

**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):
August 1, 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))

Item 2.02 Results of Operations and Financial Condition.

On August 1, 2012, American Assets Trust, Inc. (the "Company") issued a press release regarding its financial results for the quarter ended June 30, 2012. Also on August 1, 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 June 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 June 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 August 1, 2012.
99.2**	American Assets Trust, Inc. Supplemental Information for the quarter ended June 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

August 1, 2012

EXHIBIT INDEX

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American Assets Trust, Inc. Reports Second Quarter 2012 Financial Results

Company Release – 8/1/12

SAN DIEGO—American Assets Trust, Inc. (NYSE: AAT) (the “Company”) today reported financial results for its second quarter ended June 30, 2012.

Financial Results and Recent Developments

- **Funds From Operations of \$0.30 and \$0.62 per diluted share/unit for the three and six months ended June 30, 2012, respectively**
- **Company increased the lower end of 2012 annual guidance 3% to a range of \$1.17 to \$1.22 of FFO per share**
- **Multifamily occupancy increased to 97.7% at June 30, 2012 compared to 88.4% at March 31, 2012**
- **Embassy Suites—Waikiki Beach Walk™ increased Revenue per Available Room by 9% compared to the same period last year**
- **Signed 32 office and retail leases for 205,500 square feet**

During the second quarter of 2012, the Company generated funds from operations (“FFO”) for common stockholders and unitholders of \$17.2 million, or \$0.30 per diluted share/unit, compared to \$14.6 million or \$0.26 per diluted share/unit for the three months ended June 30, 2011. For the six months ended June 30, 2012, the Company generated FFO for common stockholders and unitholders of \$35.2 million, or \$0.62 per diluted share/unit, compared to \$24.4 million or \$0.47 per diluted share/unit for the six months ended June 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 \$4.1 million and \$7.9 million for the three and six months ended June 30, 2012, respectively, including non-same store properties.

Net income attributable to common stockholders was \$1.7 million, or \$0.04 per basic and diluted share, for the three months ended June 30, 2012, compared to net income attributable to common stockholders of \$0.2 million, or \$0.01 per basic and diluted share, for the three months ended June 30, 2011. For the six months ended June 30, 2012, net income attributable to common stockholders was \$3.5 million, or \$0.09, per basic and diluted share, compared to net loss attributable to common stockholder of \$(0.5) million, or \$(0.01), per basic and diluted share, for the six months ended June 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 six months ended June 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:

	<u>June 30, 2012</u>	<u>March 31, 2012</u>	<u>June 30, 2011</u>
Total Portfolio			
Retail	96.2%	94.8%	94.0%
Office	95.0%	94.7%	94.7%
Multifamily	97.7%	88.4%	97.7%
Mixed-Use:			
Retail	93.9%	98.8%	97.6%
Hotel	88.7%	92.2%	89.5%
Same-Store Portfolio			
Retail	96.2%	94.5%	96.4%
Office	96.7%	96.8%	96.2%
Multifamily	97.7%	88.4%	97.7%

During the second quarter of 2012, the Company signed 32 leases for approximately 205,500 square feet of retail and office space, as well as 302 multifamily apartment leases. Renewals accounted for 86.7% of the comparable retail leases, 50.0% of the comparable office leases and 43.7% of the residential leases.

Retail

On a comparable space basis (i.e., leases for which there was a former tenant), the Company leased 85,000 square feet of retail space at an average cash-basis contractual rent increase of 3.6% during the second quarter of 2012. The average contractual rent on this comparable space for the first year of the new leases is \$32.25 per square foot, compared to an average contractual rent of \$31.13 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 5.8% for the second quarter of 2012.

Office

On a comparable space basis, the Company leased 70,000 square feet of office space at an average cash-basis contractual rent increase of 29.8% during the second quarter of 2012. The average contractual rent on this comparable space for the first year of the new leases is \$44.88 per square foot, compared to an average contractual rent of \$34.59 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 49.4% for the second quarter of 2012.

Multifamily

At June 30, 2012, the average monthly base rent per leased unit was \$1,304 compared to an average monthly base rent per leased unit of \$1,407 at June 30, 2011.

Mixed-Use

Waikiki Beach Walk-Retail and Embassy Suites™ had revenue of \$11.3 million and net operating income of \$4.4 million for the three months ended June 30, 2012. Revenue per available room, or RevPAR, increased 9% compared to the same period last year. RevPar was \$222 for the three months ended June 30, 2012 and \$204 for the three months ended June 30, 2011. Average Daily Rate also increased over 7% compared to same period last year.

Same-Store Net Operating Income

Same-store net operating income increased approximately 6.7% and decreased approximately 0.1% for the three and six months ended June 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 June 30,			Six Months Ended June 30,		
	2012	2011	Change	2012	2011	Change
Retail	\$16,366	\$16,072	1.8%	\$28,901	\$29,084	(0.6)%
Office	10,674	9,030	18.2	14,280	14,135	1.0
Multifamily	1,944	2,066	(5.9)	4,172	4,198	(0.6)
Mixed-Use	4,411	4,131	6.8	—	—	—
	<u>\$33,395</u>	<u>\$31,299</u>	<u>6.7%</u>	<u>\$47,353</u>	<u>\$47,417</u>	<u>(0.1)%</u>

The increase in same-store office net operating income reflects an increase in office rental revenue from salesforce.com at The Landmark at One Market and Portland Energy Conservation at First & Main. In addition, the office portfolio incurred lower rent expense for rental of the Annex at The Landmark at One Market, offset by higher premiums on our insurance policies.

Same-store multifamily net operating income decreased primarily due to additional real estate tax accruals during the second quarter and lower occupancy throughout the three months ended June 30, 2012, with an increase in occupancy at the end of the quarter.

The increase in mixed-use rental revenue was due to increased tourist travel to Hawaii and higher revenue per available room for the three months ended June 30, 2012 compared to the three months ended June 30, 2011, with average occupancy for the three months ended June 30, 2012 of 88.7% compared to 87.0% for the three months ended June 30, 2011.

In the tables above, same-store property operating income excludes income from First & Main, which was acquired in March 2011, Lloyd District Portfolio, which was acquired in July 2011, One Beach Street, which was acquired in January 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.

Balance Sheet and Liquidity

As of June 30, 2012, the Company had gross real estate assets of \$1.7 billion and liquidity of \$336.7 million, comprised of cash and cash equivalents of \$98.6 million, marketable securities of \$24.3 million and approximately \$213.8 million of availability on its line of credit.

Dividends

The Company declared dividends on its shares of common stock of \$0.21 per share for the second quarter of 2012. The dividends were declared on April 26, 2012 to holders of record on June 15, 2012 and were paid on June 29, 2012. Total dividends paid on shares of the Company's common stock for the six months ended June 30, 2012 were \$0.42.

In addition, the Company has declared a dividend on its common stock of \$0.21 per share for the quarter ending September 30, 2012. The dividend will be paid on September 28, 2012 to stockholders of record on September 14, 2012.

2012 Guidance

The Company increased the lower end of its guidance for full year 2012 FFO per diluted share from the prior range of \$1.14 to \$1.22 to a range of \$1.17 to \$1.22 per share, which represents a 3% increase from the low point. 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 second quarter 2012 on Thursday, August 2, 2012 at 8:00 a.m. Pacific Time ("PT"). To participate in the event by telephone, please dial 1-866-713-8562 and use the pass code 42093221. A telephonic replay of the conference call will be available beginning at 10:00 a.m. PT on Thursday, August 2, 2012 through Thursday, August 16, 2012. To access the replay, dial 1-888-286-8010 and use the pass code 65366263. A live on-demand audio webcast of the conference call will be available on the Company's website at www.americanassetstrust.com. A replay of the call will also be available on the Company's website.

