American Assets Trust, Inc. Reports First Quarter 2025 Financial Results

Net income available to common stockholders of $42.5 million for the first quarter, or $0.70 per diluted share.

Funds from Operations ("FFO") per diluted share excluding lease termination fees and litigation income decreased 10% year-over-year for the first quarter to $0.52 per diluted share.

SAN DIEGO, California - 4/29/2025 - American Assets Trust, Inc. (NYSE: AAT) (the “company”) today reported financial results for its first quarter ended March 31, 2025.

First Quarter Highlights

- **Net income available to common stockholders of $42.5 million for the first quarter, or $0.70 per diluted share.**
- **FFO decreased 10% year-over-year to $0.52 per diluted share excluding lease termination fees and litigation income for the first quarter, compared to the same period in 2024.**
- **Same-store cash Net Operating Income ("NOI") increased 3.1% year-over-year for the first quarter, compared to the same period in 2024.**
- **Leased approximately 44,000 comparable office square feet at an average straight-line basis and cash-basis contractual rent increase of 15% and 8%, respectively, during the first quarter.**
- **Leased approximately 156,000 comparable retail square feet at an average straight-line basis and cash-basis contractual rent increase of 21% and 13%, respectively, during the first quarter.**

Disposition and Acquisition Activity

- **Completed the sale of Del Monte Center on February 25, 2025, for $123.5 million.**
- **Acquired Genesee Park on February 28, 2025, a 192-unit apartment community located in San Diego, California for $67.9 million.**

Financial Results

(Unaudited, amounts in thousands, except per share data)	Three Months Ended March 31,	
	2025	2024
Net income attributable to American Assets Trust, Inc. stockholders	$ 42,535	$ 19,260
Basic and diluted income attributable to common stockholders per share	$ 0.70	$ 0.32
FFO attributable to common stock and common units	$ 39,945	$ 54,648
FFO per diluted share and unit	$ 0.52	$ 0.71
FFO per diluted share and unit, excluding lease termination fees and litigation income [(1)]	$ 0.52	$ 0.58

(1) Excludes $10.0 million in litigation income recognized during the three months ended March 31, 2024.

Net income attributable to common stockholders increased $23.3 million for the three months ended March 31, 2025 compared to the same period in 2024, primarily due to a $44.5 million gain on sale recognized for Del Monte Center, a $0.7 million increase in interest and investment income attributable to a higher yield on our average cash balance, and a $0.7 million net increase in our same-store retail segment due to new tenant leases signed, scheduled rent increases and an increase in cost recoveries. These increases were offset by $10 million in litigation income received during the first quarter of 2024 relating to building specifications for one of the existing buildings at our office project in University Town Center (San Diego), higher net interest expense of approximately $2.5 million primarily due to the $525 million in principal amount of 6.15% senior notes due 2034, $2.5 million net decrease in our office segment due to tenant move-outs within our Lloyd Portfolio and Torrey Reserve Campus and $0.5 million decrease related to the hotel portion of our mixed-use property due to a decrease in tourism.

FFO decreased $14.7 million for the three months ended March 31, 2025 compared to the same period in 2024, primarily due to the litigation income received during the first quarter of 2024, an increase in our interest expense and a decrease in our office segment due to lower occupancy. These decreases were offset by an increase in our same-store retail segment due to higher occupancy and average monthly base rent and an increase in other income due to interest and investment income attributed to higher yield on our average cash balance during the period.

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

Leasing

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

	March 31, 2025	December 31, 2024	March 31, 2024
Total Portfolio			
Office	85.5%	85.0%	86.4%
Retail	97.4%	94.5%	94.4%
Multifamily	90.0%	91.8%	92.8%
Mixed-Use:			
Retail	89.3%	90.5%	95.4%
Hotel	84.6%	85.9%	89.8%
Same-Store Portfolio [(1)]			
Office	87.6%	87.1%	88.6%
Retail	97.4%	97.7%	97.8%
Multifamily	89.7%	91.8%	92.8%
Mixed-Use:			
Retail	89.3%	90.5%	95.4%
Hotel	84.6%	85.9%	89.8%

(1) Same-store leased percentages excludes: (i) One Beach Street (office) due to significant redevelopment activity; (ii) Del Monte Center (retail), which was sold on February 25, 2025, (iii) Genesee Park (multifamily), which was acquired on February 28, 2025 and (iv) land held for development (office).

During the first quarter of 2025, the company signed 35 leases for approximately 297,200 square feet of office and retail space, as well as 280 multifamily apartment leases. Renewals accounted for 89% of the comparable office leases, 100% of the comparable retail leases, and 61% of the residential leases.

