

**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):
July 30, 2019

American Assets Trust, Inc.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction
of incorporation)

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

001-35030
(Commission
File No.)

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

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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Securities registered pursuant to Section 12(b) of the Act:

| <u>Name of Registrant</u> | <u>Title of each class</u> | <u>Trading Symbol</u> | <u>Name of each exchange on which registered</u> |
|-----------------------------|--|-----------------------|--|
| American Assets Trust, Inc. | Common Stock, par value \$0.01 per share | AAT | New York Stock Exchange |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On July 30, 2019, American Assets Trust, Inc. (the "Company") issued a press release regarding its financial results for the quarter ending June 30, 2019. Also on July 30, 2019, the Company made available on the "Investors" page of its website at www.americanassetstrust.com certain supplemental information concerning the Company's financial results and operations for the quarter ending June 30, 2019. 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 ending June 30, 2019 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 filed herewith:

Exhibit Number Exhibit Description

99.1** [Press release issued by American Assets Trust, Inc. on July 30, 2019.](#)

99.2** [American Assets Trust, Inc. Supplemental Information for the quarter ended June 30, 2019.](#)

** 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

July 30, 2019



American Assets Trust, Inc. Reports Second Quarter 2019 Financial Results

Net income available to common stockholders of \$8.9 million and \$20.0 million for the three and six months ended June 30, 2019, respectively, or \$0.18 and \$0.41 per diluted share, respectively

Acquisition of La Jolla Commons in San Diego, California for \$525.0 million, less a seller credit of \$11.5 million

Issued 10,925,000 shares of common stock in an underwritten public offering, our first follow-on equity offering, for net proceeds of \$472.6 million

SAN DIEGO, California - 7/30/2019 - American Assets Trust, Inc. (NYSE: AAT) (the "company") today reported financial results for its second quarter ended June 30, 2019.

Second Quarter Highlights and Recent Developments

- Net income available to common stockholders of \$8.9 million and \$20.0 million for the three and six months ended June 30, 2019, respectively, or \$0.18 and \$0.41 per diluted share, respectively
- Funds From Operations decreased 12% and 3% year-over-year to \$0.51 and \$1.06 per diluted share for the three and six months ended June 30, 2019, respectively, compared to the same periods in 2018
- Excluding lease termination fees, Funds From Operations would have decreased 3.3% year-over-year for both the three and six months ended June 30, 2019, to \$0.50 and \$0.99 per diluted share, respectively
- Same-store cash NOI decreased 5.1% and 2.3% year-over-year for the three and six months ended June 30, 2019, respectively, compared to the same periods in 2018
- Excluding lease termination fees, same-store cash NOI would have increased 1.2% and 1.3% year-over-year for the three and six months ended June 30, 2019, respectively, compared to the same periods in 2018
- Reaffirmed guidance range for full year 2019 FFO per diluted share of \$2.18 to \$2.26 per share
- Leased approximately 87,000 comparable office square feet at an average straight-line basis and cash-basis contractual rent increase of 27% and 18%, respectively, during the three months ended June 30, 2019
- Leased approximately 38,000 comparable retail square feet at an average straight-line basis and cash-basis contractual rent increase of 13% and 3%, respectively, during the three months ended June 30, 2019
- Entered into full building triple-net lease for approximately 55,000 square feet at newly renovated 830 building at Oregon Square which created an additional 22,000 square feet of leasable space
- Issued 10,925,000 shares of common stock in underwritten public offering for net proceeds of \$472.6 million
- Closed a privately placed debt offering of \$150 million of eleven-year senior guaranteed notes, due July 30, 2030, with a fixed interest rate of 3.91% and an effective interest rate of 3.88% net of settlement of a treasury lock contract

La Jolla Commons Highlights

- Acquisition of La Jolla Commons in San Diego, California for a net purchase price of \$514 million
- Entered into new lease with S&P 500 member for approximately 73,000 square feet at La Jolla Commons at a lease rate approximately 10% above initial underwriting bringing La Jolla Commons to 96% leased, with lease stabilization a full year ahead of initial underwriting

Financial Results

Net income attributable to common stockholders was \$8.9 million, or \$0.18 per basic and diluted share for the three months ended June 30, 2019 compared to \$3.1 million, or \$0.07 per basic and diluted share for the three months ended June 30, 2018. For the six months ended June 30, 2019, net income attributable to common stockholders was \$20.0 million, or \$0.41 per basic and diluted share compared to \$2.6 million, or \$0.06 per basic and diluted share, for the six months ended June 30, 2018. The year-over-year increase is primarily due to a decrease in depreciation expense at Waikele Center attributed to the redevelopment of the former Kmart space, an increase in lease termination fees at Carmel Mountain Plaza attributed to the termination of our former ground lease, and an increase in annualized base rents at City Center Bellevue.

During the second quarter of 2019, the company generated funds from operations ("FFO") for common stockholders of \$33.8 million, or \$0.51 per diluted share, compared to \$37.2 million, or \$0.58 per diluted share, for the second quarter of 2018. For the six months ended June 30, 2019, the company generated FFO for common stockholders of \$69.5 million, or \$1.06 per diluted share, compared to \$69.7 million, or \$1.09 per diluted share, for the six months ended June 30, 2018. The decrease in FFO from the corresponding periods in 2018 was primarily due to the expiration of the Kmart lease at Waikele Center on June 30, 2018 and a decrease in lease termination fees partially offset by the an increase in annualized based rents at City Center Bellevue, an increase in lease termination fees at Carmel Mountain Plaza attributed to the termination of our former ground lease, and the acquisition of La Jolla Commons on June 20, 2019.

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

Leasing

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

| | June 30, 2019 | March 31, 2019 | June 30, 2018 |
|-----------------------------|---------------|----------------|---------------|
| Total Portfolio | | | |
| Retail | 97.5% | 97.1% | 96.7% |
| Office | 93.7% | 92.3% | 93.8% |
| Multifamily | 92.6% | 93.9% | 93.9% |
| Mixed-Use: | | | |
| Retail | 98.2% | 98.2% | 95.9% |
| Hotel | 91.7% | 91.8% | 94.0% |
| Same-Store Portfolio | | | |
| Retail ⁽¹⁾ | 97.1% | 96.7% | 97.9% |
| Office ⁽²⁾ | 95.0% | 94.1% | 93.8% |
| Multifamily | 92.6% | 93.9% | 95.9% |

(1) Same-store retail leased percentages exclude Waikele Center, due to significant redevelopment activity.

(2) Same-store office leased percentages excludes Torrey Point, which was placed into operations and became available for occupancy in August 2018 and La Jolla Commons, which was acquired on June 20, 2019. Torrey Point and La Jolla Commons will be included in same-store office leased percentages commencing in the fourth quarter of 2019 and third quarter of 2020, respectively.

During the second quarter of 2019, the company signed 36 leases for approximately 244,300 square feet of retail and office space, as well as 460 multifamily apartment leases. Renewals accounted for 80% of the comparable retail leases, 63% of the comparable office leases and 46% of the residential leases.

Retail and Office

On a comparable space basis (i.e. leases for which there was a former tenant) during the second quarter 2019 and trailing four quarters ended June 30, 2019, our retail and office 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 |
|--------|-----------------|-------------------------|---------------------------|---|---|---|--|
| Retail | Q2 2019 | 10 | 38,000 | 3.1% | \$31.71 | \$30.75 | 12.5% |
| | Last 4 Quarters | 52 | 216,000 | 7.0% | \$39.81 | \$37.20 | 13.2% |
| Office | Q2 2019 | 16 | 87,000 | 17.5% | \$51.70 | \$44.00 | 26.7% |
| | Last 4 Quarters | 42 | 518,000 | 45.3% | \$70.24 | \$48.33 | 66.6% |

Multifamily

The average monthly base rent per leased unit for same-store properties for the second quarter of 2019 was \$2,092 compared to an average monthly base rent per leased unit of \$2,037 for the second quarter of 2018, an increase of approximately 3%.

Same-Store Cash Net Operating Income

For the three and six months ended June 30, 2019, same-store cash NOI decreased 5.1% and 2.3%, respectively, compared to the three and six months ended June 30, 2018. The same-store cash NOI by segment was as follows (in thousands):

| | Three Months Ended ⁽²⁾ June 30, | | | Six Months Ended ⁽²⁾ June 30, | | |
|------------------------------------|---|-----------|---------|---|-----------|---------|
| | 2019 | 2018 | Change | 2019 | 2018 | Change |
| Cash Basis: | | | | | | |
| Retail ⁽¹⁾ | \$ 14,861 | \$ 15,364 | (3.3) % | \$ 29,656 | \$ 30,653 | (3.3) % |
| Office ⁽¹⁾ | 18,416 | 20,462 | (10.0) | 36,895 | 38,687 | (4.6) |
| Multifamily | 8,094 | 7,754 | 4.4 | 15,987 | 15,107 | 5.8 |
| Mixed-Use | — | — | — | — | — | — |
| Same-store Cash NOI ⁽³⁾ | \$ 41,371 | \$ 43,580 | (5.1) % | \$ 82,538 | \$ 84,447 | (2.3) % |

(1) Same-store cash NOI for the three and six months ended June 30, 2018 includes cash lease termination fees received of \$2.7 million and \$3.0 million, respectively. However, the lease termination fees for 2019 recognized at Carmel Mountain Plaza during the first quarter 2019 were non-cash lease termination fees.

(2) Same-store portfolio excludes (i) Waikēle Center due to significant redevelopment activity; (ii) Torrey Point, which was placed into operations and became available for occupancy in August 2018; (iii) La Jolla Commons, which was acquired on June 20, 2019; (iv) Waikēle Beach Walk - Embassy Suites™ and Waikēle Beach Walk - Retail, due to significant spalling repair activity; and (v) land held for development.

(3) Excluding lease termination fees for the three and six months ended June 30, 2019, same-store cash NOI would have been 1.2% and 1.3%, respectively.

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 June 30, 2019, the company had gross real estate assets of \$3.1 billion and liquidity of \$299.8 million, comprised of cash and cash equivalents of \$44.8 million and \$255.0 million of availability on its line of credit.

For the quarter ended June 30, 2019, we issued 519,382 shares of common stock through our at-the-market equity program at a weighted average price per share of \$45.57, resulting in net proceeds of \$23.4 million. We intend to use the proceeds primarily to fund development activities at Lloyd District Portfolio and Waikēle Center.

For the quarter ended June 30, 2019, we issued 10,925,000 shares of common stock through an underwritten public offering at a price to the public per share of \$44.75, resulting in net proceeds of \$472.6 million. We used the net proceeds from the offering to fund the acquisition of La Jolla Commons.

Dividends

The company declared dividends on its shares of common stock of \$0.28 per share for the second quarter of 2019. The dividends were paid on June 27, 2019.

In addition, the company has declared a dividend on its common stock of \$0.28 per share for the third quarter of 2019. The dividend will be paid on September 26, 2019 to stockholders of record on September 12, 2019.

Guidance

The company reaffirms its guidance range for full year 2019 FFO per diluted share of \$2.18 to \$2.26 per share, a midpoint increase of 6% from 2018 FFO per diluted share of \$2.09 per share. 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 second quarter of 2019 on Wednesday, July 31, 2019 at 8:00 a.m. Pacific Time ("PT"). To participate in the event by telephone, please dial 1-877-868-5513 and use the pass code 8975435. A telephonic replay of the conference call will be available beginning at 2:00 p.m. PT on Wednesday, July 31, 2019 through Wednesday, August 7, 2019. To access the replay, dial 1-855-859-2056 and use the pass code 8975435. A live on-demand audio webcast of the conference call will be available on the company's website at www.americanassettrust.com. A replay of the call will also be available on the company's website.

Supplemental Information

Supplemental financial information regarding the company's second quarter 2019 results may be found on the "Investors" page of the company's website at www.americanassettrust.com. This supplemental information provides additional detail on items such as property occupancy, financial performance by property and debt maturity schedules.

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

| | June 30, 2019 | December 31, 2018 |
|---|---------------------|---------------------|
| | (unaudited) | |
| Assets | | |
| Real estate, at cost | | |
| Operating real estate | \$ 3,056,767 | \$ 2,549,571 |
| Construction in progress | 83,461 | 71,228 |
| Held for development | 547 | 9,392 |
| | <u>3,140,775</u> | <u>2,630,191</u> |
| Accumulated depreciation | (621,852) | (590,338) |
| Net real estate | 2,518,923 | 2,039,853 |
| Cash and cash equivalents | 44,778 | 47,956 |
| Restricted cash | 9,702 | 9,316 |
| Accounts receivable, net | 10,104 | 9,289 |
| Deferred rent receivables, net | 42,098 | 39,815 |
| Other assets, net | 93,153 | 52,021 |
| Total assets | <u>\$ 2,718,758</u> | <u>\$ 2,198,250</u> |
| Liabilities and equity | | |
| Liabilities: | | |
| Secured notes payable, net | \$ 162,426 | \$ 182,572 |
| Unsecured notes payable, net | 1,045,949 | 1,045,863 |
| Unsecured line of credit, net | 93,540 | 62,337 |
| Accounts payable and accrued expenses | 54,652 | 46,616 |
| Security deposits payable | 7,907 | 8,844 |
| Other liabilities and deferred credits, net | 62,362 | 49,547 |
| Total liabilities | <u>1,426,836</u> | <u>1,395,779</u> |
| Commitments and contingencies | | |
| Equity: | | |
| American Assets Trust, Inc. stockholders' equity | | |
| Common stock, \$0.01 par value, 490,000,000 shares authorized, 59,722,748 and 47,335,409 shares issued and outstanding at June 30, 2019 and December 31, 2018, respectively | 597 | 474 |
| Additional paid-in capital | 1,438,768 | 920,661 |
| Accumulated dividends in excess of net income | (135,497) | (128,778) |
| Accumulated other comprehensive income | 5,876 | 10,620 |
| Total American Assets Trust, Inc. stockholders' equity | <u>1,309,744</u> | <u>802,977</u> |
| Noncontrolling interests | (17,822) | (506) |
| Total equity | <u>1,291,922</u> | <u>802,471</u> |
| Total liabilities and equity | <u>\$ 2,718,758</u> | <u>\$ 2,198,250</u> |

