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): January 12, 2011

American Assets Trust, Inc.

(Exact name of registrant as specified in its charter)

Maryland	**001-35030**	**27-3338708**
(State or other jurisdiction of incorporation)	**(Commission File No.)**	**(I.R.S. Employer Identification No.)**

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

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

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

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

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425).

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement.

On January 12, 2011, American Assets Trust, Inc. (the "Registrant") in connection with its initial public offering of 31,625,000 shares of its common stock, which included, 4,125,000 shares from the exercise in full of the underwriters' overallotment option (the "Initial Public Offering"), entered into the Underwriting Agreement by and among the Registrant, the Operating Partnership, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Wells Fargo Securities, LLC and Morgan Stanley & Co. Incorporated, acting as the representatives of the several underwriters named in Schedule A thereto.

On January 19, 2011, the Registrant closed its Initial Public Offering. In connection with the initial public offering and certain formation transactions, the Registrant entered into the following agreements, each dated as of January 19, 2011:

Amended and Restated Agreement of Limited Partnership of American Assets Trust, L.P.;

Registration Rights Agreement among American Assets Trust, Inc. and the persons named therein;

Tax Protection Agreement by and among American Assets Trust, Inc., American Assets Trust, L.P., and each partner set forth in Schedule I, Schedule II and Schedule III thereto;

Transition Services Agreement between American Assets, Inc. and American Assets Trust, L.P.;

Employment Agreement among American Assets Trust, Inc., American Assets Trust, L.P. and Ernest S. Rady;

Franchise License Agreement—Embassy Suites—Waikiki Beach Walk—Honolulu, Hawaii between Embassy Suites Franchise LLC and WBW Hotel Lessee, LLC; and

Copies of the agreements are filed as exhibits to this report and are incorporated herein by reference.

Item 8.01 Other Events.

On January 19, 2011, the Registrant issued a press release announcing the closing of the Initial Public Offering and exercise in full of the underwriters' overallotment option to purchase 4,125,000 shares of the Company's common stock. A copy of the press release is attached as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Exhibit Description
1.1	Underwriting Agreement by and among the Registrant, the Operating Partnership, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Wells Fargo Securities, LLC and Morgan Stanley & Co. Incorporated, acting as the representatives of the several underwriters named in Schedule A thereto, dated January 12, 2011.
10.1	Amended and Restated Agreement of Limited Partnership of American Assets Trust, L.P., dated January 19, 2011.

10.2	Registration Rights Agreement among American Assets Trust, Inc. and the persons named therein, dated January 19, 2011.
10.3	Tax Protection Agreement by and among American Assets Trust, Inc., American Assets Trust, L.P., and each partner set forth in Schedule I, Schedule II and Schedule III thereto, dated January 19, 2011.
10.4	Transition Services Agreement between American Assets, Inc. and American Assets Trust, L.P., dated January 19, 2011.
10.5	Employment Agreement among American Assets Trust, Inc., American Assets Trust, L.P. and Ernest S. Rady, dated January 19, 2011.
10.6	Franchise License Agreement—Embassy Suites—Waikiki Beach Walk—Honolulu, Hawaii between Embassy Suites Franchise LLC and WBW Hotel Lessee, LLC, dated January 19, 2011.
99.1	Press Release, dated January 19, 2011.

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/ Adam Wyll

Adam Wyll
Senior Vice President, General Counsel and Secretary

January 19, 2011

EXHIBIT INDEX

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1.1	Underwriting Agreement by and among the Registrant, the Operating Partnership, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Wells Fargo Securities, LLC and Morgan Stanley & Co. Incorporated, acting as the representatives of the several underwriters named in Schedule A thereto, dated January 12, 2011.
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10.2	Registration Rights Agreement among American Assets Trust, Inc. and the persons named therein, dated January 19, 2011.
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AMERICAN ASSETS TRUST, INC.

(a Maryland corporation)

27,500,000 Shares of Common Stock

UNDERWRITING AGREEMENT

Dated: January 12, 2011

AMERICAN ASSETS TRUST, INC.

(a Maryland corporation)

27,500,000 Shares of Common Stock

UNDERWRITING AGREEMENT

January 12, 2011

Merrill Lynch, Pierce, Fenner & Smith
Incorporated

Wells Fargo Securities, LLC
Morgan Stanley & Co. Incorporated
as Representatives of the several Underwriters
c/o Merrill Lynch, Pierce, Fenner & Smith
Incorporated
One Bryant Park New York, New York 10036

Ladies and Gentlemen:

American Assets Trust, Inc., a Maryland corporation (the "Company"), and American Assets Trust, L.P., a Maryland limited partnership (the "Operating Partnership" and, together with the Company, the "Transaction Entities"), confirm their respective agreements with Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch"), Wells Fargo Securities, LLC ("Wells Fargo") and Morgan Stanley & Co. Incorporated ("Morgan Stanley") and each of the other Underwriters named in Schedule A hereto (collectively, the "Underwriters," which term shall also include any underwriter substituted as hereinafter provided in Section 10 hereof), for whom Merrill Lynch, Wells Fargo and Morgan Stanley are acting as representatives (in such capacity, the "Representatives"), with respect to (i) the sale by the Company and the purchase by the Underwriters, acting severally and not jointly, of the respective numbers of shares of Common Stock, par value $0.01 per share, of the Company ("Common Stock") set forth in Schedules A and B hereto and (ii) the grant by the Company to the Underwriters, acting severally and not jointly, of the option described in Section 2(b) hereof to purchase all or any part of 4,125,000 additional shares of Common Stock to cover overallotments, if any. The 27,500,000 shares of Common Stock (the "Initial Securities") to be purchased by the Underwriters and all or any part of the 4,125,000 shares of Common Stock subject to the option described in Section 2(b) hereof (the "Option Securities") are herein called, collectively, the "Securities."

Capitalized terms used but not otherwise defined herein shall have the meanings given to those terms in the Prospectus (as herein defined).

The Transaction Entities understand that the Underwriters propose to make a public offering of the Securities as soon as the Representatives deem advisable after this Agreement has been executed and delivered.

