$ 3,765	\$ 23,067	\$ 6,997

Notes:

- (1) See Glossary of Terms.
- (2) The nine months ended September 30, 2011 includes depreciation and amortization on Valencia Corporate Center, which was sold on August 30, 2011 and is classified as discontinued operations.
- (3) For the nine months ended September 30, 2012 and 2011, the weighted average common shares and common units used to compute FFO and FFO As Adjusted per diluted share/unit include operating partnership common units and unvested restricted stock awards that are subject to time vesting. The shares/units used to compute FFO and FFO As Adjusted per diluted share/unit include additional shares/units which were excluded from the computation of diluted EPS, as they were anti-dilutive for the periods presented.
- (4) Represents the gain recognized upon acquisition of the outside ownership interests in the Solana Beach Centre entities and the Waikiki Beach Walk entities on January 19, 2011, in which we previously held a noncontrolling interest.
- (5) Includes \$6.1 million of tenant improvements related to salesforce.com, which was identified during the IPO as a Use of Proceeds.
- (6) Represents the straight-line rent income recognized during the period offset by cash received during the period and the provision for bad debts recorded for deferred rent receivable balances.
- (7) Represents the adjustment related to the acquisition of buildings with above (below) market rents.
- (8) Represents adjustments related to amortization of lease incentives paid to tenants and amortization of lease intangibles and straight-line rent expense for our leases of the Annex at The Landmark at One Market and retail space at Waikiki Beach Walk—Retail.

(Unaudited, amounts in thousands, except share and per share data)

	2012 Guidance Range ⁽¹⁾	
Funds from Operations (FFO)		
Net income	\$ 12,193	\$ 13,559
Depreciation and amortization of real estate assets	62,838	62,838
FFO, as defined by NAREIT	75,031	76,397
Less: Nonforfeitable dividends on incentive stock awards	(356)	(356)
FFO attributable to common stock and units	\$ 74,675	\$ 76,041
Weighted average number of common shares and units, diluted	57,263,568	57,263,568
FFO per diluted share	\$ 1.30	\$ 1.33

	2013 Guidance Range ⁽¹⁾	
Funds from Operations (FFO)		
Net income	\$ 14,953	\$ 20,103
Depreciation and amortization of real estate assets	62,806	62,806
FFO, as defined by NAREIT	77,759	82,909
Less: Nonforfeitable dividends on incentive stock awards	(358)	(358)
FFO attributable to common stock and units	\$ 77,401	\$ 82,551
Weighted average number of common shares and units, diluted	57,269,499	57,269,499
FFO per diluted share	\$ 1.35	\$ 1.44

Notes:

(1) Other than the acquisition of Geary Marketplace and disposition of 160 King Street, our guidance excludes any impact from future acquisitions, dispositions, equity issuances or repurchases, debt financings or repayments.

These estimates are forward-looking and reflect management's view of current and future market conditions, including certain assumptions with respect to leasing activity, rental rates, occupancy levels, interest rates and the amount and timing of acquisition and development activities. Our actual results may differ materially from these estimates.

SAME-STORE PORTFOLIO NET OPERATING INCOME (NOI)

(Unaudited, amounts in thousands)

	Three Months Ended September 30, 2012				
	Retail	Office	Multifamily	Mixed-Use	Total
Real estate rental revenue					
Same-store portfolio	\$ 23,684	\$ 18,398	\$ 3,906	\$ 13,579	\$ 59,567
Non-same store portfolio ⁽¹⁾	10	3,259	-	-	3,269
Total	23,694	21,657	3,906	13,579	62,836
Real estate expenses					
Same-store portfolio	6,793	6,154	1,558	8,132	22,637
Non-same store portfolio ⁽¹⁾	35	653	-	-	688
Total	6,828	6,807	1,558	8,132	23,325
Net Operating Income (NOI), GAAP basis					
Same-store portfolio	16,891	12,244	2,348	5,447	36,930
Non-same store portfolio ⁽¹⁾	(25)	2,606	-	-	2,581
Total	\$ 16,866	\$ 14,850	\$ 2,348	\$ 5,447	\$ 39,511
Same-store portfolio NOI, GAAP basis	\$ 16,891	\$ 12,244	\$ 2,348	\$ 5,447	\$ 36,930
Net effect of straight-line rents ⁽²⁾	(565)	(859)	-	(84)	(1,508)
Amortization of net above (below) market rents ⁽³⁾	(186)	225	-	294	333
Net effect of other lease intangibles ⁽⁴⁾	-	73	-	(14)	59
Same-store portfolio NOI, cash basis	\$ 16,140	\$ 11,683	\$ 2,348	\$ 5,643	\$ 35,814

Notes:

- (1) Same-store portfolio and non-same store portfolio are determined based on properties held on September 30, 2012 and September 30, 2011. See Glossary of Terms.
- (2) Represents the straight-line rent income recognized during the period offset by cash received during the period and the provision for bad debts recorded for deferred rent receivable balances.
- (3) Represents the adjustment related to the acquisition of buildings with above (below) market rents.
- (4) Represents adjustments related to amortization of lease incentives paid to tenants and amortization of lease intangibles and straight-line rent expense for our lease of the Annex at The Landmark at One Market and retail space at Waikiki Beach Walk—Retail.

SAME-STORE PORTFOLIO NET OPERATING INCOME (NOI)

(Unaudited, amounts in thousands)

	Nine Months Ended September 30, 2012				
	Retail	Office	Multifamily	Mixed-Use	Total
Real estate rental revenue					
Same-store portfolio	\$ 61,078	\$ 32,133	\$ 10,957	\$ -	\$ 104,168
Non-same store portfolio ⁽¹⁾	6,759	28,705	-	38,051	73,515
Total	67,837	60,838	10,957	38,051	177,683
Real estate expenses					
Same-store portfolio	17,049	10,470	4,437	-	31,956
Non-same store portfolio ⁽¹⁾	1,599	8,988	-	23,365	33,952
Total	18,648	19,458	4,437	23,365	65,908
Net Operating Income (NOI), GAAP basis					
Same-store portfolio	44,029	21,663	6,520	-	72,212
Non-same store portfolio ⁽¹⁾	5,160	19,717	-	14,686	39,563
Total	\$ 49,189	\$ 41,380	\$ 6,520	\$ 14,686	\$ 111,775
Same-store portfolio NOI, GAAP basis	\$ 44,029	\$ 21,663	\$ 6,520	\$ -	\$ 72,212
Net effect of straight-line rents ⁽²⁾	(854)	(3,568)	-	-	(4,422)
Amortization of net above (below) market rents ⁽³⁾	186	222	-	-	408
Net effect of other lease intangibles ⁽⁴⁾	-	241	-	-	241
Same-store portfolio NOI, cash basis	\$ 43,361	\$ 18,558	\$ 6,520	\$ -	\$ 68,439

Notes:

- (1) Same-store portfolio and non-same store portfolio are determined based on properties held on September 30, 2012 and September 30, 2011. See Glossary of Terms.
- (2) Represents the straight-line rent income recognized during the period offset by cash received during the period and the provision for bad debts recorded for deferred rent receivable balances.
- (3) Represents the adjustment related to the acquisition of buildings with above (below) market rents.
- (4) Represents adjustments related to amortization of lease incentives paid to tenants and amortization of lease intangibles and straight-line rent expense for our lease of the Annex at The Landmark at One Market and retail space at Waikiki Beach Walk-Retail.