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, | |
|--|-----------------------------|------------|---------------------------|------------|
| | 2019 | 2018 | 2019 | 2018 |
| Revenue: | | | | |
| Rental income | \$ 79,656 | \$ 76,892 | \$ 156,487 | \$ 153,093 |
| Other property income | 4,457 | 8,131 | 12,945 | 12,662 |
| Total revenue | 84,113 | 85,023 | 169,432 | 165,755 |
| Expenses: | | | | |
| Rental expenses | 21,826 | 20,882 | 42,622 | 41,302 |
| Real estate taxes | 9,275 | 8,628 | 18,321 | 17,174 |
| General and administrative | 5,943 | 5,396 | 12,016 | 10,963 |
| Depreciation and amortization | 22,582 | 32,868 | 43,165 | 66,147 |
| Total operating expenses | 59,626 | 67,774 | 116,124 | 135,586 |
| Operating income | 24,487 | 17,249 | 53,308 | 30,169 |
| Interest expense | (13,129) | (12,688) | (26,478) | (26,508) |
| Gain on sale of real estate | 633 | — | 633 | — |
| Other income (expense), net | (50) | (148) | (279) | 61 |
| Net income | 11,941 | 4,413 | 27,184 | 3,722 |
| Net income attributable to restricted shares | (92) | (216) | (185) | (144) |
| Net income attributable to unitholders in the Operating Partnership | (2,933) | (1,125) | (6,988) | (959) |
| Net income attributable to American Assets Trust, Inc. stockholders | \$ 8,916 | \$ 3,072 | \$ 20,011 | \$ 2,619 |
| Net income per share | | | | |
| Basic income attributable to common stockholders per share | \$ 0.18 | \$ 0.07 | \$ 0.41 | \$ 0.06 |
| Weighted average shares of common stock outstanding - basic | 50,135,978 | 46,939,449 | 48,578,872 | 46,937,645 |
| Diluted income attributable to common stockholders per share | \$ 0.18 | \$ 0.07 | \$ 0.41 | \$ 0.06 |
| Weighted average shares of common stock outstanding - diluted | 66,889,784 | 64,132,520 | 65,543,409 | 64,131,665 |
| Dividends declared per common share | \$ 0.28 | \$ 0.27 | \$ 0.56 | \$ 0.54 |

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, or 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 cash net operating income ("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, 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), 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 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, or REIT, headquartered in San Diego, California. The company has over 50 years of experience in acquiring, improving, developing and managing premier retail, office and residential properties throughout the United States in some of the nation's most dynamic, high-barrier-to-entry markets primarily in Southern California, Northern California, Oregon, Washington, Texas and Hawaii. The company's retail portfolio comprises approximately 3.1 million rentable square feet, and its office portfolio comprises approximately 3.4 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 2,112 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. 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 annual report on Form 10-K filed on February 15, 2019, 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 2019

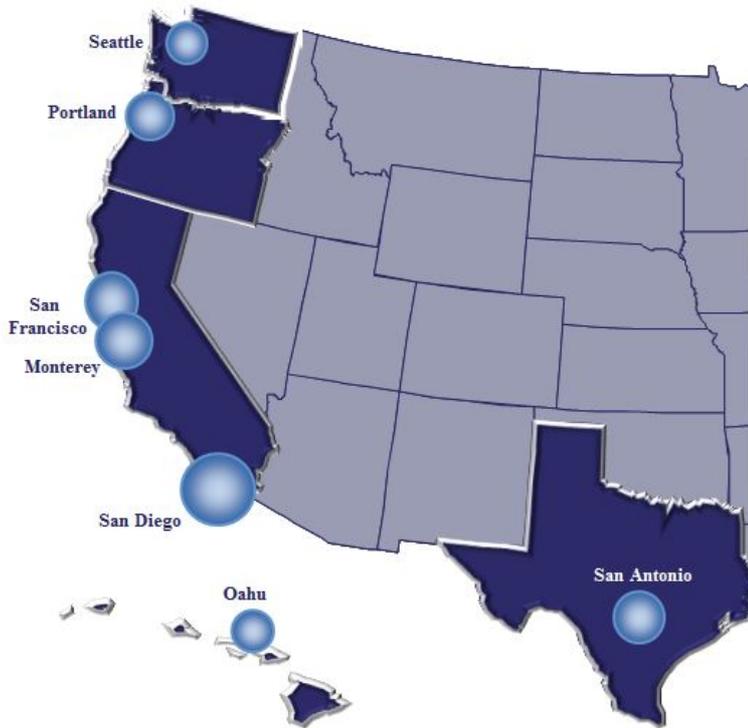
Supplemental Information



Investor and Media Contact
American Assets Trust, Inc.
Robert F. Barton
Executive Vice President and Chief Financial Officer
858-350-2607

AMERICAN
ASSETS
TRUST 

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



| Market | Retail | Office | Multifamily | Mixed-Use | |
|----------------------|------------------|------------------|----------------------|---------------|------------|
| | Square Feet | Square Feet | Units | Square Feet | Suites |
| San Diego | 1,322,012 | 1,545,777 | 1,455 ⁽¹⁾ | — | — |
| San Francisco | 35,156 | 516,985 | — | — | — |
| Oahu | 429,718 | — | — | 96,707 | 369 |
| Monterey | 673,572 | — | — | — | — |
| San Antonio | 588,970 | — | — | — | — |
| Portland | 44,153 | 875,639 | 657 | — | — |
| Seattle | — | 497,472 | — | — | — |
| Total | 3,093,581 | 3,435,873 | 2,112 | 96,707 | 369 |

Note: Circled areas represent all markets in which American Assets Trust, Inc. currently owns and operates its real estate properties. Size of circle denotes approximation of square feet / units. Net rentable square footage may be adjusted from the prior periods to reflect re-measurement of leased space at the properties.

Data is as of June 30, 2019.

(1) Includes 122 RV spaces.

| | Square Feet | % |
|---------------|--------------------|------------|
| Retail | 3.1 million | 48% |
| Office | 3.4 million | 52% |
| Totals | 6.5 million | |

SECOND QUARTER 2019 SUPPLEMENTAL INFORMATION

| | |
|---|----|
| 1. FINANCIAL HIGHLIGHTS | |
| Consolidated Balance Sheets | 5 |
| Consolidated Statements of Operations | 6 |
| Funds From Operations (FFO), FFO As Adjusted & Funds Available for Distribution | 7 |
| Same-Store Net Operating Income (NOI) | 9 |
| Same-Store Cash NOI Comparison excluding Redevelopment | 11 |
| Same-Store Cash NOI Comparison with Redevelopment | 12 |
| Cash NOI By Region | 13 |
| Cash NOI Breakdown | 14 |
| Property Revenue and Operating Expenses | 15 |
| Segment Capital Expenditures | 17 |
| Summary of Outstanding Debt | 18 |
| Market Capitalization | 19 |
| Summary of Development Opportunities | 20 |
| 2. PORTFOLIO DATA | |
| Property Report | 22 |
| Retail Leasing Summary | 25 |
| Office Leasing Summary | 26 |
| Multifamily Leasing Summary | 27 |
| Mixed-Use Leasing Summary | 29 |
| Lease Expirations | 30 |
| Portfolio Leased Statistics | 32 |
| Top Tenants - Retail | 33 |
| Top Tenants - Office | 34 |
| 3. APPENDIX | |
| Glossary of Terms | 36 |

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 Annual Report on Form 10-K filed on February 15, 2019 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 shares and per share data)

| | <u>June 30, 2019</u> (unaudited) | <u>December 31, 2018</u> (audited) |
|---|-------------------------------------|---------------------------------------|
| ASSETS | | |
| Real estate, at cost | | |
| Operating real estate | \$ 3,056,767 | \$ 2,549,571 |
| Construction in progress | 83,461 | 71,228 |
| Held for development | 547 | 9,392 |
| | <u>3,140,775</u> | <u>2,630,191</u> |
| Accumulated depreciation | (621,852) | (590,338) |
| Net real estate | 2,518,923 | 2,039,853 |
| Cash and cash equivalents | 44,778 | 47,956 |
| Restricted cash | 9,702 | 9,316 |
| Accounts receivable, net | 10,104 | 9,289 |
| Deferred rent receivable, net | 42,098 | 39,815 |
| Other assets, net | 93,153 | 52,021 |
| TOTAL ASSETS | <u>\$ 2,718,758</u> | <u>\$ 2,198,250</u> |
| LIABILITIES AND EQUITY | | |
| LIABILITIES: | | |
| Secured notes payable, net | \$ 162,426 | \$ 182,572 |
| Unsecured notes payable, net | 1,045,949 | 1,045,863 |
| Unsecured line of credit, net | 93,540 | 62,337 |
| Accounts payable and accrued expenses | 54,652 | 46,616 |
| Security deposits payable | 7,907 | 8,844 |
| Other liabilities and deferred credits, net | 62,362 | 49,547 |
| Total liabilities | <u>1,426,836</u> | <u>1,395,779</u> |
| Commitments and contingencies | | |
| EQUITY: | | |
| American Assets Trust, Inc. stockholders' equity | | |
| Common stock, \$0.01 par value, 490,000,000 shares authorized, 59,722,748 and 47,335,409 shares issued and outstanding at June 30, 2019 and December 31, 2018, respectively | 597 | 474 |
| Additional paid in capital | 1,438,768 | 920,661 |
| Accumulated dividends in excess of net income | (135,497) | (128,778) |
| Accumulated other comprehensive income | 5,876 | 10,620 |
| Total American Assets Trust, Inc. stockholders' equity | <u>1,309,744</u> | <u>802,977</u> |
| Noncontrolling interests | (17,822) | (506) |
| Total equity | <u>1,291,922</u> | <u>802,471</u> |
| TOTAL LIABILITIES AND EQUITY | <u>\$ 2,718,758</u> | <u>\$ 2,198,250</u> |

CONSOLIDATED STATEMENTS OF OPERATIONS

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

| | Three Months Ended | | Six Months Ended | |
|---|--------------------|------------|------------------|------------|
| | June 30, | | June 30, | |
| | 2019 | 2018 | 2019 | 2018 |
| REVENUE: | | | | |
| Rental income | \$ 79,656 | \$ 76,892 | \$ 156,487 | \$ 153,093 |
| Other property income | 4,457 | 8,131 | 12,945 | 12,662 |
| Total revenue | 84,113 | 85,023 | 169,432 | 165,755 |
| EXPENSES: | | | | |
| Rental expenses | 21,826 | 20,882 | 42,622 | 41,302 |
| Real estate taxes | 9,275 | 8,628 | 18,321 | 17,174 |
| General and administrative | 5,943 | 5,396 | 12,016 | 10,963 |
| Depreciation and amortization | 22,582 | 32,868 | 43,165 | 66,147 |
| Total operating expenses | 59,626 | 67,774 | 116,124 | 135,586 |
| OPERATING INCOME | 24,487 | 17,249 | 53,308 | 30,169 |
| Interest expense | (13,129) | (12,688) | (26,478) | (26,508) |
| Gain on sale of real estate | 633 | — | 633 | — |
| Other (expense) income, net | (50) | (148) | (279) | 61 |
| NET INCOME | 11,941 | 4,413 | 27,184 | 3,722 |
| Net income attributable to restricted shares | (92) | (216) | (185) | (144) |
| Net income attributable to unitholders in the Operating Partnership | (2,933) | (1,125) | (6,988) | (959) |
| NET INCOME ATTRIBUTABLE TO AMERICAN ASSETS TRUST, INC. STOCKHOLDERS | \$ 8,916 | \$ 3,072 | \$ 20,011 | \$ 2,619 |
| EARNINGS PER COMMON SHARE | | | | |
| Basic income from operations attributable to common stockholders per share | \$ 0.18 | \$ 0.07 | \$ 0.41 | \$ 0.06 |
| Weighted average shares of common stock outstanding - basic | 50,135,978 | 46,939,449 | 48,578,872 | 46,937,645 |
| Diluted income from continuing operations attributable to common stockholders per share | \$ 0.18 | \$ 0.07 | \$ 0.41 | \$ 0.06 |
| Weighted average shares of common stock outstanding - diluted | 66,889,784 | 64,132,520 | 65,543,409 | 64,131,665 |

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

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|--------------------------------|-------------------|------------------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Funds from Operations (FFO) ⁽¹⁾ | | | | |
| Net income | \$ 11,941 | \$ 4,413 | \$ 27,184 | \$ 3,722 |
| Depreciation and amortization of real estate assets | 22,582 | 32,868 | 43,165 | 66,147 |
| Gain on sale of real estate | (633) | — | (633) | — |
| FFO, as defined by NAREIT | 33,890 | 37,281 | 69,716 | 69,869 |
| Less: Nonforfeitable dividends on restricted stock awards | (94) | (70) | (185) | (141) |
| FFO attributable to common stock and common units | <u>\$ 33,796</u> | <u>\$ 37,211</u> | <u>\$ 69,531</u> | <u>\$ 69,728</u> |
| | | | | |
| FFO per diluted share/unit | <u>\$ 0.51</u> | <u>\$ 0.58</u> | <u>\$ 1.06</u> | <u>\$ 1.09</u> |
| | | | | |
| Weighted average number of common shares and common units, diluted ⁽²⁾ | <u>66,890,084</u> | <u>64,132,485</u> | <u>65,543,584</u> | <u>64,131,519</u> |
| | | | | |
| Funds Available for Distribution (FAD) ⁽¹⁾ | <u>\$ 12,207</u> | <u>\$ 29,697</u> | <u>\$ 26,080</u> | <u>\$ 52,452</u> |
| | | | | |
| Dividends | | | | |
| Dividends declared and paid | \$ 18,253 | \$ 17,388 | \$ 36,314 | \$ 34,776 |
| Dividends declared and paid per share/unit | \$ 0.28 | \$ 0.27 | \$ 0.56 | \$ 0.54 |

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

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|--------------------------------|------------------|------------------------------|------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Funds Available for Distribution (FAD) ⁽¹⁾ | | | | |
| FFO | \$ 33,890 | \$ 37,281 | \$ 69,716 | \$ 69,869 |
| Adjustments: | | | | |
| Tenant improvements, leasing commissions and maintenance capital expenditures | (26,580) | (10,625) | (44,459) | (21,298) |
| Net effect of straight-line rents ⁽³⁾ | 4,252 | 2,749 | 4,049 | 3,203 |
| Amortization of net above (below) market rents ⁽⁴⁾ | (794) | (725) | (1,719) | (1,439) |
| Net effect of other lease assets ⁽⁵⁾ | 46 | — | (4,275) | (2) |
| Amortization of debt issuance costs and debt fair value adjustment | 356 | 360 | 724 | 806 |
| Non-cash compensation expense | 1,131 | 727 | 2,229 | 1,454 |
| Nonforfeitable dividends on restricted stock awards | (94) | (70) | (185) | (141) |
| FAD | \$ 12,207 | \$ 29,697 | \$ 26,080 | \$ 52,452 |

Summary of Capital Expenditures

| | | | | |
|---|------------------|------------------|------------------|------------------|
| Tenant improvements and leasing commissions | \$ 14,726 | \$ 5,961 | \$ 25,719 | \$ 11,748 |
| Maintenance capital expenditures | 11,854 | 4,664 | 18,740 | 9,550 |
| | \$ 26,580 | \$ 10,625 | \$ 44,459 | \$ 21,298 |

Notes:

- (1) See Glossary of Terms.
- (2) For the three and six months ended June 30, 2019 and 2018, the weighted average common shares and common units used to compute FFO 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 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.
- (3) 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.
- (4) Represents the adjustment related to the acquisition of buildings with above (below) market rents.
- (5) Represents adjustments related to amortization of lease incentives paid to tenants, amortization of lease intangibles, lease termination fees at Carmel Mountain Plaza and straight-line rent expense for our leases at the Annex at the Landmark at One Market.