Substantially concurrently with or immediately prior to the Closing Time (as hereinafter defined), the Company will have completed the formation transactions described in the General Disclosure Package and the Prospectus under the heading "Structure and Formation of Our Company—Formation Transactions." As part of these transactions, (i) the Underwriters will purchase the Securities and offer them in a public offering as contemplated hereunder; (ii) the Company will contribute the net proceeds of the Offering to the Operating Partnership in exchange for common units of limited partner interest in the Operating Partnership ("Common Units"); (iii) pursuant to certain agreements and plans of merger, certain contribution agreements and a management business contribution agreement, each dated as of September 13, 2010 and filed (or a form of which is filed) as exhibits to the Registration Statement (the "Acquisition Agreements"), the Company and/or the Operating Partnership will acquire, directly or indirectly, (a) 17 properties, consisting of retail, office and multifamily properties, that are owned by certain entities and their consolidated subsidiaries owned and/or controlled by Ernest S. Rady and/or his affiliates (the "Predecessor Entities" or, collectively, the "Predecessor"), (b) three properties, consisting of retail, office and mixed-use properties, in each of which the Predecessor owns an unconsolidated equity interest, and (c) the real estate management business of American Assets, Inc. ("AAI"), in each case from AAI, the Ernest Rady Trust U/D/T March 10, 1983 (the "Rady Trust") and certain other third parties (collectively, the "Pre-Formation Participants"), in exchange for an aggregate of approximately 6.1 million in cash, 7,030,084 shares of Common Stock and 18,145,039 Common Units; (iv) pursuant to a representation, warranty and indemnity agreement, dated as of September 13, 2010 and filed as an exhibit to the Registration Statement (the "Representation, Warranty and Indemnity Agreement"), the Rady Trust has provided limited representations and warranties regarding the entities and assets being acquired in the formation transactions, and has agreed to indemnify the Company and the Operating Partnership for breaches of those representations and warranties; (v) in order to provide the Company and the Operating Partnership an exclusive remedy for potential claims under the Representation, Warranty and Indemnity Agreement, the Rady Trust has entered into an indemnity escrow agreement, dated as of September 13, 2010 and filed as an exhibit to the Registration Statement (the "Escrow Agreement"), pursuant to which it will deposit into escrow 10% of the cash, 10% of the shares of Common Stock and 10% of the Common Units received by it and its affiliates as consideration in the formation transactions; (vi) the Company will enter into a registration rights agreement with the Pre-Formation Participants receiving shares of Common Stock and/or Common Units in the formation transactions, pursuant to which the Company, subject to certain limitations, will agree to file one or more registration statements covering the resale of the shares of Common Stock issued in the formation transactions or the shares of Common Stock issued or issuable, at its option, in exchange for Common Units issued in the formation transactions (the "Registration Rights Agreement," and together with this Agreement, the Acquisition Agreements, the Representation, Warranty and Indemnity Agreement, the Escrow Agreement, the Employment Agreements (as hereinafter defined) and the Operating Partnership Agreement (as hereinafter defined), the "Operative Documents"); (vii) the Operating Partnership will enter into a revolving credit facility providing for a line of credit of up to $250.0 million; (viii) the Company and the Operating Partnership will repay approximately $341.8 million of debt and other obligations related to the acquired properties, including applicable prepayment costs, exit fees and defeasance costs of $24.1 million; and (ix) the Company will adopt a cash and equity-based incentive award plan and other incentive plans for its directors, officers, employees and consultants (the foregoing transactions, as more particularly described in the Prospectus, are referred to herein as the "Formation Transactions").

The Transaction Entities and the Underwriters agree that up to 1,375,000 shares of the Initial Securities to be purchased by the Underwriters (the "Reserved Securities") shall be reserved for sale by the Underwriters to certain persons designated by the Company (the "Invitees"), as part of the distribution of the Securities by the Underwriters, subject to the terms of this Agreement, the applicable rules, regulations and interpretations of the Financial Industry Regulatory Authority, Inc. ("FINRA") and all other applicable laws, rules and regulations. The Company solely determined, without any direct or

indirect participation by the Underwriters, the Invitees who will purchase Reserved Securities (including the amount to be purchased by such persons) sold by the Underwriters. To the extent that such Reserved Securities are not orally confirmed for purchase by Invitees by 9:00 A.M. (New York City time) on the first business day after the date of this Agreement, such Reserved Securities may be offered to the public as part of the public offering contemplated hereby.

The Company has filed with the Securities and Exchange Commission (the "Commission") a registration statement on Form S-11 (No. 333-169326), including the related preliminary prospectus or prospectuses, covering the registration of the sale of the Securities under the Securities Act of 1933, as amended (the "1933 Act"). Promptly after execution and delivery of this Agreement, the Company will prepare and file a prospectus in accordance with the provisions of Rule 430A ("Rule 430A") of the rules and regulations of the Commission under the 1933 Act (the "1933 Act Regulations") and Rule 424(b) ("Rule 424(b)") of the 1933 Act Regulations. The information included in such prospectus that was omitted from such registration statement at the time it became effective but that is deemed to be part of such registration statement at the time it became effective pursuant to Rule 430A(b) is herein called the "Rule 430A Information." Such registration statement, including the amendments thereto, the exhibits thereto and any schedules thereto, at the time it became effective, and including the Rule 430A Information, is herein called the "Registration Statement." Any registration statement filed pursuant to Rule 462(b) of the 1933 Act Regulations is herein called the "Rule 462(b) Registration Statement" and, after such filing, the term "Registration Statement" shall include the Rule 462(b) Registration Statement. Each prospectus used prior to the effectiveness of the Registration Statement, and each prospectus that omitted the Rule 430A Information that was used after such effectiveness and prior to the execution and delivery of this Agreement, is herein called a "preliminary prospectus." The final prospectus in the form first furnished to the Underwriters for use in connection with the offering of the Securities is herein called the "Prospectus." For purposes of this Agreement, all references to the Registration Statement, any preliminary prospectus, the Prospectus or any amendment or supplement to any of the foregoing shall be deemed to include the copy filed with the Commission pursuant to its Electronic Data Gathering, Analysis and Retrieval system ("EDGAR") or its Interactive Data Electronic Applications system ("IDEA").

As used in this Agreement:

"Applicable Time" means 7:00 A.M., New York City time, on January 13, 2011 or such other time as agreed by the Company and the Representatives.

"General Disclosure Package" means any Issuer General Use Free Writing Prospectuses (as defined below) issued at or prior to the Applicable Time, the prospectus (including any documents incorporated therein by reference) that is included in the Registration Statement as of the Applicable Time and the information included on Schedule C-1 hereto, all considered together.