SAME-STORE PORTFOLIO NOI COMPARISON

(Unaudited, amounts in thousands)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2012	2011	Change	2012	2011	Change
Cash Basis:						
Retail	\$ 16,140	\$ 15,449	4.5 %	\$ 43,361	\$ 43,285	0.2 %
Office	11,683	11,153	4.8	18,558	20,926	(11.3)
Multifamily	2,348	2,416	(2.8)	6,520	6,614	(1.4)
Mixed-Use	5,643	4,759	18.6	-	-	-
	<u>\$ 35,814</u>	<u>\$ 33,777</u>	<u>6.0 %</u>	<u>\$ 68,439</u>	<u>\$ 70,825</u>	<u>(3.4) %</u>
GAAP Basis:						
Retail	\$ 16,891	\$ 15,512	8.9 %	\$ 44,029	\$ 43,150	2.0 %
Office	12,244	11,972	2.3	21,663	21,277	1.8
Multifamily	2,348	2,416	(2.8)	6,520	6,614	(1.4)
Mixed-Use	5,447	4,661	16.9	-	-	-
	<u>\$ 36,930</u>	<u>\$ 34,561</u>	<u>6.9 %</u>	<u>\$ 72,212</u>	<u>\$ 71,041</u>	<u>1.6 %</u>

NOI BY REGION

(Unaudited, amounts in thousands)

Three Months Ended September 30, 2012

	Retail	Office	Multifamily	Mixed-Use	Total
Southern California					
NOI, GAAP basis ⁽¹⁾	\$ 7,155	\$ 4,014	\$ 2,348	\$ -	\$ 13,517
Net effect of straight-line rents ⁽²⁾	(445)	(82)	-	-	(527)
Amortization of net above (below) market rents ⁽³⁾	(214)	53	-	-	(161)
Net effect of other lease intangibles	-	92	-	-	92
NOI, cash basis	6,496	4,077	2,348	-	12,921
Northern California					
NOI, GAAP basis ⁽¹⁾	2,271	5,389	-	-	7,660
Net effect of straight-line rents ⁽²⁾	(5)	(990)	-	-	(995)
Amortization of net above (below) market rents ⁽³⁾	(68)	(67)	-	-	(135)
Net effect of other lease intangibles ⁽⁴⁾	-	(19)	-	-	(19)
NOI, cash basis	2,198	4,313	-	-	6,511
Hawaii					
NOI, GAAP basis ⁽¹⁾	4,402	-	-	5,447	9,849
Net effect of straight-line rents ⁽²⁾	116	-	-	(84)	32
Amortization of net above (below) market rents ⁽³⁾	174	-	-	294	468
Net effect of other lease intangibles ⁽⁴⁾	-	-	-	(14)	(14)
NOI, cash basis	4,692	-	-	5,643	10,335
Oregon					
NOI, GAAP basis ⁽¹⁾	-	3,626	-	-	3,626
Net effect of straight-line rents ⁽²⁾	-	54	-	-	54
Amortization of net above (below) market rents ⁽³⁾	-	174	-	-	174
NOI, cash basis	-	3,854	-	-	3,854
Texas					
NOI, GAAP basis ⁽¹⁾	3,038	-	-	-	3,038
Net effect of straight-line rents ⁽²⁾	(231)	-	-	-	(231)
Amortization of net above (below) market rents ⁽³⁾	(78)	-	-	-	(78)
NOI, cash basis	2,729	-	-	-	2,729
Washington					
NOI, GAAP basis ⁽¹⁾	-	1,821	-	-	1,821
Net effect of straight-line rents ⁽²⁾	-	(633)	-	-	(633)
Amortization of net above (below) market rents ⁽³⁾	-	(259)	-	-	(259)
NOI, cash basis	-	929	-	-	929
Total					
NOI, GAAP basis ⁽¹⁾	16,866	14,850	2,348	5,447	39,511
Net effect of straight-line rents ⁽²⁾	(565)	(1,651)	-	(84)	(2,300)
Amortization of net above (below) market rents ⁽³⁾	(186)	(99)	-	294	9
Net effect of other lease intangibles ⁽⁴⁾	-	73	-	(14)	59
NOI, cash basis	\$ 16,115	\$ 13,173	\$ 2,348	\$ 5,643	\$ 37,279

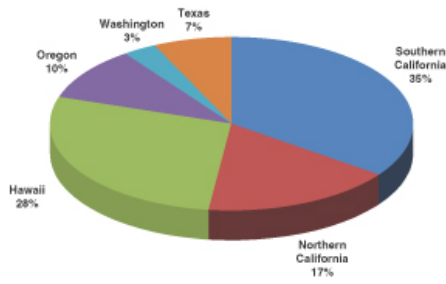
Notes:

- (1) See Glossary of Terms.
- (2) Represents the straight-line rent income recognized during the period offset by cash received during the period and the provision for bad debts recorded for deferred rent receivable balances.
- (3) Represents the adjustment related to the acquisition of buildings with above (below) market rents.
- (4) Represents adjustments related to amortization of lease incentives paid to tenants and amortization of lease intangibles and straight-line rent expense for our leases of the Annex at The Landmark at One Market and retail space at Waikiki Beach Walk - Retail.

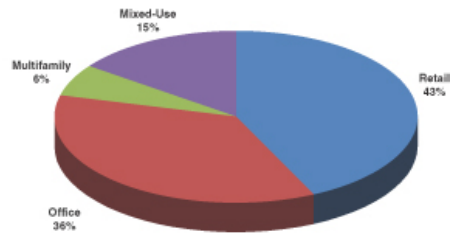
Three Months Ended September 30, 2012

Portfolio Cash NOI Breakdown

Portfolio Diversification by Geographic Region

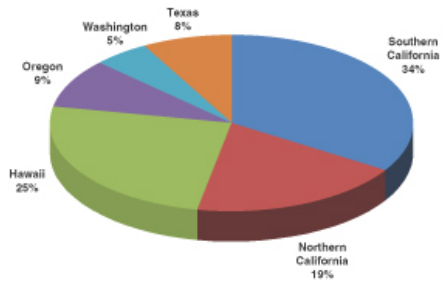


Portfolio Diversification by Segment

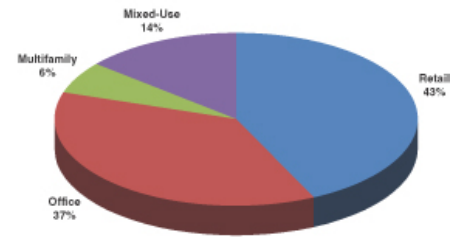


Portfolio GAAP NOI Breakdown

Portfolio Diversification by Geographic Region



Portfolio Diversification by Segment



PROPERTY REVENUE AND OPERATING EXPENSES

(Unaudited, amounts in thousands)

Three Months Ended September 30, 2012

Property	Base Rent ⁽¹⁾	Additional Property Income ⁽²⁾	Billed Expense Reimbursements ⁽³⁾	Property Operating Expenses ⁽⁴⁾
Retail Portfolio				
Carmel Country Plaza	\$ 802	\$ 21	\$ 188	\$ (185)
Carmel Mountain Plaza	2,287	42	841	(854)
South Bay Marketplace	507	1	111	(130)
Rancho Carmel Plaza	190	9	35	(53)
Lomas Santa Fe Plaza	1,316	51	307	(359)
Solana Beach Towne Centre	1,367	57	808	(802)
Del Monte Center	2,098	288	980	(1,164)
The Shops at Kalakaua	392	20	40	(63)
Waialele Center	4,368	338	1,110	(1,517)
Alamo Quarry Market	2,947	62	1,367	(1,647)
Subtotal Retail Portfolio	\$ 16,274	\$ 889	\$ 5,787	\$ (6,774)
Office Portfolio				
Torrey Reserve Campus ⁽⁵⁾	\$ 3,730	\$ 109	\$ 288	\$ (1,021)
Solana Beach Corporate Centre	1,693	3	(46)	(369)
160 King Street	1,433	471	173	(752)
One Beach Street	697	-	152	(266)
The Landmark at One Market	4,741	23	53	(1,815)
First & Main	2,740	123	103	(747)
Lloyd District Portfolio	2,831	146	19	(1,334)
City Center Bellevue ⁽⁶⁾	1,405	214	122	(425)
Subtotal Office Portfolio	\$ 19,270	\$ 1,089	\$ 864	\$ (6,729)
Multifamily Portfolio				
Loma Palisades	\$ 2,446	\$ 173	\$ -	\$ (921)
Imperial Beach Gardens	648	54	-	(271)
Mariner's Point	287	25	-	(158)
Santa Fe Park RV Resort	258	20	-	(207)
Subtotal Multifamily Portfolio	\$ 3,639	\$ 272	\$ -	\$ (1,557)

PROPERTY REVENUE AND OPERATING EXPENSES (CONTINUED)

(Unaudited, amounts in thousands)

Three Months Ended September 30, 2012

Property	Base Rent ⁽¹⁾	Additional Property Income ⁽²⁾	Billed Expense Reimbursements ⁽³⁾	Property Operating Expenses ⁽⁴⁾
Mixed-Use Portfolio				
Waikiki Beach Walk – Retail	\$ 2,318	\$ 885	\$ 914	\$ (1,600)
Waikiki Beach Walk – Embassy Suites™	9,017	649	-	(6,540)
Subtotal Mixed-Use Portfolio	\$ 11,335	\$ 1,534	\$ 914	\$ (8,140)
Total	\$ 50,518	\$ 3,784	\$ 7,565	\$ (23,200)

Notes:

- (1) Base rent for our retail and office portfolio and the retail portion of our mixed-use portfolio represents base rent for the three months ended September 30, 2012 (before abatements) and excludes the impact of straight-line rent and above (below) market rent adjustments. Total abatements for our retail and office portfolio were approximately \$36 and \$1,299, respectively, for the three months ended September 30, 2012. There were no abatements for the retail portion of our mixed-use portfolio for the three months ended September 30, 2012. In the case of triple net or modified gross leases, annualized base rent does not include tenant reimbursements for real estate taxes, insurance, common area or other operating expenses. Multifamily portfolio base rent represents base rent (including parking, before abatements) less vacancy allowance and employee rent credits and includes additional rents (additional rents include insufficient notice penalties, month-to-month charges and pet rent). Total abatements for our multifamily portfolio were \$6 for the three months ended September 30, 2012. For Waikiki Beach Walk – Embassy Suites™, base rent is equal to the actual room revenue for the three months ended September 30, 2012.
- (2) Represents additional property-related income for the three months ended September 30, 2012, which includes: (i) percentage rent, (ii) other rent (such as storage rent, license fees and association fees) and (iii) other property income (such as late fees, default fees, lease termination fees, parking revenue, the reimbursement of general excise taxes, laundry income and food and beverage sales).
- (3) Represents billed tenant expense reimbursements for the three months ended September 30, 2012.
- (4) Represents property operating expenses for the three months ended September 30, 2012. Property operating expenses includes all rental expenses, except non-cash rent expense and the provision for bad debt recorded for deferred rent receivables.
- (5) Base rent shown includes amounts related to American Assets Trust, L.P.'s lease at ICW Plaza. This intercompany rent is eliminated in the consolidated statement of operations. The base rent was \$134 and abatements were \$134 for the three months ended September 30, 2012.
- (6) Includes revenue and expenses since the acquisition of City Center Bellevue for the period from August 21, 2012 to September 30, 2012.

SEGMENT CAPITAL EXPENDITURES

(Unaudited, amounts
in
thousands)

Three Months Ended September 30, 2012						
Segment	Tenant Improvements and Leasing Commissions	Maintenance Capital Expenditures	Total Tenant Improvements, Leasing Commissions and Maintenance Capital Expenditures	Redevelopment and Expansions	New Development	Total Capital Expenditures
Retail Portfolio	\$ 4,091	\$ 134	\$ 4,225	\$ -	\$ 67	\$ 4,292
Office Portfolio	7,678	938	8,616	385	1,380	10,381
Multifamily Portfolio	-	259	259	-	-	259
Mixed-Use Portfolio	10	98	108	-	-	108
Total	\$ 11,779	\$ 1,429	\$ 13,208	\$ 385	\$ 1,447	\$ 15,040

Nine Months Ended September 30, 2012						
Segment	Tenant Improvements and Leasing Commissions	Maintenance Capital Expenditures	Total Tenant Improvements, Leasing Commissions and Maintenance Capital Expenditures	Redevelopment and Expansions	New Development	Total Capital Expenditures
Retail Portfolio	\$ 8,221	\$ 1,397	\$ 9,618	\$ 1,905	\$ 211	\$ 11,734
Office Portfolio	10,195	2,219	12,414	385	2,938	15,737
Multifamily Portfolio	-	782	782	-	-	782
Mixed-Use Portfolio	21	232	253	-	-	253
Total	\$ 18,437	\$ 4,630	\$ 23,067	\$ 2,290	\$ 3,149	\$ 28,506

SUMMARY OF OUTSTANDING DEBT

(Unaudited, amounts in thousands)

Debt	Amount Outstanding at September 30, 2012	Interest Rate	Annual Debt Service	Maturity Date	Balance at Maturity
Alamo Quarry Market ⁽¹⁾⁽²⁾	\$ 94,482	5.67 %	\$ 7,567	January 8, 2014	\$ 91,717
160 King Street ⁽³⁾	30,214	5.68	3,351	May 1, 2014	27,513
Waikole Center ⁽⁴⁾	140,700	5.15	7,360	November 1, 2014	140,700
The Shops at Kalakaua ⁽⁴⁾	19,000	5.45	1,053	May 1, 2015	19,000
The Landmark at One Market ⁽²⁾⁽⁴⁾	133,000	5.61	7,558	July 5, 2015	133,000
Del Monte Center ⁽⁴⁾	82,300	4.93	4,121	July 8, 2015	82,300
First & Main ⁽⁴⁾	84,500	3.97	3,397	July 1, 2016	84,500
Imperial Beach Gardens ⁽⁴⁾	20,000	6.16	1,250	September 1, 2016	20,000
Mariner's Point ⁽⁴⁾	7,700	6.09	476	September 1, 2016	7,700
South Bay Marketplace ⁽⁴⁾	23,000	5.48	1,281	February 10, 2017	23,000
Waikiki Beach Walk - Retail ⁽⁴⁾	130,310	5.39	7,020	July 1, 2017	130,310
Solana Beach Corporate Centre III-IV ⁽⁵⁾	37,302	6.39	2,798	August 1, 2017	35,136
Loma Palisades ⁽⁴⁾	73,744	6.09	4,553	July 1, 2018	73,744
One Beach Street ⁽⁴⁾	21,900	3.94	875	April 1, 2019	21,900
Torrey Reserve - North Court ⁽¹⁾	21,727	7.22	1,836	June 1, 2019	19,443
Torrey Reserve - VCI, VCII, VCIII ⁽¹⁾	7,316	6.36	560	June 1, 2020	6,439
Solana Beach Corporate Centre I-II ⁽¹⁾	11,676	5.91	855	June 1, 2020	10,169
Solana Beach Towne Centre ⁽¹⁾	38,922	5.91	2,849	June 1, 2020	33,898
Total / Weighted Average	\$ 977,793	5.42 %	\$ 58,760		\$ 960,469
Unamortized fair value adjustment	(13,725)				
Secured Notes Payable	\$ 964,068				
Fixed Rate Debt Ratio of Secured Notes Payable					
Fixed rate debt	100 %				
Line of Credit	\$ 141,000				

Notes:

- (1) Principal payments based on a 30-year amortization schedule.
- (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 20-year amortization schedule.
- (4) Interest only.
- (5) Loan was interest only through August 2012. Beginning in September 2012, principal payments are based on a 30-year amortization schedule. Annual debt service is for the period October 1, 2012 through September 30, 2013.

(Unaudited, amounts in thousands, except per share data)

September 30, 2012

Market data	
Common shares outstanding	39,316
Common units outstanding	18,371
Common shares and common units outstanding	57,687
Market price per common share	\$ 26.79
Equity market capitalization	\$ 1,545,435
Total debt	\$ 1,118,793
Total market capitalization	\$ 2,664,228
Less: Cash on hand	\$ (34,917)
Total enterprise value	\$ 2,629,311
Total assets, gross	\$ 2,128,777
Total debt/Total capitalization	42.0%
Total debt/Total enterprise value	42.6%
Net debt/Total enterprise value ⁽¹⁾	41.2%
Total debt/Total assets, gross	52.6%
Total debt/EBITDA ⁽²⁾⁽³⁾	7.9x
Net debt/EBITDA ⁽²⁾⁽³⁾	7.7x
Interest coverage ratio ⁽⁴⁾	2.5x
Fixed charge coverage ratio ⁽⁴⁾	2.5x

Debt Maturity Schedule



Notes:

- (1) Net debt is equal to total debt less cash on hand.
- (2) See Glossary of Terms for discussion of EBITDA.
- (3) As used here, EBITDA represents the actual for the three months ended September 30, 2012 annualized.
- (4) Calculated as EBITDA divided by interest on borrowed funds, including capitalized interest, excluding debt fair value adjustments and loan fee amortization.
- (5) The revolving line of credit, which has a capacity of \$250 million, matures in January 2016 and has an option to extend through January 2017. The availability on the revolving line of credit was approximately \$219.4 million at September 30, 2012, of which \$141.0 million is outstanding as of September 30, 2012. The credit facility bears interest at the rate of either LIBOR or a base rate, in each case plus a margin that will vary depending on our leverage ratio. At September 30, 2012, the interest rate was 1.8075%.