SAME-STORE NET OPERATING INCOME (NOI)

(Unaudited, amounts in thousands)

| | Three Months Ended June 30, 2019 | | | | |
|---|----------------------------------|-----------|-------------|-----------|-----------|
| | Retail | Office | Multifamily | Mixed-Use | Total |
| Real estate rental revenue | | | | | |
| Same-store | \$ 21,804 | \$ 28,637 | \$ 12,897 | \$ — | \$ 63,338 |
| Non-same store ⁽¹⁾ | 4,067 | 1,563 | — | 15,145 | 20,775 |
| Total | 25,871 | 30,200 | 12,897 | 15,145 | 84,113 |
| Real estate expenses | | | | | |
| Same-store | 6,060 | 8,476 | 4,883 | — | 19,419 |
| Non-same store ⁽¹⁾ | 1,671 | 793 | — | 9,218 | 11,682 |
| Total | 7,731 | 9,269 | 4,883 | 9,218 | 31,101 |
| Net Operating Income (NOI) | | | | | |
| Same-store | 15,744 | 20,161 | 8,014 | — | 43,919 |
| Non-same store ⁽¹⁾ | 2,396 | 770 | — | 5,927 | 9,093 |
| Total | \$ 18,140 | \$ 20,931 | \$ 8,014 | \$ 5,927 | \$ 53,012 |
| Same-store NOI | \$ 15,744 | \$ 20,161 | \$ 8,014 | \$ — | \$ 43,919 |
| Net effect of straight-line rents ⁽²⁾ | (603) | 4,515 | 80 | — | 3,992 |
| Amortization of net above (below) market rents ⁽³⁾ | (280) | (395) | — | — | (675) |
| Net effect of other lease intangibles ⁽⁴⁾ | — | 39 | — | — | 39 |
| Tenant improvement reimbursements ⁽⁵⁾ | — | (5,904) | — | — | (5,904) |
| Same-store cash NOI ⁽⁵⁾ | \$ 14,861 | \$ 18,416 | \$ 8,094 | \$ — | \$ 41,371 |

Notes:

- (1) Same-store and non-same store classifications are determined based on properties held on June 30, 2019 and 2018. 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, amortization of lease intangibles and straight-line rent expense for our leases at the Annex at the Landmark at One Market.
- (5) Tenant improvement reimbursements are excluded from same-store cash NOI to provide a more accurate measure of operating performance.

NOI and same-store cash NOI are non-GAAP supplemental earnings measures which we consider meaningful in measuring our operating performance. Reconciliations of NOI and same-store cash NOI to net income are included in the Glossary of Terms.

SAME-STORE NET OPERATING INCOME (NOI) (CONTINUED)

(Amounts in thousands)

| | Six Months Ended June 30, 2019 | | | | |
|---|--------------------------------|-----------|-------------|-----------|------------|
| | Retail | Office | Multifamily | Mixed-Use | Total |
| Real estate rental revenue | | | | | |
| Same-store | \$ 47,523 | \$ 56,067 | \$ 25,796 | \$ — | \$ 129,386 |
| Non-same store ⁽¹⁾ | 7,785 | 1,939 | — | 30,322 | 40,046 |
| Total | 55,308 | 58,006 | 25,796 | 30,322 | 169,432 |
| Real estate expenses | | | | | |
| Same-store | 11,798 | 16,538 | 9,956 | — | 38,292 |
| Non-same store ⁽¹⁾ | 3,087 | 1,220 | — | 18,344 | 22,651 |
| Total | 14,885 | 17,758 | 9,956 | 18,344 | 60,943 |
| Net Operating Income (NOI) | | | | | |
| Same-store | 35,725 | 39,529 | 15,840 | — | 91,094 |
| Non-same store ⁽¹⁾ | 4,698 | 719 | — | 11,978 | 17,395 |
| Total | \$ 40,423 | \$ 40,248 | \$ 15,840 | \$ 11,978 | \$ 108,489 |
| Same-store NOI | \$ 35,725 | \$ 39,529 | \$ 15,840 | \$ — | \$ 91,094 |
| Net effect of straight-line rents ⁽²⁾ | (887) | 4,909 | 147 | — | 4,169 |
| Amortization of net above (below) market rents ⁽³⁾ | (759) | (783) | — | — | (1,542) |
| Net effect of other lease assets ⁽⁴⁾ | (4,406) | 118 | — | — | (4,288) |
| Tenant improvement reimbursements ⁽⁵⁾ | (17) | (6,878) | — | — | (6,895) |
| Same-store cash NOI ⁽⁵⁾ | \$ 29,656 | \$ 36,895 | \$ 15,987 | \$ — | \$ 82,538 |

Notes:

- (1) Same-store and non-same store are determined based on properties held on June 30, 2019 and 2018. 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, amortization of lease intangibles, lease termination fees at Carmel Mountain Plaza and straight-line rent expense for our leases at the Annex at the Landmark at One Market.
- (5) Tenant improvement reimbursements are excluded from Same-store Cash NOI to provide a more accurate measure of operating performance.

NOI and same-store cash NOI are non-GAAP supplemental earnings measures which we consider meaningful in measuring our operating performance. Reconciliations of NOI and same-store cash NOI to net income are included in the Glossary of Terms.

SAME-STORE CASH NOI COMPARISON EXCLUDING REDEVELOPMENT

(Unaudited, amounts in thousands)

| | Three Months Ended | | | Six Months Ended | | |
|---------------------------------------|--------------------|------------------|---------------|------------------|------------------|---------------|
| | June 30, | | | June 30, | | |
| | 2019 | 2018 | Change | 2019 | 2018 | Change |
| Cash Basis: | | | | | | |
| Retail | \$ 14,861 | \$ 15,364 | (3.3)% | \$ 29,656 | \$ 30,653 | (3.3)% |
| Office | 18,416 | 20,462 | (10.0) | 36,895 | 38,687 | (4.6) |
| Multifamily | 8,094 | 7,754 | 4.4 | 15,987 | 15,107 | 5.8 |
| Mixed-Use | — | — | — | — | — | — |
| Same-store Cash NOI ⁽¹⁾⁽²⁾ | <u>\$ 41,371</u> | <u>\$ 43,580</u> | <u>(5.1)%</u> | <u>\$ 82,538</u> | <u>\$ 84,447</u> | <u>(2.3)%</u> |

Notes:

- (1) Excluding lease termination fees, for the three and six months ended June 30, 2019 and 2018, same-store cash NOI would be 1.2% and 1.3%, respectively.
(2) See Glossary of Terms.

Same-store cash NOI is a non-GAAP supplemental earnings measure which we consider meaningful in measuring our operating performance. A reconciliation of same-store cash NOI to net income is included in the Glossary of Terms.

SAME-STORE CASH NOI COMPARISON WITH REDEVELOPMENT

(Unaudited, amounts in thousands)

| | Three Months Ended | | | Six Months Ended | | |
|---|--------------------|-----------|---------|------------------|-----------|---------|
| | June 30, | | | June 30, | | |
| | 2019 | 2018 | Change | 2019 | 2018 | Change |
| Cash Basis: | | | | | | |
| Retail | \$ 16,968 | \$ 19,161 | (11.4)% | \$ 34,050 | \$ 38,310 | (11.1)% |
| Office | 18,239 | 20,345 | (10.4) | 36,562 | 38,429 | (4.9) |
| Multifamily | 8,094 | 7,754 | 4.4 | 15,987 | 15,107 | 5.8 |
| Mixed-Use | — | — | — | — | — | — |
| Same-store Cash NOI with Redevelopment ⁽¹⁾⁽²⁾ | \$ 43,301 | \$ 47,260 | (8.4)% | \$ 86,599 | \$ 91,846 | (5.7)% |

Notes:

(1) Excluding lease termination fees, for the three and six months ended June 30, 2019 and 2018, same-store cash NOI with redevelopment would be (2.8)% and (2.6)%, respectively.

(2) See Glossary of Terms.

Same-store cash NOI with redevelopment is a non-GAAP supplemental earnings measure which we consider meaningful in measuring our operating performance. A reconciliation of same-store cash NOI with redevelopment to net income is included in the Glossary of Terms.

CASH NOI BY REGION

(Unaudited, amounts in thousands)

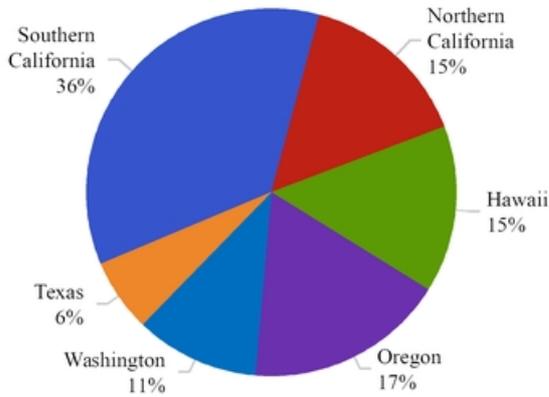
| | Three Months Ended June 30, 2019 | | | | |
|---------------------|----------------------------------|------------------|-----------------|-----------------|------------------|
| | Retail | Office | Multifamily | Mixed-Use | Total |
| Cash Basis: | | | | | |
| Southern California | 8,235 | 5,712 | 6,282 | — | 20,229 |
| Northern California | 2,755 | 5,628 | — | — | 8,383 |
| Hawaii | 2,553 | — | — | 5,845 | 8,398 |
| Oregon | 224 | 7,804 | 1,812 | — | 9,840 |
| Texas | 3,454 | — | — | — | 3,454 |
| Washington | — | 6,212 | — | — | 6,212 |
| Total Cash NOI | <u>\$ 17,221</u> | <u>\$ 25,356</u> | <u>\$ 8,094</u> | <u>\$ 5,845</u> | <u>\$ 56,516</u> |

Cash NOI is a non-GAAP supplemental earnings measure which we consider meaningful in measuring our operating performance. A reconciliation of cash NOI to net income is included in the Glossary of Terms.

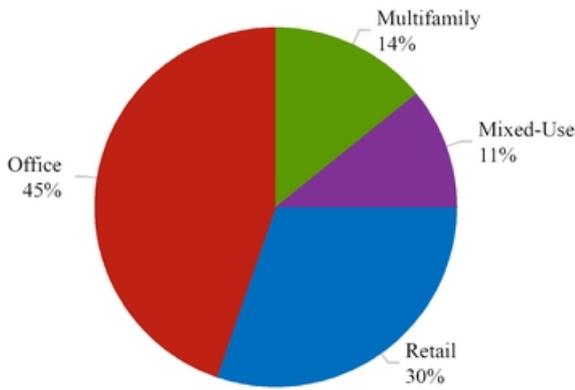
Three Months Ended June 30, 2019

Cash NOI Breakdown

Portfolio Diversification by Geographic Region



Portfolio Diversification by Segment



Cash NOI is a non-GAAP supplemental earnings measure which we consider meaningful in measuring our operating performance. A reconciliation of cash NOI to net income is included in the Glossary of Terms.

PROPERTY REVENUE AND OPERATING EXPENSES

(Unaudited, amounts in thousands)

Three Months Ended June 30, 2019

| Property | Base Rent ⁽¹⁾ | Additional Property Income ⁽²⁾ | Billed Expense Reimbursements ⁽³⁾ | Property Operating Expenses ⁽⁴⁾ | Rental Adjustments ⁽⁵⁾ | Cash NOI ⁽⁶⁾ |
|---|--------------------------|---|--|--|-----------------------------------|-------------------------|
| Retail Portfolio | | | | | | |
| Carmel Country Plaza | \$ 975 | \$ 26 | \$ 208 | \$ (183) | \$ — | \$ 1,026 |
| Carmel Mountain Plaza | 3,074 | (10) | 823 | (983) | — | 2,904 |
| South Bay Marketplace | 560 | 33 | 179 | (186) | — | 586 |
| Gateway Marketplace | 602 | 2 | 193 | (209) | — | 588 |
| Lomas Santa Fe Plaza | 1,501 | 9 | 294 | (362) | — | 1,442 |
| Solana Beach Towne Centre | 1,455 | 18 | 469 | (508) | — | 1,434 |
| Del Monte Center | 2,743 | 186 | 890 | (1,350) | — | 2,469 |
| Geary Marketplace | 289 | — | 154 | (157) | — | 286 |
| The Shops at Kalakaua | 480 | 25 | 51 | (110) | — | 446 |
| Waialele Center | 2,744 | 201 | 815 | (1,653) | — | 2,107 |
| Alamo Quarry Market | 3,624 | 37 | 1,697 | (1,904) | — | 3,454 |
| Hassalo on Eighth - Retail | 231 | 51 | 52 | (110) | — | 224 |
| Subtotal Retail Portfolio | \$ 18,278 | \$ 578 | \$ 5,825 | \$ (7,715) | \$ — | \$ 16,966 |
| Office Portfolio | | | | | | |
| La Jolla Commons ⁽⁷⁾ | \$ 736 | \$ 19 | \$ 247 | \$ (207) | \$ (46) | \$ 749 |
| Torrey Reserve Campus ⁽⁸⁾ | 4,988 | 52 | 239 | (1,448) | (766) | 3,065 |
| Torrey Point | 246 | 67 | — | (366) | 518 | 465 |
| Solana Crossing ⁽⁸⁾ | 1,916 | 2 | 63 | (536) | (12) | 1,433 |
| The Landmark at One Market | 6,928 | 29 | 196 | (2,414) | — | 4,739 |
| One Beach Street | 1,099 | 1 | 126 | (337) | — | 889 |
| First & Main | 2,818 | 206 | 488 | (944) | — | 2,568 |
| Lloyd District Portfolio ⁽⁸⁾ | 3,005 | 495 | 74 | (1,191) | 3,032 | 5,415 |
| City Center Bellevue | 5,047 | 726 | 283 | (1,606) | 1,762 | 6,212 |
| Subtotal Office Portfolio | \$ 26,783 | \$ 1,597 | \$ 1,716 | \$ (9,049) | \$ 4,488 | \$ 25,535 |