Supplemental Information

Supplemental financial information regarding the Company's second quarter 2012 results may be found in the "Investor Relations" section of the Company's website at www.americanassetstrust.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)**

	June 30, 2012 (unaudited)	December 31, 2011
Assets		
Real estate, at cost		
Operating real estate	\$ 1,691,809	\$ 1,659,106
Construction in progress	27,612	3,495
Held for development	14,795	24,675
	1,734,216	1,687,276
Accumulated depreciation	(255,485)	(234,595)
Net real estate	1,478,731	1,452,681
Cash and cash equivalents	98,584	112,723
Restricted cash	10,973	9,216
Marketable securities	24,287	28,235
Accounts receivable, net	4,997	6,847
Deferred rent receivables, net	27,227	23,294
Other assets, net	68,649	76,285
Total assets	\$ 1,713,448	\$ 1,709,281
Liabilities and equity		
Liabilities:		
Secured notes payable	\$ 964,538	\$ 943,479
Accounts payable and accrued expenses	27,317	25,476
Security deposits payable	4,874	4,790
Other liabilities and deferred credits	54,316	55,808
Total liabilities	1,051,045	1,029,553
Commitments and contingencies		
Equity:		
American Assets Trust, Inc. stockholders' equity		
Common stock \$0.01 par value, 490,000,000 shares authorized, 39,285,156 and 39,283,796 shares outstanding at June 30, 2012 and December 31, 2011, respectively	393	393
Additional paid-in capital	655,087	653,645
Accumulated dividends in excess of net income	(40,699)	(28,007)
Total American Assets Trust, Inc. stockholders' equity	614,781	626,031
Noncontrolling interests	47,622	53,697
Total equity	662,403	679,728
Total liabilities and equity	\$ 1,713,448	\$ 1,709,281

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Revenue:				
Rental income	\$ 54,964	\$ 48,616	\$ 109,284	\$ 93,582
Other property income	2,845	2,484	5,563	4,401
Total revenue	<u>57,809</u>	<u>51,100</u>	<u>114,847</u>	<u>97,983</u>
Expenses:				
Rental expenses	15,952	14,322	31,195	26,533
Real estate taxes	5,944	5,452	11,388	9,410
General and administrative	3,992	3,866	7,757	7,052
Depreciation and amortization	14,671	13,934	29,924	26,089
Total operating expenses	<u>40,559</u>	<u>37,574</u>	<u>80,264</u>	<u>69,084</u>
Operating income	<u>17,250</u>	<u>13,526</u>	<u>34,583</u>	<u>28,899</u>
Interest expense	(14,476)	(14,063)	(28,832)	(27,054)
Early extinguishment of debt	—	—	—	(25,867)
Loan transfer and consent fees	—	—	—	(9,019)
Gain on acquisition	—	—	—	46,371
Other income (expense), net	(150)	530	(256)	(71)
Income (loss) from continuing operations	<u>2,624</u>	<u>(7)</u>	<u>5,495</u>	<u>13,259</u>
Results from discontinued operations	—	462	—	792
Net income	<u>2,624</u>	<u>455</u>	<u>5,495</u>	<u>14,051</u>
Net income attributable to restricted shares	(131)	(132)	(263)	(218)
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	(804)	(104)	(1,687)	225
Net income (loss) attributable to American Assets Trust, Inc. stockholders	<u>\$ 1,689</u>	<u>\$ 219</u>	<u>\$ 3,545</u>	<u>\$ (479)</u>
Basic net income (loss) from continuing operations attributable to common stockholders per share	<u>\$ 0.04</u>	<u>\$ —</u>	<u>\$ 0.09</u>	<u>\$ (0.03)</u>
Basic net income from discontinued operations attributable to common stockholders per share	<u>—</u>	<u>0.01</u>	<u>—</u>	<u>0.02</u>
Basic net income (loss) attributable to common stockholders per share	<u>\$ 0.04</u>	<u>\$ 0.01</u>	<u>\$ 0.09</u>	<u>\$ (0.01)</u>
Weighted average shares of common stock outstanding—basic	<u>38,659,155</u>	<u>38,655,084</u>	<u>38,658,162</u>	<u>34,810,932</u>
Diluted net income (loss) from continuing operations attributable to common stockholders per share	<u>\$ 0.04</u>	<u>\$ —</u>	<u>\$ 0.09</u>	<u>\$ (0.03)</u>
Diluted net income from discontinued operations attributable to common stockholders per share	<u>—</u>	<u>0.01</u>	<u>—</u>	<u>0.02</u>
Diluted net income (loss) attributable to common stockholders per share	<u>\$ 0.04</u>	<u>\$ 0.01</u>	<u>\$ 0.09</u>	<u>\$ (0.01)</u>
Weighted average shares of common stock outstanding—diluted	<u>57,055,244</u>	<u>57,051,173</u>	<u>57,054,509</u>	<u>34,810,932</u>
Dividends declared per common share	<u>\$ 0.21</u>	<u>\$ 0.21</u>	<u>\$ 0.42</u>	<u>\$ 0.38</u>

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):

	Three Months Ended June 30, 2012	Six Months Ended June 30, 2012
Funds From Operations (FFO)		
Net income	\$ 2,624	\$ 5,495
Depreciation and amortization of real estate assets	14,671	29,924
FFO, as defined by NAREIT	17,295	35,419
Less: Nonforfeitable dividends on incentive stock awards	(88)	(177)
FFO attributable to common stock and units	\$ 17,207	\$ 35,242
FFO per diluted share/unit	\$ 0.30	\$ 0.62
Weighted average number of common shares and units, diluted	57,260,406	57,259,671

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 and Hawaii. The Company's retail portfolio comprises approximately 3.0 million rentable square feet, and its office portfolio comprises approximately 2.3 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

SECOND QUARTER 2012

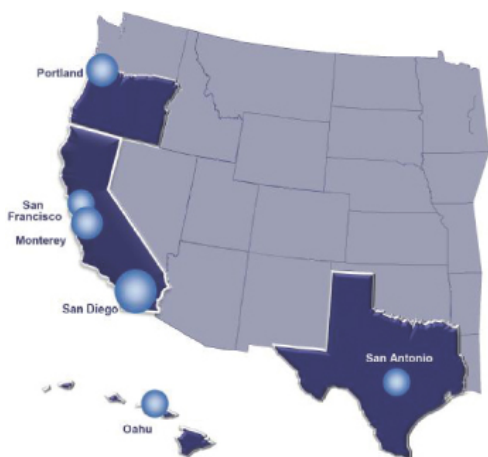
Supplemental Information



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Executive Vice President and Chief Financial Officer
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American Asset Trust, Inc.'s Portfolio is concentrated in high-barrier-to-entry markets with favorable supply/demand characteristics



Market	Property Type	No. of Properties	Square Feet/Units
San Diego	Retail	6	1,217,919
	Office	2	668,772
	Multifamily	4	922 units ⁽¹⁾
San Francisco	Office	3	687,534
Oahu	Retail	2	549,695
	Mixed-Use	1	96,569 (retail)/369 suites
Monterey	Retail	1	675,385
San Antonio	Retail	1	589,501
Portland	Office	2	971,036

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 June 30, 2012.

(1) Includes 122 RV spaces.