"Issuer Free Writing Prospectus" means any "issuer free writing prospectus," as defined in Rule 433 of the 1933 Act Regulations ("Rule 433"), including without limitation any "free writing prospectus" (as defined in Rule 405 of the 1933 Act Regulations ("Rule 405")), relating to the Securities that is (i) required to be filed with the Commission by the Company, (ii) a "road show that is a written communication" within the meaning of Rule 433(d)(8)(i) whether or not required to be filed with the Commission, or (iii) exempt from filing with the Commission pursuant to Rule 433(d)(5)(i) because it contains a description of the Securities or of the offering that does not reflect the final terms, in each case in the form filed or required to be filed with the

Commission or, if not required to be filed, in the form retained in the Company's records pursuant to Rule 433(g).

"Issuer General Use Free Writing Prospectus" means any Issuer Free Writing Prospectus that is intended for general distribution to prospective investors (other than a "*bona fide* electronic road show," as defined in Rule 433 (the "Bona Fide Electronic Road Show")), each of which is specified in Schedule C-2 hereto.

"Issuer Limited Use Free Writing Prospectus" means any Issuer Free Writing Prospectus that is not an Issuer General Use Free Writing Prospectus.

All references in this Agreement to financial statements and schedules and other information which is "contained," "included" or "stated" in the Registration Statement, any preliminary prospectus or the Prospectus (or other references of like import) shall be deemed to mean and include all such financial statements and schedules and other information which is incorporated by reference in or otherwise deemed by 1933 Act Regulations to be a part of or included in the Registration Statement, any preliminary prospectus or the Prospectus, as the case may be.

SECTION 1. Representations and Warranties.

(a) *Representations and Warranties by the Transaction Entities*. Each of the Transaction Entities, jointly and severally, represents and warrants to each Underwriter as of the date hereof, the Applicable Time, the Closing Time (as defined below) and any Date of Delivery (as defined below), and agrees with each Underwriter, as follows:

(i) Registration Statement and Prospectuses. Each of the Registration Statement and any amendment thereto has become effective under the 1933 Act. No stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereto has been issued under the 1933 Act, no order preventing or suspending the use of any preliminary prospectus or the Prospectus has been issued and no proceedings for any of those purposes have been instituted or are pending or, to the Company's knowledge, contemplated. The Company has complied with each request (if any) from the Commission for additional information.

Each of the Registration Statement and any post-effective amendment thereto, at the time it became effective, at the Closing Time and at each Date of Delivery, complied and will comply in all material respects with the requirements of the 1933 Act and the 1933 Act Regulations. Each preliminary prospectus (including the prospectus filed as part of the Registration Statement as originally filed or as part of any amendment or supplement thereto), at the time it was filed, and the Prospectus complied in all material respects with the 1933 Act and the 1933 Act Regulations. Each preliminary prospectus delivered to the Underwriters for use in connection with this offering and the Prospectus was or will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR or IDEA, except to the extent permitted by Regulation S-T. The Prospectus, any preliminary prospectus and any supplement thereto or prospectus wrapper prepared in connection therewith, at their respective times of issuance and at the Closing Time, complied and will comply in all material respects with any applicable laws or regulations of foreign jurisdictions in which the Prospectus and such preliminary prospectus, as amended or supplemented, if applicable, are distributed in connection with the offer and sale of Reserved Securities.

(ii) Accurate Disclosure. Neither the Registration Statement nor any amendment thereto, at its effective time, at the Closing Time or at any Date of Delivery, contained, contains or will contain an untrue statement of a material fact or omitted, omits or will omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. As of the Applicable Time, at the Closing Time and at each Date of Delivery, neither (A) the General Disclosure Package nor (B) any individual Issuer Limited Use Free Writing Prospectus, when considered together with the General Disclosure Package, included, includes or will include an untrue statement of a material fact or omitted, omits or will omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. Neither the Prospectus nor any amendment or supplement thereto (including any prospectus wrapper), as of its issue date, at the time of any filing with the Commission pursuant to Rule 424(b), at the Closing Date and at any Date of Delivery, included, includes or will include an untrue statement of a material fact or omitted, omits or will omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

The representations and warranties in Section 1(a)(ii) shall not apply to statements in or omissions from the Registration Statement (or any amendment thereto), the General Disclosure Package or the Prospectus (or any amendment or supplement thereto) made in reliance upon and in conformity with written information furnished to the Company by any Underwriter expressly for use therein. For purposes of this Agreement, the only information so furnished shall be the information in the first paragraph under the heading "Underwriting—Commissions and Discounts," the information in the second, third and fourth paragraphs under the heading "Underwriting—Price Stabilization, Short Positions and Penalty Bids" in the Prospectus and the information under the heading "Underwriting—Electronic Offer, Sale and Distribution of Shares" (collectively, the "Underwriter Information").

(iii) Issuer Free Writing Prospectuses. No Issuer Free Writing Prospectus conflicts or will conflict with the information contained in the Registration Statement or the Prospectus, and any preliminary or other prospectus deemed to be a part thereof that has not been superseded or modified. Each Issuer Free Writing Prospectus conformed or will conform in all material respects to the requirements of the 1933 Act and the 1933 Act Regulations on the date of first use, and the Company has complied with any filing requirements applicable to such Issuer Free Writing Prospectus pursuant to the 1933 Act Regulations. The Company has not made any offer relating to the Securities that would constitute an Issuer Free Writing Prospectus without the prior written consent of the Representatives, provided that such consent is deemed to have been given with respect to each Issuer Free Writing Prospectus identified on Schedule C-2. The Company has retained in accordance with the 1933 Act Regulations all Issuer Free Writing Prospectuses that were not required to be filed pursuant to the 1933 Act Regulations. The Company has made available a Bona Fide Electronic Road Show in compliance with Rule 433(d)(8)(ii) such that no filing of any "road show" (as defined in Rule 433(h)) is required in connection with the offering of the Securities.

(iv) Company Not Ineligible Issuer. At the time of filing the Registration Statement and any post-effective amendment thereto and at the date hereof, the Company was not and is not an "ineligible issuer," as defined in Rule 405, without taking account of any determination by the Commission pursuant to Rule 405 that it is not necessary that the Company be considered an ineligible issuer.

(v) Independent Accountants. The accountants who certified the financial statements and supporting schedules included in the Registration Statement are independent public accountants with respect to the Company as required by the 1933 Act, the 1933 Act Regulations and the Public Accounting Oversight Board.