PROPERTY REVENUE AND OPERATING EXPENSES (CONTINUED)

(Unaudited, amounts in thousands)

| Property | Three Months Ended June 30, 2019 | | | | | |
|--|----------------------------------|---|--|--|-----------------------------------|-------------------------|
| | Base Rent ⁽¹⁾ | Additional Property Income ⁽²⁾ | Billed Expense Reimbursements ⁽³⁾ | Property Operating Expenses ⁽⁴⁾ | Rental Adjustments ⁽⁵⁾ | Cash NOI ⁽⁶⁾ |
| Multifamily Portfolio | | | | | | |
| Loma Palisades | \$ 3,408 | \$ 211 | \$ — | \$ (1,194) | \$ (8) | \$ 2,417 |
| Imperial Beach Gardens | 893 | 68 | — | (305) | (36) | 620 |
| Mariner's Point | 438 | 30 | — | (150) | — | 318 |
| Santa Fe Park RV Resort | 373 | 14 | — | (178) | — | 209 |
| Pacific Ridge Apartments | 4,151 | 205 | — | (1,618) | (20) | 2,718 |
| Hassalo on Eighth - Multifamily | 2,956 | 392 | — | (1,437) | (99) | 1,812 |
| Subtotal Multifamily Portfolio | \$ 12,219 | \$ 920 | \$ — | \$ (4,882) | \$ (163) | \$ 8,094 |
| Mixed-Use Portfolio | | | | | | |
| Waikiki Beach Walk - Retail | \$ 2,778 | \$ 1,116 | \$ 1,029 | \$ (1,830) | \$ — | \$ 3,093 |
| Waikiki Beach Walk - Embassy Suites™ | 9,463 | 676 | — | (7,387) | — | 2,752 |
| Subtotal Mixed-Use Portfolio | \$ 12,241 | \$ 1,792 | \$ 1,029 | \$ (9,217) | \$ — | \$ 5,845 |
| Subtotal Development Properties | \$ 1 | \$ 315 | \$ — | \$ (240) | \$ — | \$ 76 |
| Total | \$ 69,522 | \$ 5,202 | \$ 8,570 | \$ (31,103) | \$ 4,325 | \$ 56,516 |

Cash NOI is a non-GAAP supplemental earnings measure which the company considers meaningful in measuring its operating performance. A reconciliation of total cash NOI to net income is included in the Glossary of Terms.

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, 2019 (before abatements and tenant improvement reimbursements) and excludes the impact of straight-line rent and above (below) market rent adjustments. Total abatements for our retail and office portfolio were approximately \$0 and \$1,935, respectively, for the three months ended June 30, 2019. There were no abatements for the retail portion of our mixed-use portfolio for the three months ended June 30, 2019. 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). There were \$164 of abatements for our multifamily portfolio for the three months ended June 30, 2019. For Waikiki Beach Walk - Embassy Suites™, base rent is equal to the actual room revenue for the three months ended June 30, 2019. Total tenant improvement reimbursements for our retail and office portfolio were approximately \$0 and \$6,423, respectively, for the three months ended June 30, 2019. There were no tenant improvement reimbursements for the retail portion of our mixed-use portfolio for the three months ended June 30, 2019.
- (2) Represents additional property-related income for the three months ended June 30, 2019, 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, 2019.
- (4) Represents property operating expenses for the three months ended June 30, 2019. Property operating expenses includes all rental expenses, except non cash rent expense and the provision for bad debt recorded for deferred rent receivables.
- (5) Represents various rental adjustments related to base rent (abatements and tenant improvement reimbursements) and additional property income (lease termination fees).
- (6) See Glossary of Terms.
- (7) La Jolla Commons, consisting of approximately 724,000 square feet in two office towers, was acquired by us on June 20, 2019.
- (8) Base rent shown includes amounts related to American Assets Trust, L.P.'s corporate leases at Torrey Reserve Campus, Solana Crossing and Lloyd District Portfolio. This intercompany rent is eliminated in the consolidated statement of operations. The base rent and abatements were both \$313 for the three months ended June 30, 2019.

SEGMENT CAPITAL EXPENDITURES

(Unaudited, amounts in thousands)

| Segment | Three Months Ended June 30, 2019 | | | | | |
|-----------------------|---|----------------------------------|---|------------------------------|-----------------|----------------------------|
| | Tenant Improvements and Leasing Commissions | Maintenance Capital Expenditures | Total Tenant Improvements, Leasing Commissions and Maintenance Capital Expenditures | Redevelopment and Expansions | New Development | Total Capital Expenditures |
| Retail Portfolio | \$ 463 | \$ 5,947 | \$ 6,410 | \$ 240 | \$ — | \$ 6,650 |
| Office Portfolio | 14,263 | 1,951 | 16,214 | 1,204 | — | 17,418 |
| Multifamily Portfolio | — | 685 | 685 | — | — | 685 |
| Mixed-Use Portfolio | — | 3,271 | 3,271 | — | — | 3,271 |
| Total | \$ 14,726 | \$ 11,854 | \$ 26,580 | \$ 1,444 | \$ — | \$ 28,024 |

| Segment | Six Months Ended June 30, 2019 | | | | | |
|-----------------------|---|----------------------------------|---|------------------------------|-----------------|----------------------------|
| | Tenant Improvements and Leasing Commissions | Maintenance Capital Expenditures | Total Tenant Improvements, Leasing Commissions and Maintenance Capital Expenditures | Redevelopment and Expansions | New Development | Total Capital Expenditures |
| Retail Portfolio | \$ 1,407 | \$ 9,740 | \$ 11,147 | \$ 294 | \$ — | \$ 11,441 |
| Office Portfolio | 24,200 | 3,993 | 28,193 | 5,708 | — | 33,901 |
| Multifamily Portfolio | — | 1,456 | 1,456 | — | — | 1,456 |
| Mixed-Use Portfolio | 112 | 3,551 | 3,663 | — | — | 3,663 |
| Total | \$ 25,719 | \$ 18,740 | \$ 44,459 | \$ 6,002 | \$ — | \$ 50,461 |

SUMMARY OF OUTSTANDING DEBT

(Unaudited, amounts in thousands)

| Debt | Amount Outstanding at June 30, 2019 | Interest Rate | Annual Debt Service ⁽¹⁾ | Maturity Date |
|---|---|---------------|---------------------------------------|------------------|
| Torrey Reserve - VCI, VCII, VCIII | 6,567 | 6.36% | 6,988 | June 1, 2020 |
| Solana Crossing I-II | 10,387 | 5.91% | 11,004 | June 1, 2020 |
| Solana Beach Towne Centre | 34,625 | 5.91% | 36,682 | June 1, 2020 |
| City Center Bellevue ⁽²⁾ | 111,000 | 3.98% | 4,491 | November 1, 2022 |
| Secured Notes Payable / Weighted Average ⁽³⁾ | \$ 162,579 | 4.61% | \$ 59,165 | |
| Term Loan A ⁽⁴⁾ | \$ 100,000 | 4.13% | \$ 4,199 | January 9, 2021 |
| Series A Notes ⁽⁵⁾ | 150,000 | 3.88% | 6,060 | October 31, 2021 |
| Term Loan B ⁽⁶⁾ | 100,000 | 2.75% | 2,756 | March 1, 2023 |
| Term Loan C ⁽⁷⁾ | 50,000 | 2.74% | 1,374 | March 1, 2023 |
| Series F Notes ⁽⁸⁾ | 100,000 | 3.85% | 3,780 | July 19, 2024 |
| Series B Notes | 100,000 | 4.45% | 4,450 | February 2, 2025 |
| Series C Notes | 100,000 | 4.50% | 4,500 | April 1, 2025 |
| Series D Notes ⁽⁹⁾ | 250,000 | 3.87% | 10,725 | March 1, 2027 |
| Series E Notes ⁽¹⁰⁾ | 100,000 | 4.18% | 4,240 | May 23, 2029 |
| Unsecured Notes Payable / Weighted Average ⁽¹¹⁾ | \$ 1,050,000 | 3.88% | \$ 42,084 | |
| Unsecured Line of Credit ⁽¹²⁾ | \$ 95,000 | 3.59% | | |

Notes:

(1) Includes interest and principal payments due over the next twelve months.

(2) Interest only.

(3) The Secured Notes Payable total does not include debt issuance costs, net of \$0.2 million.

(4) Term Loan A has a stated maturity of January 9, 2021, subject to our option to extend Term Loan A up to three times, with each such extension for a one-year period. Term Loan A accrues interest at a variable rate, which we fixed as part of an interest rate swap for an effective interest rate of 4.13%, subject to adjustments based on our consolidated leverage ratio.

(5) \$150 million of 4.04% Senior Guaranteed Notes, Series A, due October 31, 2021. Net of the settlement of the forward-starting interest rate swap, the effective interest rate for the Series A Notes is approximately 3.88% per annum, through maturity.

(6) Term Loan B matures on March 1, 2023. Term Loan B accrues interest at a variable rate, which we fixed as part of an interest rate swap for an all-in interest rate of 2.75%, subject to adjustments based on our consolidated leverage ratio.

(7) Term Loan C matures on March 1, 2023. Term Loan C accrues interest at a variable rate, which we fixed as part of an interest rate swap for an all-in interest rate of 2.74%, subject to adjustments based on our consolidated leverage ratio.

(8) \$100 million of 3.78% Senior Guaranteed Notes, Series F, due July 19, 2024. Net of the settlement of the treasury lock contract, the effective interest rate for the Series F Notes is approximately 3.85%, through maturity.

(9) \$250 million of 4.29% Senior Guaranteed Notes, Series D, due March 1, 2027. Net of the settlement of the forward-starting interest rate swap, the effective interest rate for the Series D Notes is approximately 3.87% per annum, through maturity.

(10) \$100 million of 4.24% Senior Guaranteed Notes, Series E, due May 23, 2029. Net of the settlement of the treasury lock contract, the effective interest rate for the Series E Notes is approximately 4.18%, through maturity.

(11) The Unsecured Notes Payable total does not include debt issuance costs, net of \$4.1 million.

(12) The unsecured revolving line of credit (the "Revolver Loan") has a capacity of \$350 million plus an accordion feature that may allow us to increase the availability thereunder up to an additional \$350 million, subject to meeting specified requirements and obtaining additional commitments from lenders. The Revolver Loan matures on January 9, 2022, subject to our option to extend the Revolver Loan up to two times, with each such extension for a six-month period. The Revolver Loan currently accrues interest at LIBOR, plus a spread which ranges from 1.05%-1.50%, based on our consolidated leverage ratio. The Revolver Loan total does not include debt issuance costs, net of \$1.5 million.

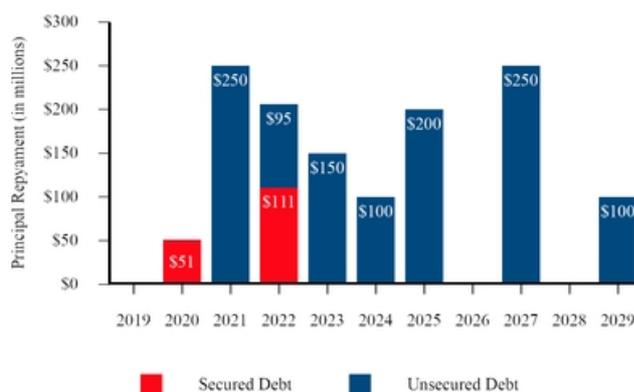
(Unaudited, amounts in thousands, except per share data)

| Market data | June 30, 2019 |
|---|---------------|
| Common shares outstanding | 59,723 |
| Common units outstanding | 16,390 |
| Common shares and common units outstanding | 76,113 |
| Market price per common share | \$ 47.12 |
| Equity market capitalization | \$ 3,586,445 |
| Total debt | \$ 1,307,579 |
| Total market capitalization | \$ 4,894,024 |
| Less: Cash on hand | \$ (44,778) |
| Total enterprise value | \$ 4,849,246 |
| Total unencumbered assets, gross | \$ 2,926,472 |
| | |
| Total debt/Total capitalization | 26.7% |
| Total debt/Total enterprise value | 27.0% |
| Net debt/Total enterprise value ⁽¹⁾ | 26.0% |
| Total unencumbered assets, gross/Unsecured debt | 255.9% |
| | |
| Total debt/Adjusted EBITDA ⁽²⁾⁽³⁾ | 6.9x |
| Net debt/Adjusted EBITDA ⁽¹⁾⁽²⁾⁽³⁾ | 6.7x |
| Interest coverage ratio ⁽⁴⁾ | 3.7x |
| Fixed charge coverage ratio ⁽⁴⁾ | 3.7x |

Notes:

- (1) Net debt is equal to total debt less cash on hand.
- (2) See Glossary of Terms for discussion of EBITDA and Adjusted EBITDA.
- (3) As used here, Adjusted EBITDA represents the actual for the three months ended June 30, 2019, annualized.
- (4) Calculated as Adjusted EBITDA divided by interest on borrowed funds, including capitalized interest and excluding debt fair value adjustments and loan fee amortization.

Debt Maturity Schedule as of June 30, 2019



Weighted Average Fixed Interest Rate

| Year | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
|--------------------------------------|------|------|------|------|------|------|------|------|------|------|------|
| Weighted Average Fixed Interest Rate | —% | 6.0% | 4.0% | 4.0% | 2.7% | 3.8% | 4.5% | —% | 3.9% | —% | 4.2% |

Total Weighted Average Fixed Interest Rate: 4.0%

Weighted Average Term to Maturity: 5.0 years

Credit Ratings

| Rating Agency | Rating | Outlook |
|------------------|--------|----------|
| Fitch | BBB | Negative |
| Moody's | Baa3 | Stable |
| Standard & Poors | BBB- | Stable |

SUMMARY OF DEVELOPMENT 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.