	Square Feet	%
Retail	3.0 million	57%
Office	2.3 million	43%
Totals	5.3 million	

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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)

	June 30, 2012 (unaudited)	December 31, 2011 (audited)
Assets		
Real estate, at cost		
Operating real estate	\$ 1,691,809	\$ 1,659,106
Construction in progress	27,612	3,495
Held for development	14,795	24,675
	<u>1,734,216</u>	<u>1,687,276</u>
Accumulated depreciation	(255,485)	(234,595)
Net real estate	1,478,731	1,452,681
Cash and cash equivalents	98,584	112,723
Restricted cash	10,973	9,216
Marketable securities	24,287	28,235
Accounts receivable, net	4,997	6,847
Deferred rent receivables, net	27,227	23,294
Other assets, net	68,649	76,285
Total assets	<u>\$ 1,713,448</u>	<u>\$ 1,709,281</u>
Liabilities and equity		
Liabilities:		
Secured notes payable	\$ 964,538	\$ 943,479
Accounts payable and accrued expenses	27,317	25,476
Security deposits payable	4,874	4,790
Other liabilities and deferred credits	54,316	55,808
Total liabilities	<u>1,051,045</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, 39,285,156 and 39,283,796 shares outstanding at June 30, 2012 and December 31, 2011, respectively	393	393
Additional paid in capital	655,087	653,645
Accumulated dividends in excess of net income	(40,699)	(28,007)
Total American Assets Trust, Inc. stockholders' equity	<u>614,781</u>	<u>626,031</u>
Noncontrolling interests	47,622	53,697
Total equity	<u>662,403</u>	<u>679,728</u>
Total liabilities and equity	<u>\$ 1,713,448</u>	<u>\$ 1,709,281</u>

CONSOLIDATED STATEMENTS OF OPERATIONS

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Revenue:				
Rental income	\$ 54,964	\$ 48,616	\$ 109,284	\$ 93,582
Other property income	2,845	2,484	5,563	4,401
Total revenue	57,809	51,100	114,847	97,983
Expenses:				
Rental expenses	15,952	14,322	31,195	26,533
Real estate taxes	5,944	5,452	11,388	9,410
General and administrative	3,992	3,866	7,757	7,052
Depreciation and amortization	14,671	13,934	29,924	26,089
Total operating expenses	40,559	37,574	80,264	69,084
Operating income	17,250	13,526	34,583	28,899
Interest expense	(14,476)	(14,063)	(28,832)	(27,054)
Early extinguishment of debt	-	-	-	(25,867)
Loan transfer and consent fees	-	-	-	(9,019)
Gain on acquisition	-	-	-	46,371
Other income (expense), net	(150)	530	(256)	(71)
Income (loss) from continuing operations	2,624	(7)	5,495	13,259
Discontinued operations				
Results from discontinued operations	-	462	-	792
Net income	2,624	455	5,495	14,051
Net income attributable to restricted shares	(131)	(132)	(263)	(218)
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	(804)	(104)	(1,687)	225
Net income (loss) attributable to American Assets Trust, Inc. stockholders	\$ 1,689	\$ 219	\$ 3,545	\$ (479)
Basic net income (loss) from continuing operations attributable to common stockholders per share	\$ 0.04	\$ -	\$ 0.09	\$ (0.03)
Basic net income from discontinued operations attributable to common stockholders per share	-	0.01	-	0.02
Basic net income (loss) attributable to common stockholders per share	\$ 0.04	\$ 0.01	\$ 0.09	\$ (0.01)
Weighted average shares of common stock outstanding—basic	38,659,155	38,655,084	38,658,162	34,810,932
Diluted net income (loss) from continuing operations attributable to common stockholders per share	\$ 0.04	\$ -	\$ 0.09	\$ (0.03)
Diluted net income from discontinued operations attributable to common stockholders per share	-	0.01	-	0.02
Diluted net income (loss) attributable to common stockholders per share	\$ 0.04	\$ 0.01	\$ 0.09	\$ (0.01)
Weighted average shares of common stock outstanding—diluted	57,055,244	57,051,173	57,054,509	34,810,932

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Funds from Operations (FFO)⁽¹⁾				
Net income	\$ 2,624	\$ 455	\$ 5,495	\$ 14,051
Depreciation and amortization of real estate assets ⁽²⁾	14,671	14,277	29,924	26,767
Depreciation and amortization on unconsolidated real estate joint ventures (pro rata)	-	-	-	688
FFO, as defined by NAREIT	17,295	14,732	35,419	41,506
Less: FFO attributable to Predecessor's controlled and noncontrolled owners' equity	-	-	-	(16,973)
Less: Nonforfeitable dividends on incentive stock awards	(88)	(89)	(177)	(139)
FFO attributable to common stock and common units	\$ 17,207	\$ 14,643	\$ 35,242	\$ 24,394
FFO per diluted share/unit	\$ 0.30	\$ 0.26	\$ 0.62	\$ 0.47
Weighted average number of common shares and common units, diluted ⁽³⁾	57,260,406	57,258,886	57,259,671	51,528,587
FFO As Adjusted⁽¹⁾				
FFO	\$ 17,295	\$ 14,732	\$ 35,419	\$ 41,506
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	17,295	14,732	35,419	30,021
Less: FFO As Adjusted attributable to Predecessor's controlled and noncontrolled owners' equity	-	-	-	(2,462)
Less: Nonforfeitable dividends on incentive stock awards	(88)	(89)	(177)	(139)
FFO As Adjusted attributable to common stock and units	\$ 17,207	\$ 14,643	\$ 35,242	\$ 27,420
FFO As Adjusted per diluted share/unit	\$ 0.30	\$ 0.26	\$ 0.62	\$ 0.53
Weighted average number of common shares and units, diluted ⁽³⁾	57,260,406	57,258,886	57,259,671	51,528,587
Dividends				
Dividends declared and paid	\$ 12,113	\$ 12,114	\$ 24,226	\$ 21,898
Dividends declared and paid per share/unit	\$ 0.21	\$ 0.21	\$ 0.42	\$ 0.38

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Funds Available for Distribution (FAD)⁽¹⁾				
FFO As Adjusted	\$ 17,295	\$ 14,732	\$ 35,419	\$ 30,021
Adjustments:				
Tenant improvements, leasing commissions and maintenance capital expenditures	(5,332)	(2,163)	(9,859)	(3,237)
Net effect of straight-line rents ⁽⁵⁾	(2,200)	(1,054)	(4,187)	(1,334)
Amortization of net above (below) market rents ⁽⁶⁾	190	386	711	781
Net effect of other lease intangibles ⁽⁷⁾	69	268	138	536
Amortization of debt issuance costs and debt fair value adjustment	1,005	1,007	1,979	1,872
Non-cash compensation expense	707	699	1,406	1,190
Unrealized losses on marketable securities	328	(318)	624	(53)
Nonforfeitable dividends on incentive stock awards	(88)	(89)	(177)	(139)
Adjustments related to discontinued operations	-	81	-	(362)
FAD	\$ 11,974	\$ 13,549	\$ 26,054	\$ 29,275
Summary of Capital Expenditures				
Tenant improvements and leasing commissions	\$ 3,657	\$ 1,794	\$ 6,658	\$ 2,571
Maintenance capital expenditures	1,675	369	3,201	666
	\$ 5,332	\$ 2,163	\$ 9,859	\$ 3,237

Notes:

- (1) See Glossary of Terms.
- (2) The six months ended June 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 six months ended June 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) 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.
- (6) Represents the adjustment related to the acquisition of buildings with above (below) market rents.
- (7) 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.