Office and Retail

The annualized base rent per leased square foot as of the end of the indicated quarter was as follows:

		2nd Quarter 2024	3rd Quarter 2024	4th Quarter 2024	1st Quarter 2025
Office	Weighted Average Portfolio	$55.48	$56.39	$55.92	$56.49
Retail	Weighted Average Portfolio	$26.85	$27.29	$27.35	$29.64

On a comparable basis (i.e., leases for which there was a former tenant) our office and retail leasing spreads as of the end of the indicated quarter are shown below:

		2nd Quarter 2024	3rd Quarter 2024	4th Quarter 2024	1st Quarter 2025
Office	Cash Basis % Change Over Prior Rent	5.2%	7.8%	1.6%	7.8%
	Straight-Line Basis % Change Over Prior Rent	14.5%	16.4%	11.0%	15.2%
Retail	Cash Basis % Change Over Prior Rent	5.8%	4.4%	6.5%	13.3%
	Straight-Line Basis % Change Over Prior Rent	34.4%	18.7%	30.8%	21.0%

On a comparable basis (i.e., leases for which there was a former tenant) during the first quarter of 2025 and trailing four quarters ended March 31, 2025, our office and retail leasing spreads are shown below:

		Number of Leases Signed	Comparable Leased Sq. Ft.	Average Cash Basis % Change Over Prior Rent	Average Cash Contractual Rent Per Sq. Ft.	Prior Average Cash Contractual Rent Per Sq. Ft.	Straight-Line Basis % Change Over Prior Rent
Office	Q1 2025	9	44,000	7.8%	$36.83	$34.16	15.2%
	Last 4 Quarters	42	212,000	5.4%	$50.35	$47.75	14.2%
Retail	Q1 2025	15	156,000	13.3%	$22.89	$20.21	21.0%
	Last 4 Quarters	69	445,000	7.3%	$32.41	$30.20	25.2%

Multifamily

The average monthly base rent per leased unit as of the end of the indicated quarter was as follows:

	2nd Quarter 2024	3rd Quarter 2024	4th Quarter 2024	1st Quarter 2025
Average Monthly Base Rent per Leased Unit	$ 2,711	$ 2,739	$ 2,683	$ 2,699

Same-Store Cash Net Operating Income

For the three months ended March 31, 2025, same-store cash NOI increased 3.1%, compared to the three months ended March 31, 2024. The same-store cash NOI by segment was as follows (in thousands):

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024	Change
Cash Basis:			
Office	$ 35,318	$ 33,515	5.4 %
Retail	16,383	15,551	5.4
Multifamily	9,562	9,513	0.5
Mixed-Use	5,363	6,066	(11.6)
Same-store Cash NOI (1)(2)	$ 66,626	$ 64,645	3.1 %

(1) Same-store excludes: (i) One Beach Street (office) due to significant redevelopment activity; (ii) Del Monte Center (retail), which was sold on February 25, 2025, (iii) Genesee Park (multifamily), which was acquired on February 28, 2025 and (iv) land held for development (office).

(2) Lease termination fees and tenant improvement reimbursements are excluded from same-store cash NOI to provide a more accurate measure of operating performance.

Same-store cash NOI is a non-GAAP supplemental earnings measure which the company considers meaningful in measuring its operating performance. A reconciliation of same-store cash NOI to net income is attached to this press release.

Balance Sheet and Liquidity

At March 31, 2025, the company had gross real estate assets of $3.7 billion and liquidity of $543.9 million, comprised of cash and cash equivalents of $143.9 million and $400.0 million of availability on its line of credit. At March 31, 2025, the company had only 1 out of 31 assets encumbered by a mortgage.

On January 2, 2025, we repaid in full the $225 million outstanding balance on our Term Loan B and Term Loan C under the Amended and Restated Term Loan Agreement. Additionally, on February 3, 2025, we repaid in full the $100 million outstanding balance on our Series C Notes under the Note Purchase Agreement.

Dividends

The company declared dividends on its shares of common stock of $0.340 per share for the first quarter of 2025. The dividends were paid on March 20, 2025.

In addition, the company has declared a dividend on its common stock of $0.340 per share for the second quarter of 2025. The dividend will be paid in cash on June 19, 2025 to stockholders of record on June 5, 2025.

Guidance

The company affirms its guidance range for full year 2025 FFO per diluted share of $1.87 to $2.01 per share, with a midpoint of $1.94. The company's guidance excludes any impact from future acquisitions, dispositions, equity issuances or repurchases, future debt financings or repayments.