Development Projects

| Property | Location | Start Date | Completion Date | Estimated Stabilized Yield (1) | Rentable Square Feet | Percent Leased | Estimated Stabilization Date (2) | Project Costs (in thousands) (3) | |
|-------------------------|---------------|------------|-----------------|--------------------------------|----------------------|----------------|----------------------------------|----------------------------------|----------------------------|
| | | | | | | | | Cost Incurred to Date | Total Estimated Investment |
| Office Property: | | | | | | | | | |
| Torrey Point | San Diego, CA | 2015 | July 31, 2017 | 6.75% - 7.75% | 90,000 | 40.1% | 2019 | \$43,665 | \$55,800 |

Development/Redevelopment Pipeline

| Property | Property Type | Location | Estimated Rentable Square Feet | Multifamily Units | Opportunity |
|--|---------------|------------------|--------------------------------|-------------------|---|
| Solana Crossing (Building 5) | Retail | Solana Beach, CA | 10,000 | N/A | Development of 10,000 square foot retail building |
| Lomas Santa Fe Plaza | Retail | Solana Beach, CA | 45,000 | N/A | Development of 45,000 square foot retail building |
| La Jolla Commons | Office | San Diego, CA | 224,000 | N/A | Development of 224,000 square foot fully entitled office, hotel, or office/hotel tower |
| Lloyd District Portfolio - multiple phases (4) | Mixed Use | Portland, OR | TBD | TBD | |
| Phase 2A - Oregon Square | | | 33,000 | N/A | Remodel and repurpose a 33,000 square feet office buildings into flexible creative office space |
| Phase 2B - Oregon Square | | | TBD | TBD | Development of mixed-use residential tower and build-to-suit office tower |

Notes:

- (1) The estimated stabilized yield is calculated based on total estimated project costs, as defined above, when the project has reached stabilized occupancy.
- (2) Based on management's estimation of stabilized occupancy (90%).
- (3) Project costs exclude capitalized interest cost which is calculated in accordance with Accounting Standards Codification 835-20-50-1.
- (4) The Lloyd District Portfolio was acquired in 2011, consisting of approximately 600,000 rentable square feet on more than 16 acres located in the Lloyd District of Portland, Oregon. The portion of the property that has been designated for additional development is expected to include a high density, transit oriented, mixed-use urban village, with the potential to be in excess of approximately three million square feet. The entitlement for such development opportunity allows a 12:1 Floor Area Ratio with a 250 foot height limit and provides for retail, office and/or multifamily development. Additional development plans are in the early stages and will continue to progress as demand and economic conditions allow.

PORTFOLIO DATA

As of June 30, 2019

Retail and Office Portfolios

| Property | Location | Year Built/ Renovated | Number of Buildings | Net | | Percentage Leased ⁽²⁾ | Annualized | | Retail Anchor Tenant(s) ⁽⁵⁾ | Other Principal Retail Tenants ⁽⁶⁾ |
|---|-------------------|--------------------------|---------------------------|---|-------------------------------------|-------------------------------------|---|---|---|---|
| | | | | Rentable Square Feet ⁽¹⁾ | Percentage Leased ⁽²⁾ | | Annualized Base Rent per Leased Square Foot ⁽⁴⁾ | Annualized Base Rent per Leased Square Foot ⁽⁴⁾ | | |
| Retail Properties | | | | | | | | | | |
| Carmel Country Plaza | San Diego, CA | 1991 | 9 | 78,098 | 94.6% | \$ 3,910,002 | \$52.92 | | | Sharp Healthcare, San Diego County Credit Union |
| Carmel Mountain Plaza ⁽⁷⁾ | San Diego, CA | 1994/2014 | 15 | 528,416 | 97.0 | 12,438,949 | 24.27 | | | Dick's Sporting Goods, Saks Fifth Avenue Off 5th |
| South Bay Marketplace ⁽⁷⁾ | San Diego, CA | 1997 | 9 | 132,877 | 100.0 | 2,228,145 | 16.77 | | | Ross Dress for Less, Grocery Outlet |
| Gateway Marketplace | San Diego, CA | 1997/2016 | 3 | 127,861 | 98.7 | 2,408,643 | 19.09 | Hobby Lobby | | Smart & Final, Aldi |
| Lomas Santa Fe Plaza | Solana Beach, CA | 1972/1997 | 9 | 208,030 | 98.2 | 6,010,793 | 29.42 | | | Vons, Home Goods |
| Solana Beach Towne Centre | Solana Beach, CA | 1973/2000/2004 | 12 | 246,730 | 96.4 | 5,935,715 | 24.96 | | | Dixieline Probuild, Marshalls |
| Del Monte Center ⁽⁷⁾ | Monterey, CA | 1967/1984/2006 | 16 | 673,572 | 98.5 | 11,748,489 | 17.71 | Macy's | | Forever 21, Century Theatres |
| Geary Marketplace | Walnut Creek, CA | 2012 | 3 | 35,156 | 100.0 | 1,156,909 | 32.91 | | | Sprouts Farmer Market, Freebirds Wild Burrito |
| The Shops at Kalakaua | Honolulu, HI | 1971/2006 | 3 | 11,671 | 100.0 | 1,878,736 | 160.97 | | | Hawaii Beachware & Fashion, Diesel U.S.A. Inc. |
| Waikale Center | Waipahu, HI | 1993/2008 | 9 | 418,047 | 100.0 | 10,986,302 | 26.28 | Lowe's | | UFC Gym, Old Navy |
| Alamo Quarry Market ⁽⁷⁾ | San Antonio, TX | 1997/1999 | 16 | 588,970 | 96.0 | 14,190,689 | 25.10 | Regal Cinemas | | Bed Bath & Beyond, Whole Foods Market |
| Hassalo on Eighth | Portland, OR | 2015 | 3 | 44,153 | 76.6 | 976,797 | 28.88 | | | Providence Health & Services, Green Zebra Grocery |
| Subtotal/Weighted Average Retail Portfolio | | | 107 | 3,093,581 | 97.5% | \$ 73,870,169 | \$24.49 | | | |
| Office Properties | | | | | | | | | | |
| La Jolla Commons | San Diego, CA | 2008/2014 | 2 | 723,992 | 95.9% | \$ 35,842,261 | \$51.62 | | | |
| Torrey Reserve Campus | San Diego, CA | 1996-2000/2014-2016 | 14 | 516,676 | 86.8% | 20,656,553 | 46.06 | | | |
| Torrey Point | San Diego, CA | 2017 | 2 | 92,614 | 40.1 | 983,599 | 26.48 | | | |
| Solana Crossing | Solana Beach, CA | 1982/2005 | 4 | 212,495 | 87.9 | 7,772,602 | 41.61 | | | |
| The Landmark at One Market ⁽⁸⁾ | San Francisco, CA | 1917/2000 | 1 | 419,371 | 99.8 | 27,821,357 | 66.47 | | | |
| One Beach Street | San Francisco, CA | 1924/1972/1987/1992 | 1 | 97,614 | 100.0 | 4,396,596 | 45.04 | | | |
| First & Main | Portland, OR | 2010 | 1 | 360,641 | 98.7 | 11,285,376 | 31.70 | | | |
| Lloyd District Portfolio | Portland, OR | 1940-2015 | 2 | 514,998 | 94.9 | 12,034,345 | 24.62 | | | |
| City Center Bellevue | Bellevue, WA | 1987 | 1 | 497,472 | 98.9 | 20,373,311 | 41.41 | | | |
| Subtotal/Weighted Average Office Portfolio | | | 28 | 3,435,873 | 93.7% | \$ 141,166,000 | \$43.85 | | | |
| Total/Weighted Average Retail and Office Portfolio | | | 135 | 6,529,454 | 95.5% | \$ 215,036,169 | \$34.49 | | | |

As of June 30, 2019

| Property | Location | Year Built/ Renovated | Number | | Percentage Leased ⁽²⁾ | Annualized Base Rent ⁽³⁾ | Average Monthly |
|---|--------------------|--------------------------|-----------------|--------------|-------------------------------------|--|---|
| | | | of Buildings | Units | | | Base Rent per Leased Unit ⁽⁴⁾ |
| Loma Palisades | San Diego, CA | 1958/2001-2008 | 80 | 548 | 96.4% | \$ 13,918,368 | \$ 2,196 |
| Imperial Beach Gardens | Imperial Beach, CA | 1959/2008 | 26 | 160 | 93.8 | 3,653,532 | \$ 2,029 |
| Mariner's Point | Imperial Beach, CA | 1986 | 8 | 88 | 95.5 | 1,808,868 | \$ 1,794 |
| Santa Fe Park RV Resort ⁽⁹⁾ | San Diego, CA | 1971/2007-2008 | 1 | 126 | 87.3 | 1,867,584 | \$ 1,415 |
| Pacific Ridge Apartments | San Diego, CA | 2013 | 3 | 533 | 88.4 | 15,804,348 | \$ 2,795 |
| Hassalo on Eighth - Velomor | Portland, OR | 2015 | 1 | 177 | 96.1 | 3,240,348 | \$ 1,588 |
| Hassalo on Eighth - Aster Tower | Portland, OR | 2015 | 1 | 337 | 94.1 | 6,289,680 | \$ 1,653 |
| Hassalo on Eighth - Elwood | Portland, OR | 2015 | 1 | 143 | 87.4 | 2,410,944 | \$ 1,608 |
| Total/Weighted Average Multifamily Portfolio | | | 121 | 2,112 | 92.6% | \$ 48,993,672 | \$ 2,088 |

Mixed-Use Portfolio

| Retail Portion | Location | Year Built/ Renovated | Number of Buildings | Net Rentable | | Percentage Leased ⁽²⁾ | Annualized Base Rent ⁽³⁾ | Annualized Base | | Other Principal Retail Tenants ⁽⁶⁾ |
|--------------------------------|--------------|--------------------------|---------------------------|-------------------------------|-------------------------------|-------------------------------------|--|--|-------------------|--|
| | | | | Square Feet ⁽⁴⁾ | Square Foot ⁽⁴⁾ | | | Rent per Leased Anchor Tenant(s) ⁽⁵⁾ | | |
| Waikiki Beach Walk - Retail | Honolulu, HI | 2006 | 3 | 96,707 | 98.2% | \$ 11,184,771 | \$ 117.78 | | Yard House, Roy's | |

| 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 | 2008/2014 | 2 | 369 | 91.6% | \$ 307.84 | \$ 281.89 |

Notes:

- The net rentable square feet for each of our retail properties and the retail portion of our mixed-use property is the sum of (1) the square footages of existing leases, plus (2) for available space, the field-verified square footage. The net rentable square feet for each of our office properties is the sum of (1) the square footages of existing leases, plus (2) for available space, management's estimate of net rentable square feet based, in part, on past leases. The net rentable square feet included in such office leases is generally determined consistently with the Building Owners and Managers Association, or BOMA, 1996 measurement guidelines. Net rentable square footage may be adjusted from the prior periods to reflect re-measurement of leased space at the properties.
- 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, 2019, including leases which may not have commenced as of June 30, 2019. Percentage leased for our multifamily properties includes total units rented as of June 30, 2019.
- Annualized base rent is calculated by multiplying base rental payments (defined as cash base rents (before abatements)) for the month ended June 30, 2019 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. The foregoing notwithstanding, the annualized base rent for La Jolla Commons has been adjusted for this presentation to reflect that the contractual triple net leases were instead structured as modified gross leases, by adding the contractual annualized triple net base rent of \$24,094,564 to our estimate of annual triple net operating expenses of \$11,747,697 for an estimated annualized base rent on a modified gross lease basis of \$35,842,261 for La Jolla Commons.
- Annualized base rent per leased square foot is calculated by dividing annualized base rent, by square footage under lease as of June 30, 2019. Annualized base rent per leased unit is calculated by dividing annualized base rent by units under lease as of June 30, 2019. The foregoing notwithstanding, the annualized base rent per leased square foot for La Jolla Commons has been adjusted for this presentation to reflect that the contractual triple net leases were instead structured as modified gross leases. See footnote 3 for further explanation.
- Retail anchor tenants are defined as retail tenants leasing 50,000 square feet or more.
- Other principal retail tenants are defined as the two tenants leasing the most square footage, excluding anchor tenants.
- Net rentable square feet at certain of our retail properties includes pad sites leased pursuant to the ground leases in the following table:

| Property | Number of Ground Leases | Square Footage Leased Pursuant to Ground Leases | Aggregate Annualized Base Rent |
|--------------------------|----------------------------|--|-----------------------------------|
| Carmel Mountain Plaza | 5 | 17,607 | \$ 735,328 |
| South Bay Marketplace | 1 | 2,824 | \$ 102,276 |
| Del Monte Center | 1 | 212,500 | \$ 96,000 |
| Alamo Quarry Market | 4 | 31,994 | \$ 509,880 |

- This property contains 419,371 net rentable square feet consisting of the Landmark at One Market (375,151 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, 2021, which we have the option to extend until 2031 pursuant to two five-year extension options.
- The Santa Fe Park RV Resort is subject to seasonal variation, with higher rates of occupancy occurring during the summer months. During the 12 months ended June 30, 2019, the highest average monthly occupancy rate for this property was 88%, occurring in December 2018. The number of units at the Santa Fe Park RV Resort includes 122 RV spaces and four apartments.
- Average occupancy represents the percentage of available units that were sold during the three months ended June 30, 2019, 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, 2019 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, 2019 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, 2019

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 2019 | 10 | 100% | 37,843 | \$31.71 | \$30.75 | \$ 36,300 | 3.1 % | 12.5 % | 7.4 | \$ 267,740 | \$7.08 |
| 1st Quarter 2019 | 13 | 100% | 48,376 | \$49.14 | \$46.49 | \$ 127,861 | 5.7 % | 15.2 % | 5.4 | \$ 617,060 | \$12.76 |
| 4th Quarter 2018 | 19 | 100% | 65,046 | \$46.90 | \$45.52 | \$ 89,535 | 3.0 % | 7.3 % | 4.0 | \$ 471,790 | \$7.25 |
| 3rd Quarter 2018 | 10 | 100% | 64,585 | \$30.44 | \$25.63 | \$ 310,549 | 18.8 % | 21.7 % | 4.8 | \$ 166,077 | \$2.57 |
| Total 12 months | 52 | 100% | 215,850 | \$39.81 | \$37.20 | \$ 564,245 | 7.0 % | 13.2 % | 5.1 | \$ 1,522,667 | \$7.05 |