(Amounts in thousands, except share and per share data)

	2012 Guidance Range ⁽¹⁾	
Funds from Operations (FFO)		
Net income	\$ 8,865	\$ 11,967
Depreciation and amortization of real estate assets	58,525	58,525
FFO, as defined by NAREIT	67,390	70,492
Less: Nonforfeitable dividends on incentive stock awards	(354)	(354)
FFO attributable to common stock and units	\$ 67,036	\$ 70,138
Weighted average number of common shares and units, diluted	57,265,996	57,265,996
FFO per diluted share	\$ 1.17	\$ 1.22

Notes:

(1) Our guidance for full year 2012 FFO per diluted share is a range of \$1.17 to \$1.22. 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)

(Amounts in thousands)

	Three Months Ended June 30, 2012				Total
	Retail	Office	Multifamily	Mixed-Use	
Real estate rental revenue					
Same-store portfolio	\$ 22,437	\$ 15,400	\$ 3,509	\$ 12,143	\$ 53,489
Non-same store portfolio ⁽¹⁾	15	4,305	-	-	4,320
Total	22,452	19,705	3,509	12,143	57,809
Real estate expenses					
Same-store portfolio	6,071	4,726	1,565	7,732	20,094
Non-same store portfolio ⁽¹⁾	23	1,779	-	-	1,802
Total	6,094	6,505	1,565	7,732	21,896
Net Operating Income (NOI), GAAP basis					
Same-store portfolio	16,366	10,674	1,944	4,411	33,395
Non-same store portfolio ⁽¹⁾	(8)	2,526	-	-	2,518
Total	\$ 16,358	\$ 13,200	\$ 1,944	\$ 4,411	\$ 35,913
Same-store portfolio NOI, GAAP basis	\$ 16,366	\$ 10,674	\$ 1,944	\$ 4,411	\$ 33,395
Net effect of straight-line rents ⁽²⁾	(585)	(1,328)	-	(66)	(1,979)
Amortization of net above (below) market rents ⁽³⁾	(184)	36	-	185	37
Net effect of other lease intangibles ⁽⁴⁾	-	84	-	(16)	68
Same-store portfolio NOI, cash basis	\$ 15,597	\$ 9,466	\$ 1,944	\$ 4,514	\$ 31,521

Notes:

- (1) Same-store portfolio and non-same store portfolio are determined based on properties held on June 30, 2012 and June 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.

SAME-STORE PORTFOLIO NET OPERATING INCOME (NOI)

(Amounts in thousands)

	Six Months Ended June 30, 2012				
	Retail	Office	Multifamily	Mixed-Use	Total
Real estate rental revenue					
Same-store portfolio	\$ 39,967	\$ 21,169	\$ 7,051	\$ -	\$ 68,187
Non-same store portfolio ⁽¹⁾	4,176	18,012	-	24,472	46,660
Total	44,143	39,181	7,051	24,472	114,847
Real estate expenses					
Same-store portfolio	11,066	6,889	2,879	-	20,834
Non-same store portfolio ⁽¹⁾	754	5,762	-	15,233	21,749
Total	11,820	12,651	2,879	15,233	42,583
Net Operating Income (NOI), GAAP basis					
Same-store portfolio	28,901	14,280	4,172	-	47,353
Non-same store portfolio ⁽¹⁾	3,422	12,250	-	9,239	24,911
Total	\$ 32,323	\$ 26,530	\$ 4,172	\$ 9,239	\$ 72,264
Same-store portfolio NOI, GAAP basis	\$ 28,901	\$ 14,280	\$ 4,172	\$ -	\$ 47,353
Net effect of straight-line rents ⁽²⁾	(402)	(2,732)	-	-	(3,134)
Amortization of net above (below) market rents ⁽³⁾	143	224	-	-	367
Net effect of other lease intangibles ⁽⁴⁾	-	168	-	-	168
Same-store portfolio NOI, cash basis	\$ 28,642	\$ 11,940	\$ 4,172	\$ -	\$ 44,754

Notes:

- (1) Same-store portfolio and non-same store portfolio are determined based on properties held on June 30, 2012 and June 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.

SAME-STORE PORTFOLIO NOI COMPARISON

(Amounts in thousands)

	Three Months Ended June 30,			Six Months Ended June 30,		
	2012	2011	Change	2012	2011	Change
Cash Basis:						
Retail	\$ 15,597	\$ 15,808	(1.3) %	\$ 28,642	\$ 29,038	(1.4) %
Office	9,466	8,566	10.5	11,940	14,603	(18.2)
Multifamily	1,944	2,066	(5.9)	4,172	4,198	(0.6)
Mixed-Use	4,514	4,227	6.8	-	-	-
	<u>\$ 31,521</u>	<u>\$ 30,667</u>	<u>2.8 %</u>	<u>\$ 44,754</u>	<u>\$ 47,839</u>	<u>(6.5) %</u>
GAAP Basis:						
Retail	\$ 16,366	\$ 16,072	1.8 %	\$ 28,901	\$ 29,084	(0.6) %
Office	10,674	9,030	18.2	14,280	14,135	1.0
Multifamily	1,944	2,066	(5.9)	4,172	4,198	(0.6)
Mixed-Use	4,411	4,131	6.8	-	-	-
	<u>\$ 33,395</u>	<u>\$ 31,299</u>	<u>6.7 %</u>	<u>\$ 47,353</u>	<u>\$ 47,417</u>	<u>(0.1) %</u>

(Amounts in thousands)

Three Months Ended June 30, 2012

	Retail	Office	Multifamily	Mixed-Use	Total
Southern California					
NOI, GAAP basis ⁽¹⁾	\$ 6,733	\$ 3,999	\$ 1,944	\$ -	\$ 12,676
Net effect of straight-line rents ⁽²⁾	(423)	42	-	-	(381)
Amortization of net above (below) market rents ⁽³⁾	(213)	66	-	-	(147)
Net effect of other lease intangibles ⁽⁴⁾	-	93	-	-	93
NOI, cash basis	6,097	4,200	1,944	-	12,241
Northern California					
NOI, GAAP basis ⁽¹⁾	2,054	5,141	-	-	7,195
Net effect of straight-line rents ⁽²⁾	(39)	(1,501)	-	-	(1,540)
Amortization of net above (below) market rents ⁽³⁾	(67)	(67)	-	-	(134)
Net effect of other lease intangibles ⁽⁴⁾	-	(8)	-	-	(8)
NOI, cash basis	1,948	3,565	-	-	5,513
Hawaii					
NOI, GAAP basis ⁽¹⁾	4,313	-	-	4,411	8,724
Net effect of straight-line rents ⁽²⁾	108	-	-	(66)	42
Amortization of net above (below) market rents ⁽³⁾	174	-	-	185	359
Net effect of other lease intangibles ⁽⁴⁾	-	-	-	(16)	(16)
NOI, cash basis	4,595	-	-	4,514	9,109
Oregon					
NOI, GAAP basis ⁽¹⁾	-	4,060	-	-	4,060
Net effect of straight-line rents ⁽²⁾	-	(90)	-	-	(90)
Amortization of net above (below) market rents ⁽³⁾	-	190	-	-	190
Net effect of other lease intangibles ⁽⁴⁾	-	-	-	-	-
NOI, cash basis	-	4,160	-	-	4,160
Texas					
NOI, GAAP basis ⁽¹⁾	3,258	-	-	-	3,258
Net effect of straight-line rents ⁽²⁾	(231)	-	-	-	(231)
Amortization of net above (below) market rents ⁽³⁾	(78)	-	-	-	(78)
NOI, cash basis	2,949	-	-	-	2,949
Total					
NOI, GAAP basis ⁽¹⁾	16,358	13,200	1,944	4,411	35,913
Net effect of straight-line rents ⁽²⁾	(585)	(1,549)	-	(66)	(2,200)
Amortization of net above (below) market rents ⁽³⁾	(184)	189	-	185	190
Net effect of other lease intangibles ⁽⁴⁾	-	85	-	(16)	69
NOI, cash basis	\$ 15,589	\$ 11,925	\$ 1,944	\$ 4,514	\$ 33,972

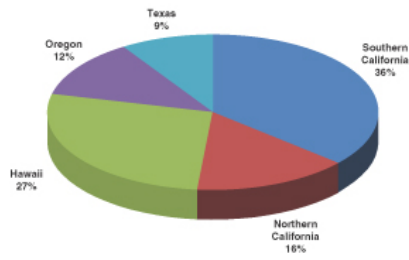
Notes:

- (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.