(vi) Financial Statements; Non-GAAP Financial Measures. The financial statements included in the Registration Statement, the General Disclosure Package and the Prospectus, together with the related schedules and notes, present fairly in all material respects the financial position of the entities purported to be shown thereby (including the Predecessor and the Company and its consolidated subsidiaries) at the dates indicated and the statement of operations, stockholders' equity and cash flows of the Company and its consolidated subsidiaries for the periods specified; said financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP") applied on a consistent basis throughout the periods involved. The supporting schedules, if any, present fairly in all material respects in accordance with GAAP the information required to be stated therein. The selected financial data and the summary financial information included in the Registration Statement, the General Disclosure Package and the Prospectus present fairly in all material respects the information shown therein and have been compiled on a basis consistent with that of the audited financial statements included therein. The pro forma financial statements and the related notes thereto included in the Registration Statement, the General Disclosure Package and the Prospectus present fairly the information shown therein, have been prepared in all material respects in accordance with the Commission's rules and guidelines with respect to pro forma financial statements and have been properly compiled on the bases described therein, and subject to such rules and guidelines, the assumptions used in the preparation thereof are reasonable and the adjustments used therein are appropriate to give effect to the transactions and circumstances referred to therein. Except as included therein, no historical or pro forma financial statements or supporting schedules are required to be included or incorporated by reference in the Registration Statement, the General Disclosure Package or the Prospectus under the 1933 Act or the 1933 Act Regulations. All disclosures contained in the Registration Statement, the General Disclosure Package or the Prospectus regarding "non-GAAP financial measures" (as such term is defined by the rules and regulations of the Commission) comply in all material respects with Regulation G of the Securities Exchange Act of 1934, as amended (the "1934 Act"), and Item 10 of Regulation S-K of the 1933 Act, to the extent applicable.

(vii) No Material Adverse Change in Business. Since the respective dates as of which information is given in the Registration Statement, the General Disclosure Package or the Prospectus, except as otherwise stated therein, (A) there has been no material adverse change in or affecting any of the properties described in the General Disclosure Package and the Prospectus as owned or leased by the Company or its subsidiaries immediately following the Formation Transactions (the "Properties") or in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company and its subsidiaries and the Predecessor considered as one enterprise (and assuming the completion of the Formation Transactions), whether or not arising in the ordinary course of business (a "Material Adverse Effect"), (B) there have been no transactions entered into by the Company or any of its subsidiaries or any Predecessor Entity (or subsidiary thereof), other than those in the ordinary course of business, which are material with respect to the Company and its subsidiaries considered as one enterprise, and (C) there has been no dividend or distribution of any kind declared, paid or made by either of the Transaction Entities or any of their subsidiaries or any Predecessor Entity (or subsidiary thereof) on any class of its capital stock, Common Units or other form of ownership interests.

(viii) Good Standing of the Company. The Company has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Maryland and has corporate power and authority to own, lease, and operate its Properties and to conduct its business as described in the General Disclosure package and the Prospectus and to enter into and perform its obligations (A) under this Agreement, the other Operative Documents and the various other agreements required thereunder to which it is a party and (B) in connection with the Formation Transactions; and the Company is duly qualified as a foreign corporation to transact business and is in good standing in each other jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except for such jurisdictions where the failure so to qualify or to be in good standing would not result in a Material Adverse Effect.

(ix) Good Standing of Operating Partnership. The Operating Partnership has been duly formed and is validly existing as a limited partnership in good standing under the laws of the State of Maryland, is duly qualified to do business and is in good standing as a foreign limited partnership in each jurisdiction in which its ownership or lease of property and other assets or the conduct of its business requires such qualification, except where the failure to so qualify will not have a Material Adverse Effect, and has all power and authority necessary to own or hold its properties and other assets, to conduct the business in which it is engaged and to enter into and perform its obligations (A) under this Agreement, the other Operative Documents and the various other agreements required thereunder to which it is a party and (B) in connection with the Formation Transactions. The Company, immediately following the Formation Transactions, will be the sole general partner of the Operating Partnership. At the Closing Time, the Agreement of Limited Partnership of the Operating Partnership in the form provided to you prior to the date hereof (the "Operating Partnership Agreement"), will be in full force and effect, and the aggregate percentage interests of the Company and the limited partners in the Operating Partnership will be as set forth in the General Disclosure Package and the Prospectus; provided that to the extent any portion of the Underwriter's option to purchase the Option Securities is exercised at the Closing Time, the percentage interest of such partners in the Operating Partnership will be adjusted accordingly. Additionally, to the extent any portion of such overallotment option is exercised subsequent to the Closing Date, the Company will contribute the proceeds from the sale of the Option Securities to the Operating Partnership in exchange for a number of Common Units equal to the number of Option Securities issued.

(x) Good Standing of Subsidiaries. Each "significant subsidiary" of the Company (as such term is defined in Rule 1-02 of Regulation S-X) (after giving effect to the Formation Transactions) and American Assets Services, Inc. (each a "Subsidiary" and, collectively, the "Subsidiaries") has been duly organized and is validly existing in good standing under the laws of the jurisdiction of its incorporation or organization, has corporate or similar power and authority to own, lease and operate its properties and to conduct its business as described in the General Disclosure Package and the Prospectus and is duly qualified to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure to so qualify or to be in good standing would not result in a Material Adverse Effect. Except as otherwise disclosed in the General Disclosure Package and the Prospectus, all of the issued and outstanding capital stock or equity interests of each Subsidiary has been duly authorized and validly issued, is fully paid and non-assessable and is owned by the Company, directly or through subsidiaries, free and clear of any material security interest, mortgage, pledge, lien, encumbrance, claim or equity. None of the outstanding shares of capital stock of any Subsidiary was issued in violation of the

preemptive or similar rights of any securityholder of such Subsidiary. The only subsidiaries of the Company are the subsidiaries listed on Exhibit 21 to the Registration Statement.