New Lease Summary - Comparable ⁽¹⁾

| Quarter | Number of Leases Signed | % of Comparable Leases Signed | Net Rentable Square Feet Signed | Contractual Rent Per Sq. Ft. ⁽²⁾ | Prior Rent Per Sq. Ft. ⁽³⁾ | Annual Change in Rent | Cash Basis % Change Over Prior Rent | Straight-Line Basis % Change Over Prior Rent | Weighted Average Lease Term ⁽⁴⁾ | Tenant Improvements & Incentives | Tenant Improvements & Incentives Per Sq. Ft. |
|------------------|-------------------------|-------------------------------|---------------------------------|---|---------------------------------------|-----------------------|-------------------------------------|--|--|----------------------------------|--|
| 2nd Quarter 2019 | 2 | 20% | 16,900 | \$14.44 | \$15.40 | \$ (16,172) | (6.2)% | (2.9)% | 9.5 | \$ 222,740 | \$13.18 |
| 1st Quarter 2019 | 1 | 8% | 2,441 | \$52.00 | \$54.97 | \$ (7,247) | (5.4)% | 15.0 % | 10.1 | \$ 294,100 | \$120.48 |
| 4th Quarter 2018 | 3 | 16% | 2,956 | \$139.03 | \$123.55 | \$ 45,742 | 12.5 % | 18.3 % | 5.2 | \$ 20,840 | \$7.05 |
| 3rd Quarter 2018 | 1 | 10% | 959 | \$192.00 | \$144.00 | \$ 46,032 | 33.3 % | 40.0 % | 3.0 | \$ — | \$0.00 |
| Total 12 months | 7 | 13% | 23,256 | \$41.54 | \$38.60 | \$ 68,355 | 7.6 % | 14.9 % | 8.7 | \$ 537,680 | \$23.12 |

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 2019 | 8 | 80% | 20,943 | \$45.64 | \$43.13 | \$ 52,472 | 5.8 % | 17.3 % | 5.8 | \$ 45,000 | \$2.15 |
| 1st Quarter 2019 | 12 | 92% | 45,935 | \$48.98 | \$46.04 | \$ 135,108 | 6.4 % | 15.2 % | 5.2 | \$ 322,960 | \$7.03 |
| 4th Quarter 2018 | 16 | 84% | 62,090 | \$42.51 | \$41.81 | \$ 43,793 | 1.7 % | 5.8 % | 4.0 | \$ 450,950 | \$7.26 |
| 3rd Quarter 2018 | 9 | 90% | 63,626 | \$28.00 | \$23.84 | \$ 264,517 | 17.4 % | 20.0 % | 4.8 | \$ 166,077 | \$2.61 |
| Total 12 months | 45 | 87% | 192,594 | \$39.60 | \$37.03 | \$ 495,890 | 7.0 % | 13.0 % | 4.7 | \$ 984,987 | \$5.11 |

Total Lease Summary - Comparable and Non-Comparable ⁽¹⁾

| 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 2019 | 13 | 46,609 | \$32.27 | 7.8 | \$ 730,310 | \$15.67 |
| 1st Quarter 2019 | 17 | 159,746 | \$26.17 | 8.6 | \$ 3,252,580 | \$20.36 |
| 4th Quarter 2018 | 21 | 72,031 | \$45.89 | 4.6 | \$ 925,440 | \$12.85 |
| 3rd Quarter 2018 | 16 | 122,381 | \$28.81 | 11.2 | \$ 11,775,947 | \$96.22 |
| Total 12 months | 67 | 400,767 | \$31.23 | 8.6 | \$ 16,684,277 | \$41.63 |

Notes:

- (1) Comparable leases represent those leases signed on spaces for which there was a previous lease, including leases signed for the retail portion of our mixed-use property.
- (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, 2019

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 2019 | 16 | 100% | 86,779 | \$51.70 | \$44.00 | \$ 668,474 | 17.5% | 26.7% | 5.8 | \$ 3,659,392 | \$42.17 |
| 1st Quarter 2019 | 6 | 100% | 37,541 | \$49.46 | \$47.48 | \$ 74,466 | 4.2% | 14.6% | 6.5 | \$ 1,457,995 | \$38.84 |
| 4th Quarter 2018 | 11 | 100% | 298,303 | \$88.41 | \$54.08 | \$ 10,241,129 | 63.5% | 95.5% | 9.8 | \$ 29,601,802 | \$99.23 |
| 3rd Quarter 2018 | 9 | 100% | 95,279 | \$38.40 | \$34.59 | \$ 363,065 | 11.0% | 12.6% | 6.3 | \$ 6,191,785 | \$64.99 |
| Total 12 months | 42 | 100% | 517,902 | \$70.24 | \$48.33 | \$ 11,347,134 | 45.3% | 66.6% | 8.2 | \$ 40,910,974 | \$78.99 |

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 2019 | 6 | 38% | 45,570 | \$54.27 | \$44.20 | \$ 458,844 | 22.8% | 30.9% | 6.5 | \$ 3,379,047 | \$74.15 |
| 1st Quarter 2019 | 1 | 17% | 7,506 | \$48.60 | \$45.61 | \$ 22,479 | 6.6% | 23.2% | 7.4 | \$ 562,950 | \$75.00 |
| 4th Quarter 2018 | 8 | 73% | 284,679 | \$90.10 | \$54.66 | \$ 10,089,839 | 64.8% | 97.8% | 10.0 | \$ 28,993,536 | \$101.85 |
| 3rd Quarter 2018 | 4 | 44% | 83,147 | \$37.88 | \$34.15 | \$ 310,566 | 10.9% | 11.7% | 6.8 | \$ 5,987,498 | \$72.01 |
| Total 12 months | 19 | 45% | 420,902 | \$75.16 | \$49.31 | \$ 10,881,728 | 52.4% | 76.6% | 8.9 | \$ 38,923,031 | \$92.48 |

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 2019 | 10 | 63% | 41,209 | \$48.87 | \$43.78 | \$ 209,630 | 11.6% | 21.7% | 5.0 | \$ 280,345 | \$6.80 |
| 1st Quarter 2019 | 5 | 83% | 30,035 | \$49.68 | \$47.95 | \$ 51,987 | 3.6% | 12.7% | 6.2 | \$ 895,045 | \$29.80 |
| 4th Quarter 2018 | 3 | 27% | 13,624 | \$53.05 | \$41.94 | \$ 151,290 | 26.5% | 39.6% | 5.6 | \$ 608,266 | \$44.65 |
| 3rd Quarter 2018 | 5 | 56% | 12,132 | \$41.96 | \$37.63 | \$ 52,499 | 11.5% | 18.3% | 2.8 | \$ 204,287 | \$16.84 |
| Total 12 months | 23 | 55% | 97,000 | \$48.84 | \$44.04 | \$ 465,406 | 10.9% | 20.8% | 5.2 | \$ 1,987,943 | \$20.49 |

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 2019 | 23 | 197,661 | \$47.92 | 8.0 | \$ 14,827,884 | \$75.02 |
| 1st Quarter 2019 | 12 | 70,228 | \$47.06 | 6.3 | \$ 3,549,809 | \$50.55 |
| 4th Quarter 2018 | 15 | 312,673 | \$86.55 | 9.5 | \$ 30,333,733 | \$97.01 |
| 3rd Quarter 2018 | 13 | 114,367 | \$40.84 | 6.4 | \$ 7,584,960 | \$66.32 |
| Total 12 months | 63 | 694,929 | \$64.05 | 8.2 | \$ 56,296,386 | \$81.01 |

- 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.

MULTIFAMILY LEASING SUMMARY

As of June 30, 2019

Lease Summary - Loma Palisades

| Quarter | Number of Leased Units | Percentage leased ⁽¹⁾ | Annualized Base Rent ⁽²⁾ | Average Monthly Base Rent per Leased Unit ⁽³⁾ |
|------------------|------------------------|----------------------------------|-------------------------------------|--|
| 2nd Quarter 2019 | 528 | 96.4% | \$13,918,368 | \$2,196 |
| 1st Quarter 2019 | 526 | 96.0% | \$13,277,760 | \$2,103 |
| 4th Quarter 2018 | 517 | 94.3% | \$13,393,860 | \$2,160 |
| 3rd Quarter 2018 | 511 | 93.3% | \$13,313,736 | \$2,170 |

Lease Summary - Imperial Beach Gardens

| Quarter | Number of Leased Units | Percentage leased ⁽¹⁾ | Annualized Base Rent ⁽²⁾ | Average Monthly Base Rent per Leased Unit ⁽³⁾ |
|------------------|------------------------|----------------------------------|-------------------------------------|--|
| 2nd Quarter 2019 | 150 | 93.8% | \$3,653,532 | \$2,029 |
| 1st Quarter 2019 | 149 | 93.1% | \$3,594,420 | \$2,011 |
| 4th Quarter 2018 | 145 | 90.6% | \$3,507,960 | \$2,017 |
| 3rd Quarter 2018 | 151 | 94.4% | \$3,625,728 | \$2,000 |

Lease Summary - Mariner's Point

| Quarter | Number of Leased Units | Percentage leased ⁽¹⁾ | Annualized Base Rent ⁽²⁾ | Average Monthly Base Rent per Leased Unit ⁽³⁾ |
|------------------|------------------------|----------------------------------|-------------------------------------|--|
| 2nd Quarter 2019 | 84 | 95.5% | \$1,808,868 | \$1,794 |
| 1st Quarter 2019 | 84 | 95.5% | \$1,720,920 | \$1,706 |
| 4th Quarter 2018 | 80 | 90.9% | \$1,707,156 | \$1,778 |
| 3rd Quarter 2018 | 82 | 93.2% | \$1,711,752 | \$1,739 |

Lease Summary - Santa Fe Park RV Resort

| Quarter | Number of Leased Units | Percentage leased ⁽¹⁾ | Annualized Base Rent ⁽²⁾ | Average Monthly Base Rent per Leased Unit ⁽³⁾ |
|------------------|------------------------|----------------------------------|-------------------------------------|--|
| 2nd Quarter 2019 | 110 | 87.3% | \$1,867,584 | \$1,415 |
| 1st Quarter 2019 | 99 | 78.6% | \$1,398,636 | \$1,177 |
| 4th Quarter 2018 | 111 | 88.1% | \$1,230,864 | \$924 |
| 3rd Quarter 2018 | 98 | 77.8% | \$1,399,620 | \$1,190 |

Lease Summary - Pacific Ridge Apartments

| Quarter | Number of Leased Units | Percentage leased ⁽¹⁾ | Annualized Base Rent ⁽²⁾ | Average Monthly Base Rent per Leased Unit ⁽³⁾ |
|------------------|------------------------|----------------------------------|-------------------------------------|--|
| 2nd Quarter 2019 | 471 | 88.4% | \$15,804,348 | \$2,795 |
| 1st Quarter 2019 | 515 | 96.6% | \$17,057,604 | \$2,761 |
| 4th Quarter 2018 | 512 | 96.1% | \$16,747,488 | \$2,725 |
| 3rd Quarter 2018 | 513 | 96.2% | \$16,928,340 | \$2,751 |

MULTIFAMILY LEASING SUMMARY (CONTINUED)

As of June 30, 2019

Lease Summary - Hassalo on Eighth - Velomor

| Quarter | Number of Leased Units | Percentage leased ⁽¹⁾ | Annualized Base Rent ⁽²⁾ | Average Monthly Base Rent per Leased Unit ⁽³⁾ |
|------------------|------------------------|----------------------------------|-------------------------------------|--|
| 2nd Quarter 2019 | 170 | 96.1% | \$3,240,348 | \$1,588 |
| 1st Quarter 2019 | 163 | 92.1% | \$3,161,508 | \$1,616 |
| 4th Quarter 2018 | 165 | 93.2% | \$3,202,927 | \$1,618 |
| 3rd Quarter 2018 | 157 | 88.7% | \$3,090,732 | \$1,641 |

Lease Summary - Hassalo on Eighth - Aster Tower

| Quarter | Number of Leased Units | Percentage leased ⁽¹⁾ | Annualized Base Rent ⁽²⁾ | Average Monthly Base Rent per Leased Unit ⁽³⁾ |
|------------------|------------------------|----------------------------------|-------------------------------------|--|
| 2nd Quarter 2019 | 317 | 94.1% | \$6,289,680 | \$1,653 |
| 1st Quarter 2019 | 322 | 95.6% | \$6,355,236 | \$1,644 |
| 4th Quarter 2018 | 319 | 94.7% | \$6,295,668 | \$1,644 |
| 3rd Quarter 2018 | 312 | 92.6% | \$6,185,088 | \$1,652 |

Lease Summary - Hassalo on Eighth - Elwood

| Quarter | Number of Leased Units | Percentage leased ⁽¹⁾ | Annualized Base Rent ⁽²⁾ | Average Monthly Base Rent per Leased Unit ⁽³⁾ |
|------------------|------------------------|----------------------------------|-------------------------------------|--|
| 2nd Quarter 2019 | 125 | 87.4% | \$2,410,944 | \$1,608 |
| 1st Quarter 2019 | 125 | 87.4% | \$2,438,592 | \$1,626 |
| 4th Quarter 2018 | 128 | 89.5% | \$2,443,752 | \$1,591 |
| 3rd Quarter 2018 | 126 | 88.1% | \$2,435,748 | \$1,611 |

Total Multifamily Lease Summary

| Quarter | Number of Leased Units | Percentage leased ⁽¹⁾ | Annualized Base Rent ⁽²⁾ | Average Monthly Base Rent per Leased Unit ⁽³⁾ |
|------------------|------------------------|----------------------------------|-------------------------------------|--|
| 2nd Quarter 2019 | 1,955 | 92.6% | \$48,993,672 | \$2,088 |
| 1st Quarter 2019 | 1,983 | 93.9% | \$49,004,676 | \$2,059 |
| 4th Quarter 2018 | 1,977 | 93.6% | \$48,529,675 | \$2,046 |
| 3rd Quarter 2018 | 1,950 | 92.3% | \$48,690,744 | \$2,081 |

Notes:

- (1) Percentage leased for our multifamily properties includes total units rented as of each respective quarter end date.
- (2) Annualized base rent is calculated by multiplying base rental payments (defined as cash base rents (before abatements)) as of each respective quarter end date.
- (3) Annualized base rent per leased unit is calculated by dividing annualized base rent, by units under lease as of each respective quarter end date.