SUMMARY OF REDEVELOPMENT OPPORTUNITIES

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

In-Process Development Projects

<u>Property</u>	<u>Property Type</u>	<u>Location</u>	<u>Estimated Start Date</u>	<u>Estimated Completion Date</u>	<u>Estimated Stabilization Date</u> ⁽¹⁾	<u>Estimated Rentable Square Feet</u>	<u>Total Estimated Investment</u> ⁽²⁾	<u>Estimated Stabilized Yield</u> ⁽³⁾
Torrey Reserve III & IV	Office	San Diego, CA	2012	2014	2015	81,500	\$34,100,000	8.6%
Carmel Mountain Plaza	Retail	San Diego, CA	2012	2013	2013	10,000	\$800,000	37.5%

Development/Redevelopment Pipeline

<u>Property</u>	<u>Property Type</u>	<u>Location</u>	<u>Estimated Square Footage</u>	<u>Multifamily Units</u>
Solana Beach Corporate Centre (Building 5)	Retail	Solana Beach, CA	10,000	N/A
Lomas Santa Fe Plaza	Retail	Solana Beach, CA	45,000	N/A
Sorrento Pointe	Office	San Diego, CA	88,000	N/A
Lloyd District Portfolio ⁽⁵⁾	Mixed Use	Portland, OR	60,000	655
Solana Beach – Highway 101	Mixed Use	Solana Beach, CA	48,000	36

Notes:

- (1) Based on management's estimation of stabilized occupancy (95%).
- (2) Excludes allocated land costs and capitalized interest costs capitalized in accordance with Accounting Standards Codification ("ASC") 835-20-50-1.
- (3) Calculated as return on invested capital when project has reached stabilized occupancy, and excludes allocated land costs and interest cost capitalized in accordance with ASC 838-20-50-1.
- (4) Represents commercial portion of development opportunity for Lloyd District Portfolio and Solana Beach – Highway 101
- (5) Development plans began during the second quarter of 2012.

PORTFOLIO DATA

PROPERTY REPORT

As of September 30, 2012

Retail and Office Portfolios

Property	Location	Year Built/ Renovated	Number of Buildings	Net Rentable Square Feet ⁽¹⁾	Percentage Leased ⁽²⁾	Annualized Base Rent ⁽³⁾	Annualized Base Rent per Leased Square Foot ⁽⁴⁾	Retail Anchor Tenant(s) ⁽⁵⁾	Other Principal Retail Tenants ⁽⁶⁾
Retail Properties									
Carmel Country Plaza	San Diego, CA	1991	9	78,098	100.0%	\$ 3,248,183	\$ 41.59		Sharp Healthcare, Frazee Industries Inc.
Carmel Mountain Plaza ⁽⁷⁾	San Diego, CA	1994	13	520,228	92.1	10,084,868	21.05	Sears	Sports Authority, Nordstrom Rack
South Bay Marketplace ⁽⁷⁾	San Diego, CA	1997	9	132,873	100.0	2,148,977	16.17		Ross Dress for Less, Grocery Outlet
Rancho Carmel Plaza	San Diego, CA	1993	3	30,421	89.3	761,446	28.03		Oggi's Pizza & Brewing Co., Sprint PCS Assets
Lomas Santa Fe Plaza	Solana Beach, CA	1972/1997	9	209,569	94.8	5,253,359	26.44		Vons, Ross Dress for Less
Del Monte Center ⁽⁷⁾	Monterey, CA	1967/1984/2006	16	675,385	98.9	9,030,237	13.52	Macy's, KLA Monterrey	Century Theatres, Macy's Furniture Gallery
The Shops at Kalakaua	Honolulu, HI	1971/2006	3	11,671	100.0	1,569,640	134.49		Whalers General Store, Diesel U.S.A. Inc.
Waikale Center	Waipahu, HI	1993/2008	9	538,024	94.8	17,614,463	34.53	Lowe's, Kmart, Sports Authority, Foodland Super Market 20.66	Old Navy, Officemax
Alamo Quarry Market ⁽⁷⁾	San Antonio, TX	1997/1999	16	589,501	99.9	11,842,918	20.11	Regal Cinemas	Bed Bath & Beyond, Whole Foods Market, Nordstrom Rack
Solana Beach Towne Centre	Solana Beach, CA	1973/2000/2004	12	246,730	99.4	5,477,937	22.34		Dixieline Probuild, Marshalls
Subtotal/Weighted Average Retail Portfolio			99	3,032,500	96.9%	\$ 67,032,028	\$ 22.81		
Office Properties									
Torrey Reserve Campus	San Diego, CA	1996-2000	9	456,801	93.7%	\$ 15,116,500	\$ 35.32		
160 King Street	San Francisco, CA	2002	1	167,986	97.9	5,810,384	35.33		
The Landmark at One Market ⁽⁸⁾	San Francisco, CA	1917/2000	1	421,934	100.0	18,966,745	44.95		
Solana Beach Corporate Centre	Solana Beach, CA	1982/2005	4	211,971	97.8	7,032,739	33.92		
First & Main	Portland, OR	2010	1	360,955	98.8	10,963,591	30.74		
Lloyd District Portfolio	Portland, OR	1940-2011	6	610,081	85.2	11,364,979	21.86		
One Beach Street	San Francisco, CA	1924/1972/1987/1992	1	97,614	100.0	2,786,371	28.54		
City Center Bellevue	Bellevue, WA	1987	1	489,856	92.1	13,016,679	28.85		
Subtotal/Weighted Average Office Portfolio			24	2,817,198	94.0%	\$ 85,057,988	\$ 32.12		
Total/Weighted Average Retail and Office Portfolio			123	5,849,698	95.5%	\$ 152,090,016	\$ 27.22		

PROPERTY REPORT (CONTINUED)

As of September 30, 2012

Multifamily Portfolio

Property	Location	Year Built/ Renovated	Number of Buildings	Units	Percentage Leased ⁽²⁾	Annualized Base Rent ⁽³⁾	Average Monthly Base Rent per Leased Unit ⁽⁴⁾
Loma Palisades	San Diego, CA	1958/ 2001-2008	80	548	100.0 %	\$ 9,951,864	\$ 1,513
Imperial Beach Gardens	Imperial Beach, CA	1959/ 2008-present	26	160	98.8	2,596,812	1,369
Mariner's Point	Imperial Beach, CA	1986	8	88	100.0	1,158,144	1,097
Santa Fe Park RV Resort ⁽⁹⁾	San Diego, CA	1971/ 2007-2008	1	126	73.8	873,204	783
Total/Weighted Average Multifamily Portfolio			115	922	96.2 %	\$ 14,580,024	\$ 1,370

Mixed-Use Portfolio

Retail Portion	Location	Year Built/ Renovated	Number of Buildings	Net Rentable Square Feet ⁽¹⁾	Percentage Leased ⁽²⁾	Annualized Base Rent ⁽³⁾	Annualized Base Rent per Leased Square Foot ⁽⁴⁾	Retail Anchor Tenant(s) ⁽⁵⁾	Other Principal Retail Tenants ⁽⁶⁾
Waikiki Beach Walk - Retail	Honolulu, HI	2006	3	96,569	97.4 %	\$ 9,208,893	\$ 97.91		Yardhouse, Ruths Chris

Hotel Portion	Location	Year Built/ Renovated	Number of Buildings	Units	Average Occupancy ⁽¹⁰⁾	Average Daily Rate ⁽¹⁰⁾	Annualized Revenue per Available Room ⁽¹⁰⁾
Waikiki Beach Walk - Embassy Suites™	Honolulu, HI	2008	2	369	89.7 %	\$ 292.8	\$ 262.64

Notes:

- The net rentable square feet for each of our retail properties and the retail portion of our mixed-use property is the sum of (1) the square footages of existing leases, plus (2) for available space, the field-verified square footage. The net rentable square feet for each of our office properties is the sum of (1) the square footages of existing leases, plus (2) for available space, management's estimate of net rentable square feet based, in part, on past leases. The net rentable square feet included in such office leases is generally determined consistently with the Building Owners and Managers Association, or BOMA, 1996 measurement guidelines.
- Percentage leased for each of our retail and office properties and the retail portion of the mixed-use property includes square footage under leases as of September 30, 2012, including leases which may not have commenced as of September 30, 2012. Percentage leased for our multifamily properties includes total units rented as of September 30, 2012.
- Annualized base rent is calculated by multiplying base rental payments (defined as cash base rents (before abatements)) for the month ended September 30, 2012, by 12. In the case of triple net or modified gross leases, annualized base rent does not include tenant reimbursements for real estate taxes, insurance, common area or other operating expenses.
- Annualized base rent per leased square foot is calculated by dividing annualized base rent, by square footage under lease as of September 30, 2012. Annualized base rent per leased unit is calculated by dividing annualized base rent, by units under lease as of September 30, 2012.
- Retail anchor tenants are defined as retail tenants leasing 50,000 square feet or more.
- Other principal retail tenants are defined as the two tenants leasing the most square footage, excluding anchor tenants.
- Net rentable square feet at certain of our retail properties includes pad sites leased pursuant to the ground leases in the following table:

Property	Number of Ground Leases	Square Footage Leased Pursuant to Ground Leases	Aggregate Annualized Base Rent
Carmel Mountain Plaza	6	127,112	\$ 1,020,900
South Bay Marketplace	1	2,824	\$ 81,540
Del Monte Center	2	295,100	\$ 201,291
Alamo Quarry Market	4	31,994	\$ 428,250

- This property contains 421,934 net rentable square feet consisting of The Landmark at One Market (377,714 net rentable square feet) as well as a separate long-term leasehold interest in approximately 44,220 net rentable square feet of space located in an adjacent six-story leasehold known as the Annex. We currently lease the Annex from an affiliate of the Paramount Group pursuant to a long-term master lease effective through June 30, 2016, which we have the option to extend until 2026 pursuant to two five-year extension options.
- The Santa Fe Park RV Resort is subject to seasonal variation, with higher rates of occupancy occurring during the summer months. During the 12 months ended September 30, 2012, the highest average monthly occupancy rate for this property was 92%, occurring in July 2012. The number of units at the Santa Fe Park RV Resort includes 122 RV spaces and four apartments.
- Average occupancy represents the percentage of available units that were sold during the three months ended September 30, 2012, and is calculated by dividing the number of units sold by the product of the total number of units and the total number of days in the period. Average daily rate represents the average rate paid for the units sold and is calculated by dividing the total room revenue (i.e., excluding food and beverage revenues or other hotel operations revenues such as telephone, parking and other guest services) for the three months ended September 30, 2012, by the number of units sold. Revenue per available room, or RevPAR, represents the total unit revenue per total available units for the three months ended September 30, 2012 and is calculated by multiplying average occupancy by the average daily rate. RevPAR does not include food and beverage revenues or other hotel operations revenues such as telephone, parking and other guest services.

RETAIL LEASING SUMMARY

As of September 30, 2012
Total Lease Summary - Comparable ⁽¹⁾

Quarter	Number of Leases Signed	% of Comparable Leases Signed	Net Rentable Square Feet Signed	Contractual Rent Per Sq. Ft. ⁽²⁾	Prior Rent Per Sq. Ft. ⁽³⁾	Annual Change in Rent	Cash Basis % Change Over Prior Rent	Straight-Line Basis % Change Over Prior Rent	Weighted Average Lease Term ⁽⁴⁾	Tenant Improvements & Incentives	Tenant Improvements & Incentives Per Sq. Ft.
3rd Quarter 2012	15	100 %	56,673	\$ 25.90	\$ 25.04	\$ 48,868	3.4 %	8.4 %	4.9	\$ 111,000	\$ 1.96
2nd Quarter 2012	15	100	96,932	32.25	31.13	95,543	3.6	5.8	5.0	996,157	11.75
1st Quarter 2012	13	100	27,115	43.83	46.10	(61,374)	(4.9)	4.0	5.6	293,673	10.83
4th Quarter 2011	24	100	77,770	30.37	29.59	61,134	2.7	8.9	6.3	537,420	6.91
Total 12 months	67	100 %	258,490	\$ 31.51	\$ 30.89	\$ 144,171	1.9 %	11.2 %	5.4	\$ 1,938,250	\$ 8.05

New Lease Summary - Comparable ⁽¹⁾

Quarter	Number of Leases Signed	% of Comparable Leases Signed	Net Rentable Square Feet Signed	Contractual Rent Per Sq. Ft. ⁽²⁾	Prior Rent Per Sq. Ft. ⁽³⁾	Annual Change in Rent	Cash Basis % Change Over Prior Rent	Straight-Line Basis % Change Over Prior Rent	Weighted Average Lease Term ⁽⁴⁾	Tenant Improvements & Incentives	Tenant Improvements & Incentives Per Sq. Ft.
3rd Quarter 2012	1	7 %	1,392	\$ 42.00	\$ 56.75	\$ (20,532)	(26.0) %	(26.0) %	4.2	\$ -	\$ -
2nd Quarter 2012	2	13	20,545	42.25	30.59	98,174	38.1	42.5	9.5	976,884	47.55
1st Quarter 2012	3	23	4,906	36.98	38.31	(6,541)	(3.5)	(6.2)	7.1	223,548	45.57
4th Quarter 2011	5	21	34,973	27.11	22.89	147,340	18.4	24.6	10.1	508,420	14.54
Total 12 months	11	16 %	61,816	\$ 33.26	\$ 27.44	\$ 218,441	12.9 %	42.0 %	9.5	\$ 1,708,852	\$ 27.64

Renewal Lease Summary - Comparable ⁽¹⁾⁽⁵⁾

Quarter	Number of Leases Signed	% of Comparable Leases Signed	Net Rentable Square Feet Signed	Contractual Rent Per Sq. Ft. ⁽²⁾	Prior Rent Per Sq. Ft. ⁽³⁾	Annual Change in Rent	Cash Basis % Change Over Prior Rent	Straight-Line Basis % Change Over Prior Rent	Weighted Average Lease Term ⁽⁴⁾	Tenant Improvements & Incentives	Tenant Improvements & Incentives Per Sq. Ft.
3rd Quarter 2012	14	93 %	55,281	\$ 25.50	\$ 24.24	\$ 69,400	5.2 %	10.5 %	4.9	\$ 111,000	\$ 2.01
2nd Quarter 2012	13	87	76,387	31.15	31.18	(2,631)	(0.1)	1.9	4.5	19,273	0.25
1st Quarter 2012	10	77	22,209	45.35	47.82	(54,833)	(5.2)	6.0	5.2	70,125	3.16
4th Quarter 2011	19	79	42,797	33.04	35.05	(86,206)	(5.7)	0.4	3.2	29,000	0.68
Total 12 months	56	84 %	196,674	\$ 31.58	\$ 31.95	\$ (74,270)	(1.2) %	4.5 %	4.4	\$ 229,398	\$ 1.17

Total Lease Summary - Comparable and Non-Comparable

Quarter	Number of Leases Signed	Net Rentable Square Feet Signed	Contractual Rent Per Sq. Ft. ⁽²⁾	Weighted Average Lease Term ⁽⁴⁾	Tenant Improvements & Incentives	Tenant Improvements & Incentives Per Sq. Ft.
3rd Quarter 2012	19	78,236	\$ 25.10	5.0	\$ 939,550	\$ 12.01
2nd Quarter 2012	19	134,567	32.16	6.4	2,738,277	20.35
1st Quarter 2012	16	31,896	41.65	5.3	319,483	10.02
4th Quarter 2011	26	136,417	27.34	7.9	3,595,900	26.36
Total 12 months	80	381,116	\$ 29.70	6.6	\$ 7,593,210	\$ 19.92

- Notes:
- (1) Comparable leases represent those leases signed on spaces for which there was a previous lease.
 - (2) Contractual rent represents contractual minimum rent under the new lease for the first twelve months of the term.
 - (3) Prior rent represents the minimum rent paid under the previous lease in the final twelve months of the term.
 - (4) Weighted average is calculated on the basis of square footage.
 - (5) Excludes renewals at fixed contractual rates specified in the lease.