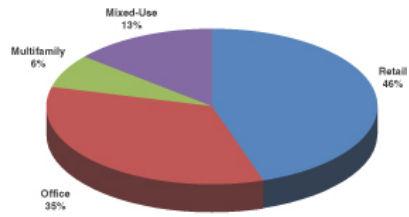
Three Months Ended June 30, 2012

Portfolio Cash NOI Breakdown

Portfolio Diversification by Geographic Region

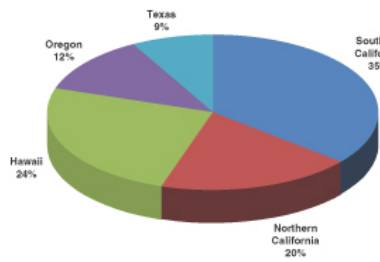


Portfolio Diversification by Segment

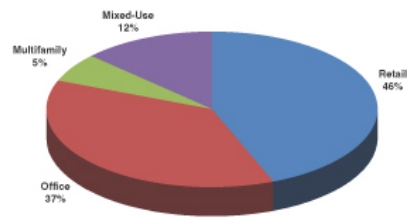


Portfolio GAAP NOI Breakdown

Portfolio Diversification by Geographic Region



Portfolio Diversification by Segment



PROPERTY REVENUE AND OPERATING EXPENSES

(Amounts in thousands)

Three Months Ended June 30, 2012

Property	Base Rent ⁽¹⁾	Additional Property Income ⁽²⁾	Billed Expense Reimbursements ⁽³⁾	Property Operating Expenses ⁽⁴⁾
Retail Portfolio				
Carmel Country Plaza	\$ 818	\$ 27	\$ 173	\$ (204)
Carmel Mountain Plaza	2,269	38	568	(973)
South Bay Marketplace	460	54	144	(183)
Rancho Carmel Plaza	191	9	54	(54)
Lomas Santa Fe Plaza	1,305	9	412	(369)
Solana Beach Towne Centre	1,359	38	356	(379)
Del Monte Center	2,027	161	901	(1,141)
The Shops at Kalakaua	391	21	40	(65)
Waikele Center	4,301	290	991	(1,374)
Alamo Quarry Market	2,931	64	1,331	(1,377)
Subtotal Retail Portfolio	\$ 16,052	\$ 711	\$ 4,970	\$ (6,119)
Office Portfolio				
Torrey Reserve Campus	\$ 3,867 ⁽⁵⁾	\$ 118	\$ 216	\$ (1,087)
Solana Beach Corporate Centre	1,600	38	76	(411)
160 King Street	1,015	459	(130)	(649)
One Beach Street ⁽⁶⁾	696	3	151	(267)
The Landmark at One Market	4,683	24	181	(1,889)
First & Main	2,740	106	196	(721)
Lloyd District Portfolio ⁽⁷⁾	2,965	387	1	(1,487)
Subtotal Office Portfolio	\$ 17,566	\$ 1,135	\$ 691	\$ (6,511)
Multifamily Portfolio				
Loma Palisades	\$ 2,187	\$ 175	\$ -	\$ (1,151)
Imperial Beach Gardens	606	46	-	(204)
Mariner's Point	273	23	-	(109)
Santa Fe Park RV Resort	199	14	-	(102)
Subtotal Multifamily Portfolio	\$ 3,265	\$ 258	\$ -	\$ (1,566)

PROPERTY REVENUE AND OPERATING EXPENSES (CONTINUED)

(Amounts in thousands)

Three Months Ended June 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	\$ 2,363	\$ 947	\$ 897	\$ (1,658)
Waikiki Beach Walk – Embassy Suites™	7,461	586	-	(6,082)
Subtotal Mixed-Use Portfolio	\$ 9,824	\$ 1,533	\$ 897	\$ (7,740)
Total	\$ 46,707	\$ 3,637	\$ 6,558	\$ (21,936)

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 June 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 \$14 and \$1,506, respectively, for the three months ended June 30, 2012. There were no abatements for the retail portion of our mixed-use portfolio for the three months ended June 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 \$13 for the three months ended June 30, 2012. For Waikiki Beach Walk – Embassy Suites™, base rent is equal to the actual room revenue for the three months ended June 30, 2012.
- (2) Represents additional property-related income for the three months ended June 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 June 30, 2012.
- (4) Represents property operating expenses for the three months ended June 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 June 30, 2012.
- (6) Includes revenue and expenses since the acquisition of One Beach Street for the period from January 24, 2012 to June 30, 2012.
- (7) Includes parking income and expenses generated from the land held for development at Lloyd District Portfolio.

SEGMENT CAPITAL EXPENDITURES

(Amounts in thousands)

Segment	Three Months Ended June 30, 2012					Total Capital Expenditures
	Tenant Improvements and Leasing Commissions	Maintenance Capital Expenditures	Total Tenant Improvements, Leasing Commissions and Maintenance Capital Expenditures	Redevelopment and Expansions	New Development	
Retail Portfolio	\$ 2,488	\$ 1,017	\$ 3,505	\$ 398	\$ 109	\$ 4,012
Office Portfolio	1,169	305	1,474	-	1,159	2,633
Multifamily Portfolio	-	285	285	-	-	285
Mixed-Use Portfolio	-	68	68	-	-	68
Total	\$ 3,657	\$ 1,675	\$ 5,332	\$ 398	\$ 1,268	\$ 6,998

Segment	Six Months Ended June 30, 2012					Total Capital Expenditures
	Tenant Improvements and Leasing Commissions	Maintenance Capital Expenditures	Total Tenant Improvements, Leasing Commissions and Maintenance Capital Expenditures	Redevelopment and Expansions	New Development	
Retail Portfolio	\$ 4,130	\$ 1,263	\$ 5,393	\$ 1,905	\$ 144	\$ 7,442
Office Portfolio	2,517	1,281	3,798	-	1,558	5,356
Multifamily Portfolio	-	523	523	-	-	523
Mixed-Use Portfolio	11	134	145	-	-	145
Total	\$ 6,658	\$ 3,201	\$ 9,859	\$ 1,905	\$ 1,702	\$ 13,466

SUMMARY OF OUTSTANDING DEBT

(Amounts in thousands)

Debt	Amount Outstanding at June 30, 2012	Interest Rate	Annual Debt Service	Maturity Date	Balance at Maturity
Alamo Quarry Market ⁽¹⁾⁽²⁾	\$ 94,999	5.67 %	\$ 7,567	January 8, 2014	\$ 91,717
160 King Street ⁽³⁾	30,619	5.68	3,351	May 1, 2014	27,513
Waikale 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⁾	37,330	6.39	2,736	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⁾	21,793	7.22	1,836	June 1, 2019	19,443
Torrey Reserve - VCI, VCII, VCIII ⁽¹⁾	7,337	6.36	560	June 1, 2020	6,439
Solana Beach Corporate Centre I-II ⁽¹⁾	11,714	5.91	855	June 1, 2020	10,169
Solana Beach Towne Centre ⁽¹⁾	39,045	5.91	2,849	June 1, 2020	33,898
Total / Weighted Average	\$ 978,991	5.42 %	\$ 58,698		\$ 960,469
Unamortized fair value adjustment	(14,453)				
Debt Balance	\$ 964,538				
Fixed Rate Debt Ratio					
Fixed rate debt	100 %				
Variable rate debt	-				

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 is 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 July 1, 2012 through June 31, 2013.