The foregoing 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, credit spreads and the amount and timing of acquisition and development activities. The company's actual results may differ materially from these estimates.

Conference Call

The company will hold a conference call to discuss the results for the first quarter of 2025 on Wednesday, April 30, 2025 at 8:00 a.m. Pacific Time ("PT"). To participate in the event by telephone, please dial 1-833-816-1162 and ask to join the American Assets Trust, Inc. conference call. 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 first quarter 2025 results may be found on the "Financial Reporting" tab of the "Investors" page 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)

	March 31, 2025	December 31, 2024
Assets	*(unaudited)*	
Real estate, at cost		
Operating real estate	$ 3,521,083	$ 3,449,009
Construction in progress	185,202	176,868
Held for development	487	487
	3,706,772	3,626,364
Accumulated depreciation	(1,064,424)	(1,038,878)
Net real estate	2,642,348	2,587,486
Cash and cash equivalents	143,915	425,659
Accounts receivable, net	7,104	6,905
Deferred rent receivables, net	87,170	88,059
Other assets, net	87,251	87,737
Real estate assets held for sale	—	77,519
Total assets	$ 2,967,788	$ 3,273,365
Liabilities and equity		
Liabilities:		
Secured notes payable, net	$ 74,782	$ 74,759
Unsecured notes payable, net	1,611,299	1,935,756
Accounts payable and accrued expenses	57,763	63,693
Security deposits payable	8,913	8,896
Other liabilities and deferred credits, net	62,671	62,588
Liabilities related to real estate assets held for sale	—	3,352
Total liabilities	1,815,428	2,149,044
Commitments and contingencies		
Equity:		
American Assets Trust, Inc. stockholders' equity		
Common stock, $0.01 par value, 490,000,000 shares authorized, 61,134,730 and 61,138,238 shares issued and outstanding at March 31, 2025 and December 31, 2024, respectively	611	611
Additional paid-in capital	1,476,539	1,474,869
Accumulated dividends in excess of net income	(282,387)	(304,339)
Accumulated other comprehensive income	3,617	4,760
Total American Assets Trust, Inc. stockholders' equity	1,198,380	1,175,901
Noncontrolling interests	(46,020)	(51,580)
Total equity	1,152,360	1,124,321
Total liabilities and equity	$ 2,967,788	$ 3,273,365

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

	Three Months Ended March 31,	
	2025	**2024**
Revenue:		
Rental income	$ 102,951	$ 105,021
Other property income	5,656	5,674
Total revenue	108,607	110,695
Expenses:		
Rental expenses	30,300	29,841
Real estate taxes	11,005	11,246
General and administrative	9,312	8,842
Depreciation and amortization	30,494	30,217
Total operating expenses	81,111	80,146
Gain on sale of real estate	44,476	—
Operating income	71,972	30,549
Interest expense, net	(18,780)	(16,255)
Other income, net	915	10,329
Net income	54,107	24,623
Net income attributable to restricted shares	(203)	(196)
Net income attributable to unitholders in the Operating Partnership	(11,369)	(5,167)
Net income attributable to American Assets Trust, Inc. stockholders	$ 42,535	$ 19,260
Net income per share		
Basic income attributable to common stockholders per share	$ 0.70	$ 0.32
Weighted average shares of common stock outstanding - basic	60,537,300	60,309,921
Diluted income attributable to common stockholders per share	$ 0.70	$ 0.32
Weighted average shares of common stock outstanding - diluted	76,718,837	76,491,458
Dividends declared per common share	$ 0.340	$ 0.335

Reconciliation of Net Income to Funds From Operations

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

	Three Months Ended March 31, 2025
Funds From Operations (FFO)	
Net income	$ 54,107
Depreciation and amortization of real estate assets	30,494
Gain on sale of real estate	(44,476)
FFO, as defined by NAREIT	$ 40,125
Less: Nonforfeitable dividends on restricted stock awards	(180)
FFO attributable to common stock and units	$ 39,945
FFO per diluted share/unit	$ 0.52
Weighted average number of common shares and units, diluted	76,719,191

Reconciliation of Same-Store Cash NOI to Net Income

The company's reconciliation of Same-Store Cash NOI to Net Income is as follows (in thousands, unaudited):

	Three Months Ended March 31,	
	2025	2024
Same-store cash NOI [(1)]	$ 66,626	$ 64,645
Non-same-store cash NOI	336	1,834
Cash NOI	$ 66,962	$ 66,479
Lease termination fees and tenant improvement reimbursements [(2)]	174	135
Non-cash revenue and other operating expenses [(3)]	166	2,994
General and administrative	(9,312)	(8,842)
Depreciation and amortization	(30,494)	(30,217)
Interest expense, net	(18,780)	(16,255)
Gain on sale of real estate	44,476	—
Other income, net	915	10,329
Net income	$ 54,107	$ 24,623
Number of properties included in same-store analysis	29	30

(1) Same-store excludes: (i) One Beach Street (office) due to significant redevelopment activity; (ii) Del Monte Center (retail), which was sold on February 25, 2025, (iii) Genesee Park (multifamily), which was acquired on February 28, 2025 and (iv) land held for development (office).