OFFICE LEASING SUMMARY

As of September 30, 2012
Total Lease Summary - Comparable (1)

Quarter	Number of Leases Signed	% of Comparable Leases Signed	Net Rentable Square Feet Signed	Contractual Rent Per Sq. Ft. (2)	Prior Rent Per Sq. Ft. (3)	Annual Change in Rent	Cash Basis % Change Over Prior Rent	Straight-Line Basis % Change Over Prior Rent	Weighted Average Lease Term (4)	Tenant Improvements & Incentives	Tenant Improvements & Incentives Per Sq. Ft.
3rd Quarter 2012	15	100 %	71,469	\$ 29.88	\$ 28.71	\$ 83,359	4.1 %	11.7 %	3.2	\$ 339,270	\$ 4.75
2nd Quarter 2012	10	100	70,231	44.88	34.59	722,907	29.8	49.4	5.5	339,141	4.83
1st Quarter 2012	13	100	52,132	30.26	34.69	(231,039)	(12.8)	(2.6)	4.2	710,939	13.64
4th Quarter 2011	14	100	40,587	27.70	27.35	14,415	1.3	2.9	5.1	84,057	2.07
Total 12 months	52	100 %	234,419	\$ 34.08	\$ 31.57	\$ 589,642	8.0 %	9.8 %	4.4	\$ 1,473,407	\$ 6.29

New Lease Summary - Comparable (1)

Quarter	Number of Leases Signed	% of Comparable Leases Signed	Net Rentable Square Feet Signed	Contractual Rent Per Sq. Ft. (2)	Prior Rent Per Sq. Ft. (3)	Annual Change in Rent	Cash Basis % Change Over Prior Rent	Straight-Line Basis % Change Over Prior Rent	Weighted Average Lease Term (4)	Tenant Improvements & Incentives	Tenant Improvements & Incentives Per Sq. Ft.
3rd Quarter 2012	3	20 %	4,427	\$ 34.44	\$ 37.42	\$ (13,172)	(8.0) %	(1.4) %	3.6	\$ 17,592	\$ 3.97
2nd Quarter 2012	5	50	39,469	51.69	33.05	735,528	56.4	69.6	6.4	274,361	6.95
1st Quarter 2012	6	46	12,283	35.51	34.74	9,473	2.2	20.1	4.1	293,958	23.93
4th Quarter 2011	-	-	-	-	-	-	-	-	-	-	-
Total 12 months	14	27 %	56,179	\$ 46.79	\$ 33.77	\$ 731,829	38.6 %	16.7 %	5.7	\$ 585,911	\$ 10.43

Renewal Lease Summary - Comparable (1)(5)

Quarter	Number of Leases Signed	% of Comparable Leases Signed	Net Rentable Square Feet Signed	Contractual Rent Per Sq. Ft. (2)	Prior Rent Per Sq. Ft. (3)	Annual Change in Rent	Cash Basis % Change Over Prior Rent	Straight-Line Basis % Change Over Prior Rent	Weighted Average Lease Term (4)	Tenant Improvements & Incentives	Tenant Improvements & Incentives Per Sq. Ft.
3rd Quarter 2012	12	80 %	67,042	\$ 29.58	\$ 28.14	\$ 96,531	5.1 %	12.9 %	3.2	\$ 321,678	\$ 4.80
2nd Quarter 2012	5	50	30,762	36.15	36.56	(12,621)	(1.1)	19.7	4.4	64,780	2.11
1st Quarter 2012	7	54	39,849	28.64	34.67	(240,512)	(17.4)	(9.0)	4.2	416,981	10.46
4th Quarter 2011	14	100	40,587	27.70	27.35	14,415	1.3	2.9	5.1	84,057	2.07
Total 12 months	38	73 %	178,240	\$ 30.07	\$ 30.87	\$ (142,187)	2.6 %	3.4 %	4.0	\$ 887,496	\$ 4.98

Total Lease Summary - Comparable and Non-Comparable

Quarter	Number of Leases Signed	Net Rentable Square Feet Signed	Contractual Rent Per Sq. Ft. (2)	Weighted Average Lease Term (4)	Tenant Improvements & Incentives	Tenant Improvements & Incentives Per Sq. Ft.
3rd Quarter 2012	23	94,803	\$ 30.08	3.4	\$ 698,008	\$ 7.36
2nd Quarter 2012	13	82,830	41.48	5.9	1,202,425	14.52
1st Quarter 2012	16	63,969	29.02	4.0	907,761	14.19
4th Quarter 2011	18	50,490	28.24	4.8	174,545	3.46
Total 12 months	70	292,092	\$ 32.76	4.5	\$ 2,982,739	\$ 10.21

- Notes:
- (1) Comparable leases represent those leases signed on spaces for which there was a previous lease.
 - (2) Contractual rent represents contractual minimum rent under the new lease for the first twelve months of the term.
 - (3) Prior rent represents the minimum rent paid under the previous lease in the final twelve months of the term.
 - (4) Weighted average is calculated on the basis of square footage.
 - (5) Excludes renewals at fixed contractual rates specified in the lease.

LEASE EXPIRATIONS

As of September 30, 2012
Assumes no exercise of lease options

Year	Office				Retail				Mixed-Use (Retail Portion Only)				Total		
	Expiring Sq. Ft.	% of Office Sq. Ft.	% of Total Sq. Ft.	Annualized Base Rent Per Sq. Ft. ⁽¹⁾	Expiring Sq. Ft.	% of Retail Sq. Ft.	% of Total Sq. Ft.	Annualized Base Rent Per Sq. Ft. ⁽¹⁾	Expiring Sq. Ft.	% of Mixed-Use Sq. Ft.	% of Total Sq. Ft.	Annualized Base Rent Per Sq. Ft. ⁽¹⁾	Expiring Sq. Ft.	% of Total Sq. Ft.	Annualized Base Rent Per Sq. Ft. ⁽¹⁾
Month to Month	32,684	1.2 %	0.6 %	\$ 7.70	9,636	0.3 %	0.2 %	\$ 26.02	8,693	9.0 %	0.1 %	\$ 16.76	51,013	0.9 %	\$ 12.70
2012	67,745	2.4	1.2	29.55	39,473	1.3	0.7	31.29	4,183	4.3	0.1	150.03	111,401	1.9	34.69
2013	215,773	7.7	3.6	32.08	327,164 ⁽²⁾	10.8	5.5	27.61	6,650	6.9	0.1	141.76	549,587	9.2	30.75
2014	209,477	7.4	3.5	30.43	405,138	13.4	6.8	28.93	1,374	1.4	-	211.21	615,989	10.4	29.84
2015	428,493	15.2	7.2	31.59	236,178	7.8	4.0	25.43	9,545	9.9	0.2	205.62	674,216	11.3	31.90
2016	250,660	8.9	4.2	28.29	191,248	6.3	3.2	34.55	12,402	12.8	0.2	146.81	454,310	7.6	34.16
2017	339,047 ⁽³⁾	12.0	5.7	37.91	303,441	10.0	5.1	23.87	6,505	6.7	0.1	138.23	648,993	10.9	32.35
2018	157,709	5.6	2.7	32.99	909,256	30.0	15.3	16.36	4,673	4.8	0.1	142.23	1,071,638	18.0	19.36
2019	303,736	10.8	5.1	39.41	71,553 ⁽⁴⁾	2.4	1.2	28.16	11,690	12.1	0.2	53.16	386,979	6.5	37.75
2020	243,114 ⁽⁵⁾	8.6	4.1	39.20	118,506	3.9	2.0	8.87	17,843	18.5	0.3	44.42	379,463	6.4	29.98
2021	198,313	7.0	3.3	35.10	41,170	1.4	0.7	39.25	-	-	-	-	239,483	4.0	35.82
Thereafter	102,798	3.7	1.7	22.97	223,864	7.2	3.7	24.01	10,467	11.0	0.2	42.16	337,129	5.7	24.26
Signed Leases															
Not															
Commenced	97,238	3.5	1.6	-	62,837	2.1	1.1	-	-	-	-	-	160,075	2.7	-
Available	170,411	6.0	2.9	-	93,036	3.1	1.6	-	2,544	2.6	-	-	265,991	4.5	-
Total	2,817,198	100.0 %	47.4 %	\$ 30.19	3,032,500	100.0 %	51.1 %	\$ 22.10	96,569	100.0 %	1.6 %	\$ 95.36	5,946,267	100.0 %	\$ 27.13