(xi) Capitalization. The authorized, issued and outstanding shares of capital stock of the Company are as set forth in the General Disclosure Package and the Prospectus in the column entitled "Historical Combined" under the caption "Capitalization" (except for subsequent issuances, if any, pursuant to this Agreement, pursuant to reservations, agreements or employee benefit plans referred to in the General Disclosure Package and the Prospectus or pursuant to the exercise of convertible or exchangeable securities or options referred to in the General Disclosure Package and the Prospectus). The outstanding shares of capital stock of the Company have been duly authorized and validly issued and are fully paid and non-assessable. None of the outstanding shares of capital stock of the Company was issued in violation of the preemptive or other similar rights of any securityholder of the Company. Except as disclosed in the General Disclosure Package and the Prospectus, (i) other than with respect to (x) the Common Units disclosed in the General Disclosure Package and the Prospectus and (y) any shares reserved pursuant to the Company's equity incentive plan as disclosed in the General Disclosure Package and the Prospectus, no shares of capital stock of the Company are reserved for any purpose, (ii) except for the Common Units, there are no outstanding securities convertible into or exchangeable for any shares of capital stock of the Company, and (iii) there are no outstanding options, rights (preemptive or otherwise) or warrants to purchase or subscribe for shares of capital stock or any other securities of the Company.

(xii) The Common Units to be issued in the Formation Transactions have been duly authorized for issuance by the Operating Partnership and its general partner and, at the Closing Time, will be validly issued. The issuance and sale by the Operating Partnership of the Common Units in connection with the Formation Transactions are exempt from the registration requirements of the 1933 Act and applicable state securities, real estate syndication and blue sky laws, and are not in violation of the preemptive or other similar rights of any security holder of the Operating Partnership. Except as disclosed in the General Disclosure Package and the Prospectus, no Common Units are reserved for any purpose and there are no outstanding securities convertible into or exchangeable for any Common Units and no outstanding options, rights (preemptive or otherwise) or warrants to purchase or subscribe for Common Units or other securities of the Operating Partnership. The terms of the Common Units conform in all material respects to statements and descriptions related thereto contained in each of the General Disclosure Package and the Prospectus.

(xiii) Authorization of Agreement. This Agreement has been duly authorized, executed and delivered by each of the Transaction Entities.

(xiv) Authorization and Enforceability of Operative Documents. (A) At or prior to the Closing Time, the Operating Partnership Agreement will have been duly and validly authorized, executed and delivered by the Company and the Operating Partnership (and, to the knowledge of the Transaction Entities, by each other party thereto) and will be a valid and binding agreement of the Company and the Operating Partnership (and, to the knowledge of the Transaction Entities, of each other party thereto), enforceable against the Company and the Operating Partnership (and, to the knowledge of the Transaction Entities, against each other party thereto) in accordance with its terms; (B) each of the Acquisition Agreements, Representation, Warranty and Indemnity Agreement has been duly authorized, executed and delivered by the Company, the Operating Partnership and the Predecessor Entities, and is a valid and binding agreement, enforceable against the Company and the Operating Partnership in accordance with its terms, and neither of

the Transaction Entities has any reason to believe that any of the Acquisition Agreements or Representation, Warranty and Indemnity Agreement have not been duly and validly authorized by all other parties thereto; (C) the Escrow Agreement has been duly authorized by the Company, the Operating Partnership and the other party thereto and, at or prior to the Closing Time, will be executed and delivered by the Company, the Operating Partnership and each other party thereto and will constitute a valid and binding agreement of the Company and the Operating Partnership, enforceable against the Company and the Operating Partnership (and, to the knowledge of the Transaction Entities, against each other party thereto) in accordance with its terms; (D) the employment agreements, described in the General Disclosure Package and the Prospectus and filed as exhibits to the Registration Statement, between the Transaction Entities and each of Ernest S. Rady, John W. Chamberlain, Robert F. Barton, Adam Wyll and Patrick Kinney (the "Employment Agreements") have been duly authorized by the Company and the Operating Partnership and, at or prior to the Closing Time, will be executed and delivered by the Company and the Operating Partnership (and, to the knowledge of Transaction Entities, by each other party thereto) and will constitute valid and binding agreements of the Company and the Operating Partnership, enforceable against the Company and the Operating Partnership (and, to the knowledge of Transaction Entities, against each other party thereto) in accordance with their terms; and (E) the Registration Rights Agreement has been duly authorized by the Company and, at or prior to the Closing Time, will be executed and delivered by the Company (and, to the knowledge of the Transaction Entities, by each other party thereto) and will constitute a valid and binding agreement of the Company, enforceable against the Company (and, to the knowledge of the Transaction Entities, against each other party thereto) in accordance with its terms; except in each case as enforceability may be limited by applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws relating to or affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity and, with respect to equitable relief, the discretion of the court before which any proceeding therefor may be brought (regardless of whether enforcement is sought in a proceeding at law or in equity), and with respect to indemnification thereunder, except as rights may be limited by applicable law or policies underlying such law.

(xv) Authorization and Description of Securities. The Securities to be purchased by the Underwriters and the shares of Common Stock (other than the Securities) to be issued in connection with the Formation Transactions (the "Pre-Formation Participant Shares") have been duly authorized for issuance and sale to the Underwriters, the Pre-Formation Participants or their nominees, respectively, pursuant to this Agreement, or the Acquisition Agreements, as applicable, and, when (A) the Securities have been issued and delivered by the Company pursuant to this Agreement against payment of the consideration set forth herein and (B) the Pre-Formation Participant Shares have been issued and delivered by the Company pursuant to the applicable Acquisition Agreement against payment of the consideration set forth therein, such Securities and Pre-Formation Participant Shares, as applicable, will be validly issued and fully paid and non-assessable; and the issuance of the Securities is not subject to the preemptive or other similar rights of any securityholder of the Company. The issuance and sale by the Company of Common Stock (other than the Securities) in connection with the Formation Transactions at or prior to the Closing Time are exempt from the registration requirements of the 1933 Act and applicable state securities, real estate syndication and blue sky laws. The Common Stock conforms in all material respects to all statements relating thereto contained in the General Disclosure Package and the Prospectus and such description conforms in all material respects to the rights set forth in the instruments defining the same; and no holder of the Securities will be subject to personal liability by reason of being such a holder. The certificates to be used to evidence the Securities will, at the Closing Time, be in due and proper form and will comply in all material respects with all

applicable legal requirements, the requirements of the charter and bylaws of the Company and the requirements of the New York Stock Exchange. The issuance of the Securities and the Pre-Formation Participant Shares is not subject to any preemptive or other similar rights of any securityholder of the Company.