As of June 30, 2019

Lease Summary - Retail Portion

| Quarter | Number of Leased Square Feet | Percentage leased ⁽¹⁾ | Annualized Base Rent ⁽²⁾ | Annualized Base Rent per Leased Square Foot ⁽³⁾ |
|------------------|------------------------------|----------------------------------|-------------------------------------|--|
| 2nd Quarter 2019 | 94,934 | 98.2% | \$11,184,771 | \$118 |
| 1st Quarter 2019 | 94,934 | 98.2% | \$11,073,053 | \$117 |
| 4th Quarter 2018 | 92,890 | 96.1% | \$10,752,372 | \$116 |
| 3rd Quarter 2018 | 92,767 | 95.9% | \$10,573,741 | \$114 |

Lease Summary - Hotel Portion

| Quarter | Number of Leased Units | Average Occupancy ⁽⁴⁾ | Average Daily Rate ⁽⁴⁾ | Annualized Revenue per Available Room ⁽⁴⁾ |
|------------------|------------------------|----------------------------------|-----------------------------------|--|
| 2nd Quarter 2019 | 338 | 91.6% | \$308 | \$282 |
| 1st Quarter 2019 | 339 | 91.8% | \$316 | \$290 |
| 4th Quarter 2018 | 337 | 91.3% | \$315 | \$288 |
| 3rd Quarter 2018 | 342 | 92.8% | \$348 | \$323 |

Notes:

- (1) Percentage leased for mixed-use property includes square footage under leases as of June 30, 2019, including leases which may not have commenced as of June 30, 2019.
- (2) Annualized base rent is calculated by multiplying base rental payments (defined as cash base rents (before abatements)) for the month ended June 30, 2019 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.
- (3) Annualized base rent per leased square foot is calculated by dividing annualized base rent, by square footage under lease as of June 30, 2019.
- (4) Average occupancy represents the percentage of available units that were sold during the three months ended June 30, 2019, 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 each respective quarter period by the number of units sold. Revenue per available room, or RevPAR, represents the total unit revenue per total available units for each respective quarter period 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.

LEASE EXPIRATIONS

As of June 30, 2019

Assumes no exercise of lease options

| Year | Office | | | | Retail | | | | Mixed-Use (Retail Portion Only) | | | | Total | | |
|-----------------------------|------------------------|---------|--------|------------|-----------|-----------|---------|------------|---------------------------------|--------|-----------|------------|-----------|-----------|------------|
| | Expiring | % of | % of | Annualized | Expiring | % of | % of | Annualized | Expiring | % of | % of | Annualized | Expiring | Total | Annualized |
| | | Sq. Ft. | Office | Total | | Base Rent | Sq. Ft. | Retail | | Total | Base Rent | Sq. Ft. | | Mixed-Use | Total |
| Month to Month | 26,616 | 0.8% | 0.4% | \$12.27 | 21,349 | 0.7% | 0.3% | \$28.89 | 1,531 | 1.6% | —% | \$— | 49,496 | 0.7% | \$19.06 |
| 2019 | 115,307 | 3.4 | 1.7 | \$41.52 | 50,438 | 1.6 | 0.8 | \$31.73 | 9,005 | 9.3 | 0.1 | \$132.07 | 174,750 | 2.6 | \$43.36 |
| 2020 | 277,399 | 8.1 | 4.2 | \$37.20 | 291,254 | 9.4 | 4.4 | \$27.69 | 19,930 | 20.6 | 0.3 | \$59.43 | 588,583 | 8.9 | \$33.25 |
| 2021 | 251,173 | 7.3 | 3.8 | \$40.88 | 184,502 | 6.0 | 2.8 | \$43.58 | 20,972 | 21.7 | 0.3 | \$181.38 | 456,647 | 6.9 | \$48.42 |
| 2022 | 304,298 | 8.9 | 4.6 | \$44.99 | 446,186 | 14.4 | 6.7 | \$30.46 | 5,481 | 5.7 | 0.1 | \$217.13 | 755,965 | 11.4 | \$37.66 |
| 2023 | 357,259 ⁽²⁾ | 10.4 | 5.4 | \$47.32 | 300,712 | 9.7 | 4.5 | \$24.74 | 6,432 | 6.7 | 0.1 | \$75.75 | 664,403 | 10.0 | \$37.38 |
| 2024 | 170,704 | 5.0 | 2.6 | \$44.15 | 438,375 | 14.2 | 6.6 | \$28.18 | 8,635 | 8.9 | 0.1 | \$111.70 | 617,714 | 9.3 | \$33.76 |
| 2025 | 277,447 | 8.1 | 4.2 | \$36.47 | 192,976 | 6.2 | 2.9 | \$23.44 | 1,010 | 1.0 | — | \$251.61 | 471,433 | 7.1 | \$31.60 |
| 2026 | 195,193 | 5.7 | 2.9 | \$38.61 | 106,939 | 3.5 | 1.6 | \$26.74 | — | — | — | \$— | 302,132 | 4.6 | \$34.41 |
| 2027 | 97,348 ⁽³⁾ | 2.8 | 1.5 | \$35.41 | 120,100 | 3.9 | 1.8 | \$26.58 | 13,118 | 13.6 | 0.2 | 75.15 | 230,566 | 3.5 | \$33.07 |
| 2028 | 104,343 | 3.0 | 1.6 | \$41.78 | 481,296 | 15.6 | 7.3 | \$14.60 | 8,820 | 9.1 | 0.1 | \$127.60 | 594,459 | 9.0 | \$21.05 |
| Thereafter | 827,503 ⁽⁴⁾ | 24.1 | 12.5 | \$48.49 | 193,514 | 6.3 | 2.9 | \$23.57 | — | — | — | \$— | 1,021,017 | 15.4 | \$43.77 |
| Signed Leases Not Commenced | 215,216 | 6.3 | 3.2 | — | 187,480 | 6.1 | 2.8 | — | — | — | — | — | 402,696 | 6.1 | — |
| Available | 216,067 | 6.3 | 3.3 | — | 78,460 | 2.5 | 1.2 | — | 1,773 | 1.8 | — | — | 296,300 | 4.5 | — |
| Total ⁽⁵⁾ | 3,435,873 | 100.0% | 51.9% | \$37.67 | 3,093,581 | 100.0% | 46.7% | \$23.88 | 96,707 | 100.0% | 1.5% | \$115.66 | 6,626,161 | 100.0% | \$32.37 |

Assumes all lease options are exercised

| Year | Office | | | | Retail | | | | Mixed-Use (Retail Portion Only) | | | | Total | | |
|-----------------------------|--------------------------------|---------|--------|------------|-----------|-----------|---------|------------|---------------------------------|--------|-----------|------------|-----------|-----------|------------|
| | Expiring | % of | % of | Annualized | Expiring | % of | % of | Annualized | Expiring | % of | % of | Annualized | Expiring | Total | Annualized |
| | | Sq. Ft. | Office | Total | | Base Rent | Sq. Ft. | Retail | | Total | Base Rent | Sq. Ft. | | Mixed-Use | Total |
| Month to Month | 26,616 | 0.8% | 0.4% | \$12.27 | 21,349 | 0.7% | 0.3% | \$28.89 | 1,531 | 1.6% | —% | \$— | 49,496 | 0.7% | \$19.06 |
| 2019 | 96,959 | 2.8 | 1.5 | \$40.53 | 29,865 | 1.0 | 0.5 | \$22.31 | 9,005 | 9.3 | 0.1 | \$132.07 | 135,829 | 2.0 | \$42.59 |
| 2020 | 133,491 | 3.9 | 2.0 | \$38.80 | 167,934 | 5.4 | 2.5 | \$23.86 | 2,998 | 3.1 | — | \$123.86 | 304,423 | 4.6 | \$31.40 |
| 2021 | 73,554 | 2.1 | 1.1 | \$41.99 | 103,419 | 3.3 | 1.6 | \$45.32 | 20,972 | 21.7 | 0.3 | \$181.38 | 197,945 | 3.0 | \$58.50 |
| 2022 | 78,709 | 2.3 | 1.2 | \$45.14 | 110,830 | 3.6 | 1.7 | \$37.22 | 5,481 | 5.7 | 0.1 | \$217.13 | 195,020 | 2.9 | \$45.47 |
| 2023 | 136,277 | 4.0 | 2.1 | \$39.77 | 57,433 | 1.9 | 0.9 | \$37.26 | 6,432 | 6.7 | 0.1 | \$75.75 | 200,142 | 3.0 | \$40.21 |
| 2024 | 59,587 | 1.7 | 0.9 | \$39.96 | 201,688 | 6.5 | 3.0 | \$32.38 | 3,233 | 3.3 | — | \$166.26 | 264,508 | 4.0 | \$35.72 |
| 2025 | 167,951 | 4.9 | 2.5 | \$35.98 | 111,240 | 3.6 | 1.7 | \$28.98 | 1,010 | 1.0 | — | \$251.61 | 280,201 | 4.2 | \$33.98 |
| 2026 | 162,198 | 4.7 | 2.4 | \$38.91 | 94,960 | 3.1 | 1.4 | \$29.50 | — | — | — | \$— | 257,158 | 3.9 | \$35.44 |
| 2027 | 135,641 | 3.9 | 2.0 | \$33.07 | 172,835 | 5.6 | 2.6 | \$29.85 | 13,118 | 13.6 | 0.2 | 75.15 | 321,594 | 4.9 | \$33.06 |
| 2028 | 147,510 | 4.3 | 2.2 | \$42.55 | 219,840 | 7.1 | 3.3 | \$22.99 | 1,906 | 2.0 | — | \$104.11 | 369,256 | 5.6 | \$31.22 |
| Thereafter | 1,786,097 ⁽²⁾⁽³⁾⁽⁴⁾ | 52.0 | 27.0 | \$46.15 | 1,536,248 | 49.7 | 23.2 | \$22.69 | 29,248 | 30.2 | 0.4 | \$74.09 | 3,351,593 | 50.6 | \$35.64 |
| Signed Leases Not Commenced | 215,216 | 6.3 | 3.2 | — | 187,480 | 6.1 | 2.8 | — | — | — | — | — | 402,696 | 6.1 | — |
| Available | 216,067 | 6.3 | 3.3 | — | 78,460 | 2.5 | 1.2 | — | 1,773 | 1.8 | — | — | 296,300 | 4.5 | — |
| Total ⁽⁵⁾ | 3,435,873 | 100.0% | 51.9% | \$37.67 | 3,093,581 | 100.0% | 46.7% | \$23.88 | 96,707 | 100.0% | 1.5% | \$115.66 | 6,626,161 | 100.0% | \$32.37 |

As of June 30, 2019

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, 2019 for the leases expiring during the applicable period by (ii) 12 months.
- (2) The expirations include 23,101 square feet leased by salesforce.com at The Landmark at One Market through June 30, 2019, for which Autodesk, Inc. has signed an agreement to lease such space beginning July 1, 2019 through December 31, 2023 with options to extend the lease through December 31, 2033.
- (3) The expirations include 24,227 square feet leased by several tenants at La Jolla Commons through June 30, 2020, for which an S&P 500 member has signed an agreement to lease such space beginning January 1, 2020 through October 31, 2027 with options to extend the lease through October 31, 2032.
- (4) The expirations include 183,029 square feet leased by salesforce.com at The Landmark at One Market through June 30, 2019, for which Google LLC has signed an agreement to lease such space beginning July 1, 2019 through December 31, 2029 with options to extend the lease through December 31, 2039.
- (5) Individual items may not add up to total due to rounding.

| Type | At June 30, 2019 | | | At June 30, 2018 | | |
|---|------------------|-----------------------|----------|------------------|-----------------------|----------|
| | Size | Leased ⁽¹⁾ | Leased % | Size | Leased ⁽¹⁾ | Leased % |
| Overall Portfolio⁽²⁾ Statistics | | | | | | |
| Retail Properties (square feet) | 3,093,581 | 3,015,121 | 97.5% | 3,214,710 | 3,109,008 | 96.7% |
| Office Properties (square feet) | 3,435,873 | 3,219,806 | 93.7% | 2,561,936 | 2,402,921 | 93.8% |
| Multifamily Properties (units) | 2,112 | 1,955 | 92.6% | 2,112 | 1,984 | 93.9% |
| Mixed-Use Properties (square feet) | 96,707 | 94,934 | 98.2% | 96,707 | 92,777 | 95.9% |
| Mixed-Use Properties (units) | 369 | 338 ⁽³⁾ | 91.7% | 369 | 347 ⁽³⁾ | 94.0% |
| Same-Store⁽²⁾ Statistics | | | | | | |
| Retail Properties (square feet) ⁽⁴⁾ | 2,675,534 | 2,597,074 | 97.1% | 2,549,212 | 2,495,260 | 97.9% |
| Office Properties (square feet) ⁽⁵⁾ | 2,619,267 | 2,488,055 | 95.0% | 2,561,936 | 2,402,921 | 93.8% |
| Multifamily Properties (units) | 2,112 | 1,955 | 92.6% | 1,579 | 1,514 | 95.9% |

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, 2019 and 2018.
- (4) The same-store portfolio excludes Waikale Center due to significant redevelopment activity.
- (5) The same-store portfolio excludes Torrey Point, as it was placed into operations in August 2018 and La Jolla Commons, which was acquired on June 20, 2019.

As of June 30, 2019

| 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 | 5/31/2028 | 155,000 | 5.0% | 2.3% | \$ 3,720,000 | 5.0% | 1.7% |
| 2 Nordstrom Rack | Carmel Mountain Plaza, Alamo Quarry Market | 9/30/2022 10/31/2022 | 69,047 | 2.2 | 1.0 | 2,189,648 | 3.0 | 1.0 |
| 3 Sprouts Farmers Market | Solana Beach Towne Centre, Carmel Mountain Plaza, Geary Marketplace | 6/30/2024 3/31/2025 9/30/2032 | 71,431 | 2.3 | 1.1 | 1,919,436 | 2.6 | 0.9 |
| 4 Vons | Lomas Santa Fe Plaza | 12/31/2022 | 49,895 | 1.6 | 0.8 | 1,399,205 | 1.9 | 0.7 |
| 5 Old Navy | Waikele Center, South Bay Marketplace, Alamo Quarry Market | 7/31/2020 4/30/2021 9/30/2022 | 59,780 | 1.9 | 0.9 | * | * | * |
| 6 Marshalls | Solana Beach Towne Centre, Carmel Mountain Plaza | 1/31/2025 1/31/2029 | 68,055 | 2.2 | 1.0 | 1,335,447 | 1.8 | 0.6 |
| 7 Regal Cinemas | Alamo Quarry Market | 3/31/2023 | 72,447 | 2.3 | 1.1 | 1,231,599 | 1.7 | 0.6 |
| 8 Michaels | Carmel Mountain Plaza Alamo Quarry Market | 1/31/2024 2/29/2028 | 46,850 | 1.5 | 0.7 | 1,072,635 | 1.5 | 0.5 |
| 9 Saks Fifth Ave off 5th | Carmel Mountain Plaza | 5/31/2024 | 40,594 | 1.3 | 0.6 | 1,033,117 | 1.4 | 0.5 |
| 10 Ross | South Bay Marketplace Carmel Mountain Plaza | 1/31/2023 1/31/2024 | 51,125 | 1.7 | 0.8 | 1,013,981 | 1.4 | 0.5 |
| Top 10 Retail Tenants Total | | | 684,224 | 22.0% | 10.3% | \$14,915,068 | 20.3% | 7.0% |

* Data withheld at tenant's request.