Assumes all lease options are exercised

Year	Office				Retail				Mixed-Use (Retail Portion Only)				Total		
	Expiring Sq. Ft.	% of Office Sq. Ft.	% of Total Sq. Ft.	Annualized Base Rent Per Sq. Ft. ⁽¹⁾	Expiring Sq. Ft.	% of Retail Sq. Ft.	% of Total Sq. Ft.	Annualized Base Rent Per Sq. Ft. ⁽¹⁾	Expiring Sq. Ft.	% of Mixed-Use Sq. Ft.	% of Total Sq. Ft.	Annualized Base Rent Per Sq. Ft. ⁽¹⁾	Expiring Sq. Ft.	% of Total Sq. Ft.	Annualized Base Rent Per Sq. Ft. ⁽¹⁾
Month to Month	32,684	1.2 %	0.6 %	\$ 7.70	9,636	0.3 %	0.2 %	\$ 26.02	8,693	9.0 %	0.1 %	\$ 16.76	51,013	0.9 %	\$ 12.70
2012	64,329	2.3	1.1	27.94	33,213	1.1	0.6	32.10	4,183	4.3	0.1	150.03	101,725	1.7	34.32
2013	126,203	4.5	2.1	32.71	109,624	3.6	1.8	35.34	6,650	6.9	0.1	141.76	242,477	4.1	36.89
2014	44,645	1.6	0.8	33.10	192,558	6.4	3.2	31.64	1,374	1.4	-	211.21	238,577	4.0	32.94
2015	187,315	6.7	3.1	34.71	56,632	1.9	1.0	34.67	3,331	3.4	0.1	122.46	247,278	4.1	35.88
2016	212,990	7.6	3.6	26.33	62,198	2.1	1.0	30.60	8,374	8.7	0.1	159.90	283,562	4.8	31.21
2017	57,225	2.0	1.0	33.64	90,677	3.0	1.5	31.36	5,465	5.7	0.1	130.96	153,367	2.6	35.76
2018	77,679	2.8	1.3	31.70	158,583	5.2	2.7	22.47	4,673	4.8	0.1	142.23	240,935	4.0	27.77
2019	125,383	4.5	2.1	32.52	106,741	3.5	1.8	26.52	-	-	-	-	232,124	3.9	29.76
2020	211,067	7.5	3.5	28.65	293,842	9.7	4.9	15.41	1,951	2.0	-	135.66	506,860	8.5	21.39
2021	39,400	1.4	0.7	32.37	51,578	1.7	0.9	47.73	10,242	10.6	0.2	198.84	101,220	1.7	57.04
Thereafter	1,370,629 ⁽³⁾⁽⁵⁾	48.4	23.0	36.12	1,711,345 ⁽⁴⁾	56.3	28.8	20.83	39,089	40.6	0.7	45.39	3,121,063	52.5	27.85
Signed Leases															
Not															
Commenced	97,238	3.5	1.6	-	62,837	2.1	1.1	-	-	-	-	-	160,075	2.7	-
Available	170,411	6.0	2.9	-	93,036	3.1	1.6	-	2,544	2.6	-	-	265,991	4.5	-
Total	2,817,198	100.0 %	47.4 %	\$ 30.19	3,032,500	100.0 %	51.1 %	\$ 22.10	96,569	100.0 %	1.6 %	\$ 95.36	5,946,267	100.0 %	\$ 27.13

As of September 30, 2012

Notes:

- Annualized base rent per leased square foot is calculated by dividing (i) annualized base rent for leases expiring during the applicable period, by (ii) square footage under such expiring leases. Annualized base rent is calculated by multiplying (i) base rental payments (defined as cash base rents (before abatements)) for the month ended September 30, 2012 for the leases expiring during the applicable period, by (ii) 12.
- The expirations include 1,900 square feet currently leased by Yankee Candle at Alamo Quarry Market, for which Lucchese Boot Company has signed an agreement to lease such space upon Yankee Candle lease termination from January 31, 2013 through May 31, 2013.
- The expirations include 45,795 square feet currently leased by Microsoft Corporation at The Landmark at One Market, for which Autodesk, Inc. has signed an agreement to lease such space upon Microsoft's lease termination from December 31, 2012 through December 31, 2017 with an option to extend the lease through December 31, 2024.
- The expirations include 966 square feet currently leased by Quarry Nails at Alamo Quarry Market, for which Whole Earth Provision Co. has signed an agreement to lease such space upon Quarry Nails lease termination from August 31, 2012 through January 21, 2019 with an option to extend the lease through January 31, 2029.
- The expirations include 27,276 square feet currently leased by Simpson Gumpertz & Heger at The Landmark at One Market, for which salesforce.com has signed an agreement to lease such space upon Simpson Gumpertz & Heger's lease termination from October 31, 2013 through April 30, 2020 with an option to extend the lease through April 30, 2030.

Type	At September 30, 2012			At September 30, 2011		
	Size	Leased ⁽¹⁾	Leased %	Size	Leased ⁽¹⁾	Leased %
Overall Portfolio Statistics						
Retail Properties (square feet)	3,032,500	2,939,464	96.9%	3,031,054	2,806,642	92.6%
Office Properties (square feet)	2,817,198	2,646,787	94.0%	2,232,536	2,100,098	94.1%
Multifamily Properties (units)	922	887	96.2%	922	870	94.4%
Mixed-Use Properties (square feet)	96,569	94,025	97.4%	96,569	95,783	99.2%
Mixed-Use Properties (units)	369	333 ⁽³⁾	90.2%	369	328 ⁽³⁾	88.8%
Same-Store⁽²⁾ Statistics						
Retail Properties (square feet)	3,032,500	2,939,646	96.9%	2,704,324 ⁽⁴⁾	2,564,818	94.8%
Office Properties (square feet)	2,229,728	2,098,137	94.1%	1,046,721 ⁽⁵⁾	1,008,510	96.3%
Multifamily Properties (units)	922	887	96.2%	922	870	94.4%
Mixed-Use Properties (square feet)	96,569	94,025	97.4%	- ⁽⁶⁾	-	- %
Mixed-Use Properties (units)	369	333 ⁽³⁾	90.2%	- ⁽⁶⁾	-	- %

Notes:

- (1) Leased square feet includes square feet under lease as of each date, including leases which may not have commenced as of that date. Leased units for our multifamily properties include total units rented as of that date.
- (2) See Glossary of Terms.
- (3) Represents average occupancy for the nine months ended September 30, 2012 and September 30, 2011.
- (4) Excludes Solana Beach Towne Centre as the controlling interest in this entity was acquired on January 19, 2011.
- (5) Excludes Solana Beach Corporate Centre as the controlling interest in this entity was acquired on January 19, 2011. First & Main is excluded as it was acquired on March 11, 2011. Lloyd District Portfolio is excluded as it was acquired on July 1, 2011. One Beach Street is excluded as it was acquired on January 24, 2012. City Center Bellevue is excluded as it was acquired on August 21, 2012.
- (6) Excludes the Waikiki Beach Walk property as the controlling interest in this entity was acquired on January 19, 2011.

TOP TENANTS - RETAIL

As of September 30, 2012

	Tenant	Property(ies)	Lease Expiration	Total Leased Square Feet	Rentable Square Feet as a Percentage of Total Retail	Rentable Square Feet as a Percentage of Total	Annualized Base Rent	Annualized Base Rent as a Percentage of Total Retail	Annualized Base Rent as a Percentage of Total
1	Lowe's	Waikele Center	5/31/2018	155,000	5.1 %	2.6 %	\$ 4,221,786	6.3 %	2.6 %
2	Kmart	Waikele Center	6/30/2018	119,590	3.9	2.0	3,826,880	5.7	2.4
3	Foodland Super Market	Waikele Center	1/25/2014	50,000	1.6	0.8	2,430,981	3.6	1.5
4	Sports Authority	Carmel Mountain Plaza, Waikele Center	11/30/2013 7/18/2018	90,722	3.0	1.5	2,076,602	3.1	1.3
5	Ross Dress for Less	South Bay Marketplace, Lomas Santa Fe Plaza, Carmel Mountain Plaza	1/31/2013 1/31/2014 1/31/2014	81,125	2.7	1.4	1,595,826	2.4	1.0
6	Old Navy	Alamo Quarry Market, Waikele Center, South Bay Marketplace,	9/30/2017 7/31/2016 4/30/2016	59,780	2.0	1.0	*	*	*
7	Officemax	Waikele Center, Alamo Quarry Market	1/31/2014 9/30/2017	47,962	1.6	0.8	1,164,761	1.7	0.7
8	Marshalls	Solana Beach Towne Centre, Carmel Mountain Plaza	1/13/2015 1/31/2019	68,055	2.2	1.1	1,106,146	1.7	0.7
9	Nordstrom Rack	Carmel Mountain Plaza, Alamo Quarry Market	9/30/2022 10/31/2022	69,047	2.3	1.2	1,093,316	1.6	0.7
10	Vons	Lomas Santa Fe Plaza	12/31/2017	49,895	1.6	0.8	1,058,000	1.6	0.7
Top 10 Retail Tenants Total				791,176	26.0 %	13.2 %	\$ 18,574,298	27.7 %	11.6 %

* Data withheld at tenant's request.