(xvi) Authorization and Description of Common Units. The Common Units to be issued in the Formation Transactions (the "Pre-Formation Participant Units") have been duly authorized for issuance by the Operating Partnership and its general partner and, at the Closing Time, will be validly issued. The issuance and sale by the Operating Partnership of the Common Units in connection with the Formation Transactions are exempt from the registration requirements of the 1933 Act and applicable state securities, real estate syndication and blue sky laws. The terms of the Common Units conform in all material respects to the descriptions related thereto in the General Disclosure Package and the Prospectus. Except as disclosed in the General Disclosure Package and the Prospectus, (i) no Common Units are reserved for any purpose, (ii) there are no outstanding securities convertible into or exchangeable for any Common Units, and (iii) there are no outstanding options, rights (preemptive or otherwise) or warrants to purchase or subscribe for Common Units or any other securities of the Operating Partnership.

(xvii) Registration Rights. There are no persons with registration rights or other similar rights to have any securities registered for sale pursuant to the Registration Statement or otherwise registered for sale by the Company under the 1933 Act, other than those rights that have been disclosed in the General Disclosure Package and the Prospectus and do not apply or have been waived.

(xviii) Absence of Certain Events. Neither of the Transaction Entities nor any of the Properties has sustained, since the date of the latest audited financial statements included in the General Disclosure Package and the Prospectus, any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(xix) Absence of Defaults and Conflicts. Neither of the Transaction Entities, nor any of their subsidiaries is (A) in violation of its charter, by-laws, certificate of limited partnership, agreement of limited partnership or similar organizational document, (B) in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other agreement or instrument to which either of the Transaction Entities or any of their subsidiaries is a party or by which it or any of them may be bound, or to which any of the Properties or any other properties or assets of the Transaction Entities or any of their subsidiaries is subject (collectively, "Agreements and Instruments"), except for such defaults that would not, singly or in the aggregate, result in a Material Adverse Effect, or (C) in violation of any law, statute, rule, regulation, judgment, order, writ or decree of any arbitrator, court, governmental body, regulatory body, administrative agency or other authority, body or agency having jurisdiction over the Company or any of its subsidiaries or any of their respective properties, assets or operations (each, a "Governmental Entity"), except for such violations that would not, singly or in the aggregate, result in a Material Adverse Effect. The execution, delivery and performance of this Agreement and the other Operative Documents and the consummation of the transactions contemplated herein and in the General Disclosure Package and the Prospectus (including the Formation Transactions, the issuance and sale of the Securities and the use of the proceeds from the sale of the Securities as described therein under the caption "Use of Proceeds") and

compliance by the Transaction Entities and the Predecessor Entities with their obligations hereunder and thereunder have been duly authorized by all necessary corporate or limited partnership action, as applicable, and do not and will not, whether with or without the giving of notice or passage of time or both, conflict with or constitute a breach of, or default or Repayment Event (as defined below) under, or result in the creation or imposition of any lien, charge or encumbrance upon any properties or assets of the Company or any subsidiary or Predecessor Entity (or subsidiary thereof) pursuant to, the Agreements and Instruments (except for such conflicts, breaches, defaults or Repayment Events or liens, charges or encumbrances that would not, singly or in the aggregate, result in a Material Adverse Effect), nor will such action result in any violation of (i) the provisions of the charter, by-laws, certificate of limited partnership, agreement of limited partnership or similar organizational document of either of the Transaction Entities or any of their subsidiaries or any Predecessor Entity (or any subsidiary thereof) or (ii) any law, statute, rule, regulation, judgment, order, writ or decree of any Governmental Entity, except in the case of clause (ii) only, for any such violation that would not result in a Material Adverse Effect. As used herein, a "Repayment Event" means any event or condition which gives the holder of any note, debenture or other evidence of indebtedness (or any person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Transaction Entities or any of their subsidiaries or Predecessor Entity (or subsidiary thereof).

(xx) Absence of Labor Dispute. No labor dispute with the employees of either of the Transaction Entities or any of their subsidiaries exists, or, to the knowledge of the Transaction Entities, is imminent, and the Transaction Entities are not aware of any existing or imminent labor disturbance by the employees of any of their or any subsidiary's material tenants that would result in a Material Adverse Effect.

(xxi) ERISA. Each Transaction Entity is in compliance in all material respects with all applicable provisions of the Employee Retirement Income Security Act of 1974, as amended, including the regulations and published interpretations thereunder ("ERISA"); no "reportable event" (as defined in ERISA) has occurred with respect to any "pension plan" (as defined in ERISA) for which any Transaction Entity would have any liability; no Transaction Entity has incurred or expects to incur liability under (i) Title IV of ERISA with respect to termination of, or withdrawal from, any "pension plan" or (ii) Sections 412 or 4971 of the Code; each "pension plan" for which any Transaction Entity would have any liability that is intended to be qualified under Section 401(a) of the Code is so qualified in all material respects and nothing has occurred thereunder, whether by action or by failure to act, which would cause the loss of such qualification, except where the failure to be so qualified would not have a Material Adverse Effect.

(xxii) Absence of Proceedings. Except as disclosed in the General Disclosure Package and the Prospectus, there is no action, suit, proceeding, inquiry or investigation before or brought by any Governmental Entity now pending or, to the knowledge of the Company, threatened, against or affecting the Company or any of its subsidiaries or Predecessor Entity (or subsidiary thereof), which is required to be disclosed in the Registration Statement (other than as disclosed therein), or which could reasonably be expected to result in a Material Adverse Effect, or which would materially and adversely affect their respective properties or assets or the consummation of the transactions contemplated in this Agreement or the Formation Transactions, or the performance by the Company of its obligations hereunder or under the agreements relating to the Formation Transactions; and the aggregate of all pending legal or governmental proceedings to which the Company or any such subsidiary or Predecessor Entity (or subsidiary thereof) is a party

or of which any of their respective properties or assets is the subject which are not described in the General Disclosure Package and the Prospectus, including ordinary routine litigation incidental to the business, would not reasonably be expected to result in a Material Adverse Effect.

(xxiii) Accurate Disclosure. The statements in the General Disclosure Package and the Prospectus under the headings "Prospectus Summary—Our Tax Status," "Prospectus Summary—Restrictions on Transfer," "Prospectus Summary—Restrictions on Ownership of Our Stock," "Executive Compensation," "Certain Relationships and Related Transactions," "Description of Securities," "Material Provisions of Maryland Law and of Our Charter and Bylaws," "Federal Income Tax Considerations," "ERISA Considerations" and "Underwriting," insofar as such statements summarize legal matters, agreements, documents or proceedings discussed therein, are accurate and fair summaries of such legal matters, agreements, documents or proceedings in all material respects.

(xxiv) Accuracy of Exhibits. There are no contracts or documents that are required to be described in the Registration Statement, the General Disclosure Package or the Prospectus or to be filed as exhibits to the Registration Statement that have not been so described or filed as required.