(2) Lease termination fees and tenant improvement reimbursements are excluded from same-store cash NOI to provide a more accurate measure of operating performance.

(3) Represents adjustments related to 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, the amortization of above (below) market rents, the amortization of lease incentives paid to tenants, the amortization of other lease intangibles, and straight-line rent expense for our lease of the Annex at The Landmark at One Market.

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

Funds from Operations

The company calculates FFO in accordance with the standards established by the National Association of Real Estate Investment Trusts ("NAREIT"). FFO represents net income (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 a supplement to net income as a measure of the company's performance. FFO should not be used as a measure of the company's liquidity, nor is it 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.

Cash Net Operating Income

The company uses NOI internally to evaluate and compare the operating performance of the company's properties. The company believes cash NOI provides useful information to investors regarding the company's financial condition and results of operations because it reflects only those income and expense items that are incurred at the property level, and when compared across periods, can be used to determine trends in earnings of the company's properties as this measure is not affected by (1) the non-cash revenue and expense recognition items, (2) the cost of funds of the property owner, (3) the impact of depreciation and amortization expenses as well as gains or losses from the sale of operating real estate assets that are included in net income computed in accordance with GAAP or (4) general and administrative expenses and other gains and losses that are specific to the property owner. The company believes the exclusion of these items from net income is useful because the resulting measure captures the actual revenue generated and actual expenses incurred in operating the company's properties as well as trends in occupancy rates, rental rates and operating costs. Cash NOI is a measure of the operating performance of the company's properties but does not measure the company's performance as a whole. Cash NOI is therefore not a substitute for net income as computed in accordance with GAAP.

Cash NOI is a non-GAAP financial measure of performance. The company defines cash NOI as operating revenues (rental income, tenant reimbursements (other than tenant improvement reimbursements), 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), adjusted for non-cash revenue and operating expense items such as straight-line rent, amortization of lease intangibles, amortization of lease incentives and other adjustments. Cash NOI also excludes lease termination fees, tenant improvement reimbursements, general and administrative expenses, depreciation and amortization, interest expense, other nonproperty income and losses, acquisition-related expense, gains and losses from property dispositions, extraordinary items, tenant improvements, and leasing commissions. Other REITs may use different methodologies for calculating cash NOI, and accordingly, the company's cash NOI may not be comparable to the cash NOIs of other REITs.

About American Assets Trust, Inc.
American Assets Trust, Inc. is a full service, vertically integrated and self-administered real estate investment trust ("REIT"), headquartered in San Diego, California. The company has over 55 years of experience in acquiring, improving, developing and managing premier office, retail, 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, Washington, Oregon, Texas and Hawaii. The company's office portfolio comprises approximately 4.1 million rentable square feet, and its retail portfolio comprises approximately 2.4 million rentable square feet. In addition, the company owns one mixed-use property (including approximately 94,000 rentable square feet of retail space and a 369-room all-suite hotel) and 2,302 multifamily units. In 2011, the company was formed to succeed 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. 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; defaults on, early terminations of or non-renewal of leases by tenants, including significant tenants; decreased rental rates or increased vacancy rates; our failure to generate sufficient cash flows to service our outstanding indebtedness; fluctuations in interest rates and increased operating costs; our failure to obtain necessary outside financing; our inability to develop or redevelop our properties due to market conditions; investment returns from our developed properties may be less than anticipated; general economic conditions, including the impact of tariffs and other trade restrictions; financial market fluctuations; risks that affect the general office, retail, multifamily and mixed-use environment; the competitive environment in which we operate; system failures or security incidents through cyberattacks; the impact of epidemics, pandemics, or other outbreaks of illness, disease or virus and the actions taken by government authorities and others related thereto, including the ability of our company, our properties and our tenants to operate; difficulties in identifying properties to acquire and completing acquisitions; our failure to successfully operate acquired properties and operations; risks related to joint venture arrangements; potential litigation; difficulties in completing dispositions; 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 American Assets Trust, Inc. 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 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.

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