TOP TENANTS - OFFICE

As of September 30, 2012

	Tenant	Property(ies)	Lease Expiration	Total Leased Square Feet	Rentable Square Feet as a Percentage of Total Office	Rentable Square Feet as a Percentage of Total	Annualized Base Rent	Annualized Base Rent as a Percentage of Total Office	Annualized Base Rent as a Percentage of Total
1	salesforce.com	The Landmark at One Market	6/30/2019 4/30/2020 5/31/2021	226,892	8.1 %	3.8 %	\$ 10,624,175	12.5 %	6.6 %
2	Veterans Benefits Administration	First & Main	8/31/2020	93,572	3.3	1.6	3,006,453	3.5	1.9
3	Autodesk, Inc.	The Landmark at One Market	12/31/2015 12/31/2017	68,869	2.4	1.2	2,984,838	3.5	1.9
4	Microsoft Corporation	The Landmark at One Market	12/31/2012	45,795	1.6	0.8	2,976,675	3.5	1.8
5	Ancestry.com	160 King Street	5/31/2015 5/31/2019	64,992	2.3	1.1	2,729,664	3.2	1.7
6	Treasury Tax Administration	First & Main	8/31/2015	70,660	2.5	1.2	2,583,330	3.0	1.6
7	Insurance Company of the West	Torrey Reserve Campus	12/31/2016	81,040	2.9	1.4	2,449,631	2.9	1.5
8	Treasury Call Center	First & Main	8/31/2020	63,648	2.3	1.1	2,184,302	2.6	1.4
9	Caradigm USA LLC	City Center Bellevue	8/14/2017	68,956	2.4	1.2	2,103,158	2.5	1.3
10	Alliant International University	One Beach Street	10/31/2019	64,161	2.3	1.1	1,775,176	2.1	1.1
Top 10 Office Tenants Total				848,585	30.1 %	14.5 %	\$ 33,417,402	39.3 %	20.8 %

APPENDIX

GLOSSARY OF TERMS

Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA): EBITDA is a non-GAAP measure that means net income or loss plus depreciation and amortization, net interest expense, income taxes, gain or loss on sale of real estate and impairments of real estate, if any. EBITDA is presented because it approximates a key performance measure in our debt covenants, but it should not be considered an alternative measure of operating results or cash flow from operations as determined in accordance with GAAP. The reconciliation of net income to EBITDA for the three and nine months ended September 30, 2012 and 2011 is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Net income	\$ 4,285	\$ 4,618	\$ 9,780	\$ 18,669
Depreciation and amortization	16,432	15,827	46,356	41,916
Interest expense	14,690	14,738	43,522	41,791
Interest income	(177)	(388)	(329)	(1,086)
Income tax expense	(5)	309	388	690
Gain on sale of real estate	-	(3,981)	-	(3,981)
EBITDA	\$ 35,225	\$ 31,123	\$ 99,717	\$ 97,999

Adjusted EBITDA: Adjusted EBITDA is a non-GAAP measure that begins with EBITDA and includes adjustments for certain items that we believe are not representative of ongoing operating performance. We use Adjusted EBITDA as a supplemental performance measure because losses from early extinguishment of debt, loan transfer and consent fees and gains on acquisitions of controlling interests create significant earnings volatility which in turn results in less comparability between reporting periods and less predictability regarding future earnings potential. The adjustments noted resulted from our initial public offering and formation transactions.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
EBITDA	\$ 35,225	\$ 31,123	\$ 99,717	\$ 97,999
Early extinguishment of debt	-	-	-	25,867
Loan transfer and consent fees	-	-	-	9,019
Gain on acquisition	-	-	-	(46,371)
Adjusted EBITDA	\$ 35,225	\$ 31,123	\$ 99,717	\$ 86,514

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

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

Funds Available for Distribution (FAD): FAD is a supplemental measure of our liquidity. We compute FAD by subtracting from FFO As Adjusted tenant improvements, leasing commissions and maintenance capital expenditures, eliminating the net effect of straight-line rents, amortization of above (below) market rents for acquisition properties, the effects of other lease intangibles, adding noncash amortization of deferred financing costs and debt fair value adjustments, adding noncash compensation expense, and adding (subtracting) unrealized losses (gains) on marketable securities. FAD provides an additional perspective on our ability to fund cash needs and make distributions by adjusting FFO for the impact of certain cash and noncash items, as well as adjusting FFO for recurring capital expenditures and leasing costs. However, other REITs may use different methodologies for calculating FAD and, accordingly, our FAD may not be comparable to other REITs.

Net Operating Income (NOI): 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. Since NOI excludes general and administrative expenses, interest expense, depreciation and amortization, acquisition-related expenses, other nonproperty income and losses, gains and losses from property dispositions, and extraordinary items, it provides a performance measure that, when compared year over year, reflects the revenues and expenses directly associated with owning and operating commercial real estate and the impact to operations from trends in occupancy rates, rental rates, and operating costs, providing a perspective on operations not immediately apparent from net income. However, NOI should not be viewed as an alternative measure of our financial performance since it does not reflect general and administrative expenses, interest expense, depreciation and amortization costs, other nonproperty income and losses, the level of capital expenditures and leasing costs necessary to maintain the operating performance of the properties, or trends in development and construction activities which are significant economic costs and activities that could materially impact our results from operations.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Reconciliation of NOI to net income				
Total NOI	\$ 39,511	\$ 34,716	\$ 111,775	\$ 96,756
General and administrative	(3,959)	(3,733)	(11,716)	(10,786)
Depreciation and amortization	(16,432)	(15,827)	(46,356)	(41,916)
Interest expense	(14,690)	(14,738)	(43,522)	(41,791)
Early extinguishment of debt	-	-	-	(25,867)
Loan transfer and consent fees	-	-	-	(9,019)
Gain on acquisition	-	-	-	46,371
Other income (expense), net	68	(108)	(188)	(179)
Income from continuing operations	4,498	310	9,993	13,569
Discontinued operations				
Income (loss) from discontinued operations	(213)	327	(213)	1,119
Gain on sale of real estate property	-	3,981	-	3,981
Results from discontinued operations	(213)	4,308	(213)	5,100
Net income	4,285	4,618	9,780	18,669
Net income attributable to restricted shares	(133)	(132)	(396)	(350)
Net loss attributable to Predecessor's noncontrolling interests in consolidated real estate entities	-	-	-	2,458
Net income attributable to Predecessor's controlled owners' equity	-	-	-	(16,995)
Net (income) loss attributable to unitholders in the Operating Partnership	(1,335)	(1,434)	(3,022)	(1,209)
Net income (loss) attributable to American Assets Trust, Inc. stockholders	\$ 2,817	\$ 3,052	\$ 6,362	\$ 2,573

Overall Portfolio: Includes all operating properties owned by us as of September 30, 2012.

GLOSSARY OF TERMS (CONTINUED)

Same-Store Portfolio and Non-Same Store Portfolio: Information provided on a same-store basis is provided for only those properties that were owned and operated for the entirety of both periods being compared and excludes properties that were redeveloped, expanded or under development and properties purchased or sold at any time during the periods being compared. The following table shows the properties included in the same-store and non-same store portfolio for the comparative periods presented.

	Comparison of Three Months Ended September 30, 2012 to 2011		Comparison of Nine Months Ended September 30, 2012 to 2011	
	Same-Store	Non-Same Store	Same-Store	Non-Same Store
Retail Properties				
Carmel Country Plaza	X		X	
Carmel Mountain Plaza	X		X	
South Bay Marketplace	X		X	
Rancho Carmel Plaza	X		X	
Lomas Santa Fe Plaza	X		X	
Solana Beach Towne Centre	X			X
Del Monte Center	X		X	
The Shops at Kalakaua	X		X	
Waialeke Center	X		X	
Alamo Quarry Market	X		X	
Office Properties				
Torrey Reserve Campus	X		X	
Solana Beach Corporate Centre	X			X
160 King Street	X		X	
One Beach Street		X		X
The Landmark at One Market	X		X	
First & Main	X			X
Lloyd District Portfolio	X			X
City Center Bellevue		X		X
Multifamily Properties				
Loma Palisades	X		X	
Imperial Beach Gardens	X		X	
Mariner's Point	X		X	
Santa Fe Park RV Resort	X		X	
Mixed-Use Properties				
Waikiki Beach Walk - Retail	X			X
Waikiki Beach Walk - Embassy Suites™	X			X
Development Properties				
Sorrento Pointe - Land		X		X
Torrey Reserve - Land		X		X
Solana Beach Corporate Centre - Land		X		X
Solana Beach - Highway 101 - Land		X		X
Lloyd District Portfolio - Land		X		X

Tenant Improvements and Incentives: Represents not only the total dollars committed for the improvement (fit-out) of a space as it relates to a specific lease but may also include base building costs (i.e. expansion, escalators, new entrances, etc.) 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.