(xxv) No Finder's Fee. Except for the Underwriters' discounts and commissions payable by the Company to the Underwriters in connection with the offering of the Securities contemplated herein or as otherwise disclosed in the General Disclosure Package and the Prospectus, neither of the Transaction Entities has incurred any liability for any brokerage commission, finder's fees or similar payments in connection with the offering of the Securities contemplated hereby.

(xxvi) Absence of Further Requirements. No filing with, or authorization, approval, consent, license, order, registration, qualification or decree of, any Governmental Entity is necessary or required for the performance by the Company of its obligations hereunder, in connection with the offering, issuance or sale of the Securities hereunder or the consummation of the transactions contemplated by this Agreement, or under the Operative Documents, or in connection with the consummation of the Formation Transactions, except (A) such as have been already obtained or as may be required under the 1933 Act, the 1933 Act Regulations, the rules of the New York Stock Exchange, state securities laws or the rules of FINRA, (B) such as have been obtained under the laws and regulations of jurisdictions outside the United States in which the Reserved Securities are offered and (C) prior to the consummation of the Formation Transactions, the filing of a certificate of merger with respect to each of the mergers contemplated by the Acquisition Agreements and its acceptance by the secretary of state of the jurisdiction of incorporation or each party thereto.

(xxvii) Possession of Licenses and Permits. Except as described in the General Disclosure Package and the Prospectus, each of the Transaction Entities and their subsidiaries possess such permits, licenses, approvals, consents and other authorizations (collectively, "Governmental Licenses") issued by the appropriate Governmental Entities necessary under applicable law to conduct the business now operated by them, except where the failure so to possess would not, singly or in the aggregate, result in a Material Adverse Effect; each of the Transaction Entities and their subsidiaries are in compliance with the terms and conditions of all such Governmental Licenses, except where the failure so to comply would not, singly or in the aggregate, result in a Material Adverse Effect. All of the Governmental Licenses are valid and in

full force and effect, except when the invalidity of such Governmental Licenses or the failure of such Governmental Licenses to be in full force and effect would not, singly or in the aggregate, result in a Material Adverse Effect. Except as described in the General Disclosure Package and the Prospectus, neither the Company nor any of its subsidiaries nor any Predecessor Entity (or subsidiary thereof) has received any notice of proceedings relating to the revocation or modification of any Governmental Licenses that, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would result in a Material Adverse Effect.

(xxviii) Title to Property. (A) Upon consummation of the Formation Transactions, the Operating Partnership or a subsidiary thereof will have good and marketable title (fee or, in the case of ground leases and as disclosed in the General Disclosure Package and the Prospectus, leasehold) to each Property, free and clear of all mortgages, pledges, liens, claims, security interests, restrictions or encumbrances of any kind, except such as (1) are described in the General Disclosure Package and the Prospectus or (2) do not, singly or in the aggregate, materially affect the value of such property and do not materially interfere with the use made and proposed to be made of such property by the Transaction Entities or any of their subsidiaries; (B) neither the Transaction Entities nor any of their subsidiaries owns any real property other than the Properties; (C) each of the ground leases and subleases of real property, if any, material to the business of the Transaction Entities and their subsidiaries, considered as one enterprise, and under which the Transaction Entities or any of their subsidiaries holds properties described in the General Disclosure Package and the Prospectus, is in full force and effect, with such exceptions as are not material and do not materially interfere with the use made or proposed to be made of such real property by either of the Transaction Entities or any of their subsidiaries, and neither of the Transaction Entities nor any of their subsidiaries has any notice of any material claim of any sort that has been asserted by any ground lessor or sublessor under a ground lease or sublease threatening the rights of the Transaction Entities or any of their subsidiaries to the continued possession of the leased or subleased premises under any such ground lease or sublease; (D) all liens, charges, encumbrances, claims or restrictions on any of the Properties and the assets of a Transaction Entity or any of their subsidiaries that are required to be disclosed in the General Disclosure Package or the Prospectus are disclosed therein; (E) no tenant under any of the leases at the Properties has a right of first refusal to purchase the premises demised under such lease; (F) each of the Properties complies with all applicable codes, laws and regulations (including, without limitation, building and zoning codes, laws and regulations and laws relating to access to the Properties), except if and to the extent disclosed in the Prospectus, and except for such failures to comply that would not, singly or in the aggregate, reasonably be expected to have a Material Adverse Effect; (G) except if and to the extent disclosed in the general Disclosure package or the Prospectus, no Transaction Entity has knowledge of any pending or threatened condemnation proceedings, zoning change or other proceeding or action that will materially affect the use or value of any of the Properties; and (H) the mortgages and deeds of trust that encumber the Properties are not convertible into equity securities of the entity owning such Property and said mortgages and deeds of trust are not cross-defaulted or cross-collateralized with any property other than other Properties.

(xxix) Utilities. To the knowledge of the Transaction Entities, water, stormwater, sanitary sewer, electricity and telephone service are all available at the property lines of each Property over duly dedicated streets or perpetual easements of record benefiting the applicable Property.

(xxx) Possession of Intellectual Property. The Transaction Entities and their subsidiaries own or possess, or can acquire on reasonable terms, adequate patents, patent rights,

licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks, trade names or other intellectual property (collectively, "Intellectual Property") reasonably necessary to conduct the business now operated by them, and neither of the Transaction Entities nor any of their subsidiaries has received any notice or is otherwise aware of any infringement of or conflict with asserted rights of others with respect to any Intellectual Property or of any facts or circumstances that would render any Intellectual Property invalid or inadequate to protect the interest of the Transaction Entities or any of their subsidiaries therein, and which infringement or conflict (if the subject of any unfavorable decision, ruling or finding) or invalidity or inadequacy, singly or in the aggregate, would reasonably be expected to result in a Material Adverse Effect.