(Amounts in thousands, except per share data)

	June 30, 2012
Market data	
Common shares outstanding	39,285
Common units outstanding	18,394
Common shares and common units outstanding	57,679
Market price per common share	\$ 24.25
Equity market capitalization	\$ 1,398,716
Total debt	\$ 978,991
Total market capitalization	\$ 2,377,707
Less: Cash on hand	\$ (122,871) ⁽¹⁾
Total enterprise value	\$ 2,254,836
Total assets, gross	\$ 1,968,933
Total debt/Total capitalization	41.2%
Total debt/Total enterprise value	43.4%
Net debt/Total enterprise value ⁽²⁾	38.0%
Total debt/Total assets, gross	49.7%
Total debt/EBITDA ⁽³⁾⁽⁴⁾	7.7x
Net debt/EBITDA ⁽³⁾⁽⁴⁾	6.7x
Interest coverage ratio ⁽⁵⁾	2.3x
Fixed charge coverage ratio ⁽⁵⁾	2.3x

Debt Maturity Schedule



Notes:

- (1) The cash balance includes marketable trading securities of \$24.3 million.
- (2) Net debt is equal to total debt less cash on hand.
- (3) See Glossary of Terms for discussion of EBITDA.
- (4) As used here, EBITDA represents the actual for the three months ended June 30, 2012 annualized.
- (5) Calculated as EBITDA divided by interest on borrowed funds (including capitalized interest), excluding debt fair value adjustments.
- (6) The revolving line of credit, which has a capacity of \$250 million, matures in January 2016, but at June 30, 2012, it has no outstanding balance and is not included herein. The availability on the revolving line of credit was approximately \$213.8 million at June 30, 2012.

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

Office – Expansion – Development of unused land at Torrey Reserve resulting in approximately 81,500 of additional rentable square feet.

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

Retail – Pad Site – Development of unused land at Carmel Mountain Plaza resulting in two ground leases totaling approximately 10,000 square feet.

<u>Property</u>	<u>Location</u>	<u>Estimated Start Date</u>	<u>Estimated Completion Date</u>	<u>Estimated Stabilization Date (1)</u>	<u>Estimated Rentable Square Feet</u>	<u>Total Estimated Investment (2)</u>	<u>Estimated Stabilized Yield (3)</u>
Carmel Mountain Plaza	San Diego, CA	2012	2012	2013	10,000	\$800,000	37.5%

Development/Redevelopment Pipeline

Retail – Expansion Opportunities – Opportunity to invest in order to expand and/or convert unused square footage into additional retail square footage.

<u>Property</u>	<u>Location</u>	<u>Estimated Square Footage</u>
Solana Beach Corporate Centre (Building 5)	Solana Beach, CA	10,000
Lomas Santa Fe Plaza	Solana Beach, CA	45,000

Office – Expansion Opportunities – Opportunity to invest in order to expand and/or convert unused square footage into additional office square footage.

<u>Property</u>	<u>Location</u>	<u>Estimated Square Footage</u>
Sorrento Pointe	San Diego, CA	88,000

Mixed-Use – Expansion Opportunities – Opportunity to invest in additional development rights that yield higher density.

<u>Property</u>	<u>Location</u>	<u>Estimated Square Footage (4)</u>	<u>Multifamily Units</u>
Lloyd District Portfolio (5)	Portland, OR	60,000	655
Solana Beach – Highway 101	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.
- (5) Development plans began during the second quarter of 2012.

PORTFOLIO DATA

As of June 30, 2012

Same - Store 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 %	\$ 3,291,188	\$ 42.14		Sharp Healthcare, Frazee Industries Inc.
Carmel Mountain Plaza ⁽⁷⁾	San Diego, CA	1994	13	520,228	90.4	9,029,534	19.20	Sears	Sports Authority, Nordstrom Rack
South Bay Marketplace ⁽⁷⁾	San Diego, CA	1997	9	132,873	100.0	1,858,397	13.99		Ross Dress for Less, Grocery Outlet
Rancho Carmel Plaza	San Diego, CA	1993	3	30,421	89.3	759,715	27.97		Oggi's Pizza & Brewing Co., Sprint PCS Assets
Lomas Santa Fe Plaza	Solana Beach, CA	1972/1997	9	209,569	94.8	5,219,952	26.27		Vons, Ross Dress for Less
Del Monte Center ⁽⁷⁾	Monterey, CA	1967/1984/2006	16	675,385	97.7	9,002,307	13.64	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.
Waikele Center	Waipahu, HI	1993/2008	9	538,024	94.7	17,290,600	33.94	Lowe's, Kmart, Sports Authority, Foodland Super Market	Old Navy, Officemax
Alamo Quarry Market ⁽⁷⁾	San Antonio, TX	1997/1999	16	589,501	99.2	11,755,953	20.10	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	5,451,739	22.23		Dixieline Probuild, Marshalls
Subtotal/Weighted Average Retail Portfolio			99	3,032,500	96.2 %	\$ 65,229,025	\$ 22.36		
Office Properties									
Torrey Reserve Campus	San Diego, CA	1996-2000	9	456,801	93.6 %	\$15,634,626	\$ 36.57		
160 King Street	San Francisco, CA	2002	1	167,986	97.9	5,603,467	34.07		
The Landmark at One Market ⁽⁸⁾	San Francisco, CA	1917/2000	1	421,934	100.0	18,899,614	44.79		
Solana Beach Corporate Centre	Solana Beach, CA	1982/2005	4	211,971	91.9	6,530,048	33.52		
First & Main	Portland, OR	2010	1	360,955	98.9	10,958,091	30.70		
Subtotal/Weighted Average Office Portfolio			16	1,619,647	96.7 %	\$ 57,625,846	\$ 36.79		
Total/Weighted Average Retail and Office Portfolio			115	4,652,147	96.4 %	\$ 122,854,871	\$ 27.39		

Non - Same Store 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⁾
Office Properties									
Lloyd District Portfolio	Portland, OR	1940-2011	6	610,081	89.7	12,027,231	21.98		
One Beach Street	San Francisco, CA	1924/1972/1987 /1992	1	97,614	100.0	2,786,371	28.54		
Subtotal/Weighted Average Office Portfolio			7	707,695	91.1 %	\$ 14,813,602	\$ 22.98		
Total/Weighted Average Retail and Office Portfolio			7	707,695	91.1 %	\$ 14,813,602	\$ 22.98		

PROPERTY REPORT (CONTINUED)

As of June 30, 2012		Same - Store 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	98.7 %	\$ 9,419,424	\$ 1,451
Imperial Beach Gardens	Imperial Beach, CA	1959/2008-present	26	160	99.4	2,555,880	1,339
Mariner's Point	Imperial Beach,	1986	8	88	97.7	1,101,828	1,068
Santa Fe Park RV Resort ⁽⁹⁾	San Diego, CA	1971/2007-2008	1	126	91.0	1,022,496	743
Total/Weighted Average Multifamily Portfolio			115	922	97.7 %	\$ 14,099,628	\$ 1,304

		Same Store 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	93.9 %	\$ 9,494,329	\$ 104.70		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	88.7 %	\$ 250.41	\$ 222.04		

Notes:

- (1) 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.
- (2) 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 June 30, 2012, including leases which may not have commenced as of June 30, 2012. Percentage leased for our multifamily properties includes total units rented as of June 30, 2012.
- (3) Annualized base rent is calculated by multiplying base rental payments (defined as cash base rents (before abatements)) for the month ended June 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.
- (4) Annualized base rent per leased square foot is calculated by dividing annualized base rent, by square footage under lease as of June 30, 2012. Annualized base rent per leased unit is calculated by dividing annualized base rent, by units under lease as of June 30, 2012.
- (5) Retail anchor tenants are defined as retail tenants leasing 50,000 square feet or more.
- (6) Other principal retail tenants are defined as the two tenants leasing the most square footage, excluding anchor tenants.
- (7) 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
Camel 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