TOP TENANTS - OFFICE

As of June 30, 2019

| | Tenant | Property | 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 | LPL Holdings, Inc. | La Jolla Commons | 4/30/2029 | 421,001 | 12.3% | 6.4% | \$17,562,831 | 13.6% | 8.2% |
| 2 | Autodesk, Inc. | The Landmark at One Market | 12/31/2022 12/31/2023 | 114,664 | 3.3 | 1.7 | 9,827,617 | 7.6 | 4.6 |
| 3 | Google LLC | The Landmark at One Market | 12/31/2029 | 67,114 | 2.0 | 1.0 | 4,841,400 | 3.7 | 2.3 |
| 4 | VMWare, Inc. | City Center Bellevue | 11/30/2022 5/31/2025 | 72,883 | 2.1 | 1.1 | 3,334,908 | 2.6 | 1.6 |
| 5 | Veterans Benefits Administration | First & Main | 8/31/2020 | 93,572 | 2.7 | 1.4 | 3,006,453 | 2.3 | 1.4 |
| 6 | Clearesult Operating, LLC | First & Main | 4/30/2025 | 101,848 | 3.0 | 1.5 | 2,818,324 | 2.2 | 1.3 |
| 7 | State of Oregon: Department of Environmental Quality | Lloyd 700 | 10/31/2031 | 87,787 | 2.6 | 1.3 | 2,607,730 | 2.0 | 1.2 |
| 8 | Alliant International University | One Beach | 10/31/2019 | 64,161 | 1.9 | 1.0 | 2,521,879 | 1.9 | 1.2 |
| 9 | Smartsheet, Inc. | City Center Bellevue | 12/31/2026 | 73,669 | 2.1 | 1.1 | 2,509,698 | 1.9 | 1.2 |
| 10 | Treasury Call Center | First & Main | 8/31/2020 | 63,648 | 1.9 | 1.0 | 2,184,302 | 1.7 | 1.0 |
| Top 10 Office Tenants Total | | | | 1,160,347 | 33.9% | 17.5% | \$51,215,142 | 39.5% | 24.0% |

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 and six months ended June 30, 2019 and 2018 is as follows:

| | Three Months Ended | | Six Months Ended | |
|-------------------------------|--------------------|-----------|------------------|-----------|
| | June 30, | | June 30, | |
| | 2019 | 2018 | 2019 | 2018 |
| Net income | \$ 11,941 | \$ 4,413 | \$ 27,184 | \$ 3,722 |
| Depreciation and amortization | 22,582 | 32,868 | 43,165 | 66,147 |
| Interest expense | 13,129 | 12,688 | 26,478 | 26,508 |
| Interest income | (156) | (23) | (163) | (163) |
| Income tax expense/(benefit) | 206 | 171 | 442 | 106 |
| Gain on sale of real estate | (633) | — | (633) | — |
| EBITDA | \$ 47,069 | \$ 50,117 | \$ 96,473 | \$ 96,320 |

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. Specifically, we include a pro forma adjustment to reflect a full period of NOI on the operating properties we acquire during the quarter, to assume all transactions occurred at the beginning of the quarter. We use Adjusted EBITDA as a supplemental performance measure because we believe these items create significant earnings volatility which in turn results in less comparability between reporting periods and less predictability regarding future earnings potential.

| | Three Months Ended | | Six Months Ended | |
|-----------------------|--------------------|-----------|------------------|-----------|
| | June 30, | | June 30, | |
| | 2019 | 2018 | 2019 | 2018 |
| EBITDA | \$ 47,069 | \$ 50,117 | \$ 96,473 | \$ 96,320 |
| Pro forma adjustments | — | — | — | — |
| Adjusted EBITDA | \$ 47,069 | \$ 50,117 | \$ 96,473 | \$ 96,320 |

Earnings Before Interest, Taxes, Depreciation, and Amortization for Real Estate (EBITDAre): EBITDAre is a supplemental non-GAAP measure of real estate companies' operating performances. The National Association of Real Estate Investment Trusts (NAREIT) defines EBITDAre as follows: net income or loss, computed in accordance with GAAP plus depreciation and amortization, net interest expense, income taxes, gain or loss on sale of real estate including gain or loss on change of control, impairments of real estate, and adjustments to reflect the entity's share of EBITDAre of unconsolidated affiliates, if any. EBITDAre 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 EBITDAre for the three and six months ended June 30, 2019 and 2018 is as follows:

| | Three Months Ended | | Six Months Ended | |
|-------------------------------|--------------------|-----------|------------------|-----------|
| | June 30, | | June 30, | |
| | 2019 | 2018 | 2019 | 2018 |
| Net income | \$ 11,941 | \$ 4,413 | \$ 27,184 | \$ 3,722 |
| Depreciation and amortization | 22,582 | 32,868 | 43,165 | 66,147 |
| Interest expense | 13,129 | 12,688 | 26,478 | 26,508 |
| Interest income | (156) | (23) | (163) | (163) |
| Income tax expense/(benefit) | 206 | 171 | 442 | 106 |
| Gain on sale of real estate | (633) | — | (633) | — |
| EBITDAre | \$ 47,069 | \$ 50,117 | \$ 96,473 | \$ 96,320 |

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 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 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 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 | | Six Months Ended | |
|--|--------------------|-----------------|------------------|-----------------|
| | June 30, | | June 30, | |
| | 2019 | 2018 | 2019 | 2018 |
| Reconciliation of NOI to net income | | | | |
| Total NOI | \$ 53,012 | \$ 55,513 | \$ 108,489 | \$ 107,279 |
| General and administrative | (5,943) | (5,396) | (12,016) | (10,963) |
| Depreciation and amortization | (22,582) | (32,868) | (43,165) | (66,147) |
| Operating Income | \$ 24,487 | \$ 17,249 | \$ 53,308 | \$ 30,169 |
| Interest expense | (13,129) | (12,688) | (26,478) | (26,508) |
| Gain on sale of real estate | 633 | — | 633 | — |
| Other income, net | (50) | (148) | (279) | 61 |
| Net income | \$ 11,941 | \$ 4,413 | \$ 27,184 | \$ 3,722 |
| Net income attributable to restricted shares | (92) | (216) | (185) | (144) |
| Net income attributable to unitholders in the Operating Partnership | (2,933) | (1,125) | (6,988) | (959) |
| Net income attributable to American Assets Trust, Inc. stockholders | \$ 8,916 | \$ 3,072 | \$ 20,011 | \$ 2,619 |

Overall Portfolio: Includes all operating properties owned by us as of June 30, 2019.

Cash NOI: We define cash 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), 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 general and administrative expenses, depreciation and amortization, interest expense, other non-property 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, our cash NOI may not be comparable to the cash NOIs of other REITs. We believe 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. We believe the exclusion of these items from net (loss) 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. A Reconciliation of Total Cash NOI to Operating Income is presented below:

| | Three Months Ended | | Six Months Ended | |
|--|--------------------|-----------|------------------|------------|
| | June 30, | | June 30, | |
| | 2019 | 2018 | 2019 | 2018 |
| Reconciliation of Total Cash NOI to Net Income | | | | |
| Total Cash NOI | \$ 56,516 | \$ 57,537 | \$ 106,544 | \$ 109,041 |
| Non-cash revenue and other operating expenses ⁽¹⁾ | (3,504) | (2,024) | 1,945 | (1,762) |
| General and administrative | (5,943) | (5,396) | (12,016) | (10,963) |
| Depreciation and amortization | (22,582) | (32,868) | (43,165) | (66,147) |
| Operating income | \$ 24,487 | \$ 17,249 | \$ 53,308 | \$ 30,169 |
| Interest expense | (13,129) | (12,688) | (26,478) | (26,508) |
| Gain on sale of real estate | 633 | — | 633 | — |
| Other income, net | (50) | (148) | (279) | 61 |
| Net income | \$ 11,941 | \$ 4,413 | \$ 27,184 | \$ 3,722 |

(1) 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, lease termination fees at Carmel Mountain Plaza, and straight-line rent expense for our leases of the Annex at The Landmark at One Market.

Same-Store Cash NOI Comparison with Redevelopment: As noted below in the definition of Same-Store, Non-Same Store and Redevelopment Same-Store, information provided on a redevelopment same-store basis includes the results of properties undergoing significant redevelopment for the entirety or portion of both periods being compared. Redevelopment same-store is considered by management to be an important measure because it assists in eliminating disparities due to the redevelopment of properties during the particular period presented, and thus provides a more consistent performance measure for the comparison of the company's stabilized and redevelopment properties, as applicable. Additionally, redevelopment same-store is considered by management to be an important measure because it assists in evaluating the timing of the start and stabilization of our redevelopment opportunities and the impact that these redevelopments have in enhancing our operating performance. We present Same-Store Cash NOI Comparison with Redevelopment using cash NOI to evaluate and compare the operating performance of the company's properties, as defined above. A reconciliation of Same-Store Cash NOI Comparison with Redevelopment on a cash basis to operating income is presented below:

| | Three Months Ended ⁽¹⁾ | | Six Months Ended ⁽²⁾ | |
|---|-----------------------------------|-----------|---------------------------------|------------|
| | June 30, | | June 30, | |
| | 2019 | 2018 | 2019 | 2018 |
| Reconciliation of Same-Store Cash NOI Comparison with Redevelopment to Operating Income | | | | |
| Same-Store Cash NOI | \$ 41,371 | \$ 43,580 | \$ 82,538 | \$ 84,447 |
| Redevelopment Cash NOI ⁽²⁾ | 1,930 | 3,680 | 4,061 | 7,399 |
| Same-Store Cash NOI with Redevelopment | 43,301 | 47,260 | 86,599 | 91,846 |
| Tenant improvement reimbursements | 5,904 | 3,090 | 6,895 | 3,958 |
| Total Same-Store Cash NOI with Redevelopment | \$ 49,205 | \$ 50,350 | \$ 93,494 | \$ 95,804 |
| Non-Same Store Cash NOI | 7,311 | 7,187 | 13,050 | 13,237 |
| Total Cash NOI | \$ 56,516 | \$ 57,537 | \$ 106,544 | \$ 109,041 |
| Non-cash revenue and other operating expenses ⁽³⁾ | (3,504) | (2,024) | 1,945 | (1,762) |
| General and administrative | (5,943) | (5,396) | (12,016) | (10,963) |
| Depreciation and amortization | (22,582) | (32,868) | (43,165) | (66,147) |
| Operating income | \$ 24,487 | \$ 17,249 | \$ 53,308 | \$ 30,169 |
| Interest expense | (13,129) | (12,688) | (26,478) | (26,508) |
| Gain on sale of real estate | 633 | — | 633 | — |
| Other income, net | (50) | (148) | (279) | 61 |
| Net income | \$ 11,941 | \$ 4,413 | \$ 27,184 | \$ 3,722 |

(1) Same-store excludes (i) Waikale Center, due to significant redevelopment activity; (ii) Torrey Point, which was placed into operations and became available for occupancy in August 2018; (iii) La Jolla Commons, which was acquired on June 20, 2019; (iv) Waikiki Beach Walk - Embassy Suites™ and Waikiki Beach Walk - Retail, due to significant spalling repair activity, and (v) land held for development.

GLOSSARY OF TERMS (CONTINUED)

- (2) Redevelopment property refers to Waikēle Center and Lloyd District Portfolio - Land.
- (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, lease termination fees at Carmel Mountain Plaza, and straight-line rent expense for our leases of the Annex at The Landmark at One Market.

GLOSSARY OF TERMS (CONTINUED)

Same-Store Portfolio, Non-Same Store Portfolio and Redevelopment Same-Store: Information provided on a same-store basis includes the results of properties that we owned and operated for the entirety of both periods being compared except for properties for which significant redevelopment or expansion occurred during either of the periods being compared, properties under development, properties classified as held for development and properties classified as discontinued operations. Information provided on a redevelopment same-store basis includes the results of properties undergoing significant redevelopment for the entirety or portion of both periods being compared. The following table shows the properties included in the same-store, non-same store and redevelopment same-store portfolio for the comparative periods presented.

| | Comparison of Three Months Ended | | | Comparison of Six Months Ended | | |
|--|----------------------------------|----------------|--------------------------|--------------------------------|----------------|--------------------------|
| | June 30, 2019 to 2018 | | | June 30, 2019 to 2018 | | |
| | Same-Store | Non Same-Store | Redevelopment Same-Store | Same-Store | Non Same-Store | Redevelopment Same-Store |
| <u>Retail Properties</u> | | | | | | |
| Carmel Country Plaza | X | | X | X | | X |
| Carmel Mountain Plaza | X | | X | X | | X |
| South Bay Marketplace | X | | X | X | | X |
| Gateway Marketplace | X | | X | | X | |
| Lomas Santa Fe Plaza | X | | X | X | | X |
| Solana Beach Towne Centre | X | | X | X | | X |
| Del Monte Center | X | | X | X | | X |
| Geary Marketplace | X | | X | X | | X |
| The Shops at Kalakaua | X | | X | X | | X |
| Waikēle Center | | X | X | | X | X |
| Alamo Quarry Market | X | | X | X | | X |
| Hassalo on Eighth - Retail | X | | X | X | | X |
| <u>Office Properties</u> | | | | | | |
| La Jolla Commons | | X | | | X | |
| Torrey Reserve Campus | X | | X | X | | X |
| Torrey Point | | X | | | X | |
| Solana Crossing (formerly Solana Beach Corporate Centre) | X | | X | X | | X |
| The Landmark at One Market | X | | X | X | | X |
| One Beach Street | X | | X | X | | X |
| First & Main | X | | X | X | | X |
| Lloyd District Portfolio | X | | X | X | | X |
| City Center Bellevue | X | | X | X | | X |
| <u>Multifamily Properties</u> | | | | | | |
| Loma Palisades | X | | X | X | | X |
| Imperial Beach Gardens | X | | X | X | | X |
| Mariner's Point | X | | X | X | | X |
| Santa Fe Park RV Resort | X | | X | X | | X |
| Pacific Ridge Apartments | X | | X | | X | |
| Hassalo on Eighth | X | | X | X | | X |
| <u>Mixed-Use Properties</u> | | | | | | |
| Waikēle Beach Walk - Retail | | X | | X | | X |
| Waikēle Beach Walk - Embassy Suites™ | | X | | X | | X |
| <u>Development Properties</u> | | | | | | |
| La Jolla Commons - Land | | X | | | X | |
| Solana Crossing - Land | | X | | | X | |
| Lloyd District Portfolio - Land | | X | X | | 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.