- (8) 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.
- (9) 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 June 30, 2012, the highest average monthly occupancy rate for this property was 96%, occurring in July 2011. The number of units at the Santa Fe Park RV Resort includes 122 RV spaces and four apartments.
- (10) Average occupancy represents the percentage of available units that were sold during the three months ended June 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 June 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 June 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 June 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.
2nd Quarter 2012	15	100 %	84,805	\$ 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
3rd Quarter 2011	11	100	44,296	24.03	23.01	45,098	4.4	10.1	6.9	264,000	5.96
Total 12 months	63	100 %	233,986	\$ 31.41	\$ 30.81	\$ 140,401	1.9 %	6.8 %	5.8	\$ 2,091,250	\$ 8.94

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.
2nd Quarter 2012	2	13 %	8,418	\$ 42.25	\$ 30.59	\$ 98,174	38.1 %	42.5 %	9.5	\$ 976,884	\$ 116.05
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
3rd Quarter 2011	1	9	5,280	23.00	16.48	34,407	39.5	34.0	10.0	264,000	50.00
Total 12 months	11	17 %	53,577	\$ 29.99	\$ 24.88	\$ 273,380	20.5 %	21.0 %	9.7	\$ 1,972,852	\$ 36.82

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.
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
3rd Quarter 2011	10	91	39,016	24.17	23.90	10,691	1.1	7.8	6.5	-	-
Total 12 months	52	83 %	180,409	\$ 31.84	\$ 32.57	\$ (132,979)	2.3 %	3.2 %	4.7	\$ 118,398	\$ 1.89

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.
2nd Quarter 2012	19	122,440	\$ 32.16	6.4	\$ 2,738,277	\$ 22.36
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
3rd Quarter 2011	14	49,542	24.35	6.7	361,904	7.30
Total 12 months	75	340,295	\$ 29.98	6.9	\$ 7,015,564	\$ 20.62

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 June 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.
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
3rd Quarter 2011	11	100	34,602	34.09	38.18	(141,785)	(10.7)	(8.8)	3.3	249,118	7.20
Total 12 months	48	100 %	197,552	\$ 35.60	\$ 33.76	\$ 364,498	5.5 %	9.4 %	4.7	\$ 1,383,255	\$ 7.00

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.
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	-	-	-	-	-	-	-	-	-	-	-
3rd Quarter 2011	5	45	20,109	38.11	42.28	(83,753)	(9.9)	(7.9)	3.7	229,004	11.39
Total 12 months	16	33 %	71,861	\$ 45.13	\$ 35.92	\$ 661,248	25.6 %	17.2 %	5.2	\$ 797,323	\$ 11.10

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.
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
3rd Quarter 2011	6	55	14,493	28.50	32.50	(58,032)	(12.3)	(10.3)	2.8	20,114	1.39
Total 12 months	32	67 %	125,691	\$ 30.16	\$ 32.52	\$ (296,750)	(7.3) %	(0.5) %	4.4	\$ 585,932	\$ 4.66

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.
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
3rd Quarter 2011	15	44,370	33.22	3.3	387,163	8.73
Total 12 months	62	241,659	\$ 33.90	4.7	\$ 2,671,894	\$ 11.06

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 June 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.	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	29,956	1.3 %	0.5 %	\$ 8.48	11,496	0.4 %	0.2 %	\$ 33.24	6,163	6.4 %	0.1 %	\$ 15.85	47,615	0.9 %	\$ 15.41
2012	116,394	5.0	2.1	28.04	101,859	3.4	1.9	27.53	5,157	5.3	0.1	159.99	223,410	4.1	30.85
2013	206,920	8.9	3.8	31.72	455,613	15.0	8.4	23.68	7,735	8.0	0.1	155.98	670,268	12.3	27.69
2014	183,198	7.9	3.4	30.72	403,969	13.3	7.4	28.77	2,000	2.1	0.1	171.02	589,167	10.8	29.86
2015	409,341	(4) 17.6	7.5	32.03	229,576	7.6	4.2	25.17	7,775	8.1	0.1	235.03	646,692	11.9	32.03
2016	234,157	10.1	4.3	28.62	169,856	5.6	3.1	36.51	11,776	12.2	0.2	154.62	415,789	7.6	35.41
2017	93,809	(2) 4.0	1.7	56.37	251,363	8.3	4.6	23.69	5,655	5.9	0.1	151.15	350,827	6.4	34.48
2018	81,886	3.5	1.5	34.71	801,261	(6) 26.4	14.7	16.76	4,673	4.8	0.1	142.23	887,820	16.3	19.08
2019	290,811	(3) 12.5	5.3	40.78	71,553	2.4	1.3	28.16	11,690	12.1	0.2	53.16	374,054	6.9	38.75
2020	243,114	(5) 10.5	4.5	39.20	118,506	3.9	2.2	8.86	17,843	18.5	0.3	44.42	379,463	7.0	29.97
2021	161,702	7.0	3.0	35.64	41,170	1.4	0.8	39.25	-	-	-	-	202,872	3.7	36.37
Thereafter Signed Leases	63,919	2.6	1.2	25.62	159,800	5.2	2.9	22.42	9,382	9.6	0.2	47.04	233,101	4.1	24.29
Not Commenced Available	94,843	4.1	1.7	-	100,961	3.3	1.9	-	850	0.9	-	-	196,654	3.6	-
Total	117,292	5.0	2.1	-	115,517	3.8	2.1	-	5,870	6.1	0.1	18.2	238,679	4.4	0.45
Total	2,327,342	100.0 %	42.6 %	\$ 31.13	3,032,500	100.0 %	55.7 %	\$ 21.51	96,569	100.0 %	1.7 %	\$ 99.42	5,456,411	100.0 %	\$ 26.99

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.	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	29,956	1.3 %	0.5 %	\$ 8.48	11,496	0.4 %	0.2 %	\$ 33.24	6,163	6.4 %	0.1 %	\$ 15.85	47,615	0.9 %	\$ 15.41
2012	111,714	4.8	2.1	27.66	74,414	2.5	1.4	27.58	4,093	4.2	0.1	137.94	190,221	3.5	30.00
2013	108,228	4.7	2.0	32.43	82,519	2.7	1.5	37.95	7,735	8.0	0.1	155.98	198,482	3.6	39.54
2014	35,861	1.5	0.7	32.09	194,773	6.4	3.6	31.55	2,000	2.1	-	171.02	232,634	4.3	32.83
2015	202,926	8.7	3.7	32.25	53,204	1.8	1.0	34.51	1,561	1.6	-	174.66	257,691	4.7	33.40
2016	179,283	7.7	3.3	28.35	69,306	2.3	1.3	30.03	8,812	9.1	0.2	181.51	257,401	4.7	34.04
2017	40,634	1.8	0.7	106.58	82,056	2.7	1.5	31.77	4,615	4.8	0.1	147.36	127,305	2.3	36.46
2018	96,377	4.1	1.8	30.92	157,822	5.2	2.9	22.39	4,673	4.8	0.1	142.23	258,872	4.7	27.73
2019	94,508	4.1	1.7	38.14	107,941	3.6	2.0	27.00	-	-	-	-	202,449	3.7	32.01
2020	213,457	(4) 9.2	3.9	33.70	315,342	10.4	5.8	15.32	1,951	2.0	-	131.19	530,750	9.7	23.55
2021	34,845	1.5	0.6	32.53	51,578	1.7	0.9	47.39	10,242	10.6	0.2	198.84	96,665	1.8	58.08
Thereafter Signed Leases	967,418	(2)(5) 41.5	17.7	34.69	1,615,571	(6) 53.2	29.6	20.59	38,004	39.4	0.7	46.69	2,620,993	48.1	27.67
Not Commenced Available	94,843	4.1	1.7	-	100,961	3.3	1.9	-	850	0.9	-	-	196,654	3.6	-
Total	117,292	5.0	2.2	-	115,517	3.8	2.1	-	5,870	6.1	0.1	18.2	238,679	4.4	0.45
Total	2,327,342	100.0 %	42.6 %	\$ 31.13	3,032,500	100.0 %	55.7 %	\$ 21.51	96,569	100.0 %	1.7 %	\$ 99.42	5,456,411	100.0 %	\$ 26.99

LEASE EXPIRATIONS (CONTINUED)

As of June 30, 2012

Notes:

- (1) 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 June 30, 2012 for the leases expiring during the applicable period, by (ii) 12.
- (2) 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.
- (3) The expirations include 9,327 square feet currently leased by Gunderson Dettmer at Torrey Reserve Campus, for which Pettit Kohn Ingrassia & Lutz has signed an agreement to lease such space upon Gunderson Dettmer's lease termination from June 30, 2012 through July 31, 2019.
- (4) The expirations include 1,635 square feet currently leased by Legacy Agency, Inc. at 160 King Street, for which Osterhout Design Group has signed an agreement to lease such space upon Legacy Agency, Inc's lease termination from August 31, 2012 through June 30, 2015 with an option to extend the lease through June 30, 2020.
- (5) 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.
- (6) 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.

Type	At June 30, 2012			At June 30, 2011		
	Size	Leased ⁽¹⁾	Leased %	Size	Leased ⁽¹⁾	Leased %
Overall Portfolio Statistics						
Retail Properties (square feet)	3,032,500	2,917,972	96.2%	3,031,032	2,849,270	94.0%
Office Properties (square feet)	2,327,342	2,210,324	95.0%	1,622,455	1,536,630	94.7%
Multifamily Properties (units)	922	901	97.7%	922	901	97.7%
Mixed-Use Properties (square feet)	96,569	90,699	93.9%	96,569	94,287	97.6%
Mixed-Use Properties (units)	369	334 ⁽³⁾	90.4%	369	322 ⁽³⁾	87.3%
Same-Store⁽²⁾ Statistics						
Retail Properties (square feet)	3,032,500	2,917,972	96.2%	2,704,302 ⁽⁴⁾	2,608,205	96.4%
Office Properties (square feet)	1,619,647	1,565,506	96.7%	1,046,721 ⁽⁵⁾	1,007,330	96.2%
Multifamily Properties (units)	922	901	97.7%	922	901	97.7%
Mixed-Use Properties (square feet)	96,569	90,699	93.9%	- ⁽⁶⁾	-	- %
Mixed-Use Properties (units)	369	334 ⁽³⁾	90.4%	- ⁽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 six months ended June 30, 2012 and June 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.
- (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 June 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 %	2.8 %	\$ 4,221,786	6.5 %	2.9 %
2 Kmart	Waikele Center	6/30/2018	119,590	3.9	2.2	3,826,880	5.9	2.6
3 Foodland Super Market	Waikele Center	1/25/2014	50,000	1.6	0.9	2,430,981	3.7	1.7
4 Sports Authority	Carmel Mountain Plaza, Waikele Center	11/30/13 7/18/13	90,722	3.0	1.7	2,076,602	3.2	1.4
5 Ross Dress for Less	South Bay Marketplace, Lomas Santa Fe Plaza, Carmel Mountain Plaza	1/31/13 1/31/14	81,125	2.7	1.5	1,595,826	2.4	1.1
6 Old Navy	Alamo Quarry Market, Waikele Center, South Bay Marketplace	4/30/13 7/31/16 9/30/17	59,780	2.0	1.1	*	*	*
7 Officemax	Waikele Center, Alamo Quarry Market	1/31/14 9/30/17	47,962	1.6	0.9	1,164,761	1.8	0.8
8 Marshalls	Solana Beach Towne Centre, Carmel Mountain Plaza	1/13/15 1/31/19	68,055	2.2	1.2	1,106,146	1.7	0.8
9 Vons	Lomas Santa Fe Plaza	12/31/2017	49,895	1.6	0.9	1,058,000	1.6	0.7
10 Sprouts Farmers Market	Carmel Mountain Plaza, Solana Beach Towne Centre	6/30/14 3/31/25	45,959	1.5	0.8	1,037,824	1.6	0.7
Top 10 Retail Tenants Total			768,088	25.2 %	14.0 %	\$ 18,518,806	28.4 %	12.7 %

* Data withheld at tenant's request.

TOP TENANTS - OFFICE

As of June 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	9.7 %	4.2 %	\$ 10,558,799	14.6 %	7.2 %
2	Veterans Benefits Administration	First & Main	8/31/2020	93,572	4.0	1.7	3,006,453	4.2	2.0
3	Autodesk, Inc.	The Landmark at One Market	12/31/2015 12/31/2017	68,869	3.0	1.3	2,984,838	4.1	2.0
4	Microsoft Corporation	The Landmark at One Market	12/31/2012	45,795	2.0	0.8	2,976,675	4.1	2.0
5	Ancestry.com	160 King Street	5/31/2015 5/31/2019	64,992	2.8	1.2	2,729,664	3.8	1.9
6	Treasury Tax Administration	First & Main	8/31/2015	70,660	3.0	1.3	2,583,330	3.6	1.8
7	Insurance Company of the West	Torrey Reserve Campus	12/31/2016	81,040	3.5	1.5	2,449,631	3.4	1.7
8	Treasury Call Center	First & Main	8/31/2020	63,648	2.7	1.2	2,184,302	3.0	1.5
9	Alliant International University	One Beach Street	10/31/2019	64,161	2.8	1.2	1,775,176	2.5	1.2
10	Portland Energy Conservation	First & Main	1/31/2021	73,422	3.2	1.3	1,588,118	2.2	1.1
	Top 10 Office Tenants Total			853,051	36.7 %	15.7 %	\$ 32,836,986	45.5 %	22.4 %

APPENDIX

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 months and six months ended June 30, 2012 and 2011 is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Net income	\$ 2,624	\$ 455	\$ 5,495	\$ 14,051
Depreciation and amortization	14,671	13,934	29,924	26,089
Interest expense	14,476	14,063	28,832	27,054
Interest income	(65)	(786)	(152)	(697)
Income tax expense	215	129	393	380
EBITDA	<u>\$ 31,921</u>	<u>\$ 27,795</u>	<u>\$ 64,492</u>	<u>\$ 66,877</u>

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 June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
EBITDA	\$ 31,921	\$ 27,795	\$ 64,492	\$ 66,877
Early extinguishment of debt	-	-	-	25,867
Loan transfer and consent fees	-	-	-	9,019
Gain on acquisition	-	-	-	(46,371)
Adjusted EBITDA	<u>\$ 31,921</u>	<u>\$ 27,795</u>	<u>\$ 64,492</u>	<u>\$ 55,392</u>

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 June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Reconciliation of NOI to net income				
Total NOI	\$ 35,913	\$ 31,326	\$ 72,264	\$ 62,040
General and administrative	(3,992)	(3,866)	(7,757)	(7,052)
Depreciation and amortization	(14,671)	(13,934)	(29,924)	(26,089)
Interest expense	(14,476)	(14,063)	(28,832)	(27,054)
Early extinguishment of debt	-	-	-	(25,867)
Loan transfer and consent fees	-	-	-	(9,019)
Gain on acquisition	-	-	-	46,371
Other income (expense), net	(150)	530	(256)	(71)
Income from continuing operations	2,624	(7)	5,495	13,259
Discontinued operations				
Results from discontinued operations	-	462	-	792
Net income	2,624	455	5,495	14,051
Net income attributable to restricted shares	(131)	(132)	(263)	(218)
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	(804)	(104)	(1,687)	225
Net (income) loss attributable to American Assets Trust, Inc. stockholders	\$ 1,689	\$ 219	\$ 3,545	\$ (479)

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

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 June 30, 2012 to 2011		Comparison of Six Months Ended June 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	
Waialele 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
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.