(xxxi) Environmental Laws. Except as described in the General Disclosure Package and the Prospectus or would not, singly or in the aggregate, result in a Material Adverse Effect, (A) neither of the Transaction Entities nor any of their subsidiaries nor any Predecessor Entity (or subsidiary thereof) is in violation of any federal, state, local or foreign statute, law, rule, regulation, ordinance, code, policy or rule of common law or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent, decree or judgment, relating to pollution or protection of human health, the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including, without limitation, laws and regulations relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products, asbestos-containing materials or mold (collectively, "Hazardous Materials") or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials (collectively, "Environmental Laws"), (B) the Transaction Entities and their subsidiaries have all permits, authorizations and approvals required under any applicable Environmental Laws and are each in compliance with their requirements, (C) there are no pending or threatened administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violation, investigation or proceedings relating to any Environmental Law against either of the Transaction Entities or any of their subsidiaries and or any Predecessor Entity (or subsidiary thereof) (D) there are no events or circumstances that would reasonably be expected to form the basis of an order for clean-up or remediation, or an action, suit or proceeding by any private party or Governmental Entity, against or affecting the Company or any of its subsidiaries relating to Hazardous Materials or any Environmental Laws.

(xxxii) Accounting Controls and Disclosure Controls. The Company and each of its subsidiaries (i) have taken all necessary actions to ensure that, within the time period required, the Company and its subsidiaries will maintain effective internal control over financial reporting (as defined under Rule 13a-15 and 15d-15 under the rules and regulations of the Commission under the 1934 Act (the "1934 Act Regulations")) and (ii) currently maintain a system of internal accounting controls sufficient to provide reasonable assurances that (A) transactions are executed in accordance with management's general or specific authorization; (B) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain accountability for assets; (C) access to assets is permitted only in accordance with management's general or specific authorization; and (D) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Except as described in the General Disclosure Package and the Prospectus, since the Company's inception, there has been no material weakness in the Company's internal control over financial reporting (whether or not remediated). The Company's auditors and the Audit Committee of the Board of Directors of the Company, or if no such Audit Committee exists, the full Board of Directors of the Company, have been advised of:

(i) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting that have adversely affected or are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls over financial reporting. The Company and its subsidiaries have established a system of disclosure controls and procedures (as defined in Rule 13a-15 and Rule 15d-15 under the 1934 Act Regulations) that are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the 1934 Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms, and is accumulated and communicated to the Company's management, including its principal executive officer or officers and principal financial officer or officers, as appropriate, to allow timely decisions regarding disclosure.

(xxxiii) Compliance with the Sarbanes-Oxley Act. The Company has taken all necessary actions to ensure that, at the time of effectiveness of the Registration Statement, it will be in compliance in all material respects with all provisions of the Sarbanes-Oxley Act of 2002 and all rules and regulations promulgated thereunder or implementing the provisions thereof (the "Sarbanes-Oxley Act") that are then in effect and with which the Company is required to comply as of the effectiveness of the Registration Statement, and is actively taking steps to ensure that it will be in compliance in all material respects with other provisions of the Sarbanes-Oxley Act not currently in effect, upon the effectiveness of such provisions, or which will become applicable to the Company at all times after the effectiveness of the Registration Statement. The Company has not, directly or indirectly, including through any subsidiary, extended credit, arranged to extend credit, or renewed any extension of credit, in the form of a personal loan, to or for any executive officer of the Company or the Operating Partnership, or to or for any family member or affiliate of any director or executive officer of the Company or the Operating Partnership.

(xxxiv) Payment of Taxes. All material United States federal income tax returns of the Company and its subsidiaries required by law to be filed have been filed in a timely manner, and all such tax returns are correct and complete in all material respects and all taxes shown by such returns or otherwise due and payable have been paid, except taxes and assessments against which appeals have been or will be promptly taken and as to which adequate reserves have been provided. The Company and its subsidiaries have filed in a timely manner all tax returns that are required to have been filed by them pursuant to applicable foreign, state, local or other law (other than United States federal income tax law), except insofar as the failure to file such returns would not result in a Material Adverse Effect, and all such tax returns are correct and complete in all material respects. The Company and its subsidiaries have paid all material taxes (other than United States federal income taxes) due, except for such taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided. The charges, accruals, and reserves on the books of the Company in respect of taxes for any years not finally determined are adequate to meet any assessments or re-assessments for additional tax for any years not finally determined, except to the extent of any inadequacy that would not result in a Material Adverse Effect. No tax deficiency has been asserted in writing against the Company or any subsidiary, nor does any such entity know of any tax deficiency that is likely to be asserted and, if determined adversely to any such entity, would reasonably be expected to have a Material Adverse Effect.

(xxxv) Insurance. The Transaction Entities and their subsidiaries and the Predecessor Entities (or subsidiary thereof) carry or are entitled to the benefits of insurance, with financially sound and reputable insurers, in such amounts and covering such risks as is generally maintained

by companies of established repute engaged in the same or similar business, and all such insurance is in full force and effect. Neither of the Transaction Entities has any reason to believe that it or any of their subsidiaries will not be able (A) to renew, if desired, its existing insurance coverage as and when such policies expire or (B) to obtain comparable coverage from similar institutions as may be necessary or appropriate to conduct its business as now conducted and at a cost that would not result in a Material Adverse Effect. Neither of the Company nor any of its subsidiaries nor any Predecessor Entities (or subsidiary thereof) has been denied any insurance coverage that it has sought or for which it has applied. The Transaction Entities, directly or indirectly, have obtained title insurance on the fee or leasehold interests, as the case may be, in each of the Properties, in an amount equal to no less than eighty percent (80%) of the purchase price of each such Property.

(xxxvi) Investment Company Act. Neither of the Transaction Entities is required, and upon the issuance and sale of the Securities and the Pre-Formation Participant Shares as herein contemplated and the application of the net proceeds therefrom as described in the General Disclosure Package and the Prospectus neither will be required, to register as an "investment company" under the Investment Company Act of 1940, as amended (the "1940 Act").

(xxxvii) Absence of Manipulation. Neither of the Transaction Entities, nor any of their respective affiliates, has taken, nor will take, directly or indirectly, any action that is designed, or would reasonably be expected, to cause or result in, or which constitutes, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities.

(xxxviii) Foreign Corrupt Practices Act. None of the Transaction Entities, any of their subsidiaries or, to the knowledge of either of the Transaction Entities, any director, officer, agent, employee, affiliate or other person acting on behalf of either of the Transaction Entities or any of their subsidiaries is aware of or has taken any action, directly or indirectly, that would result in a violation by such persons of the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (the "FCPA"), including, without limitation, making use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay or authorization of the payment of any money, or other property, gift, promise to give, or authorization of the giving of anything of value to any "foreign official" (as such term is defined in the FCPA) or any foreign political party or official thereof or any candidate for foreign political office, in contravention of the FCPA and each of the Transaction Entities and, to the knowledge of each of the Transaction Entities, their affiliates have conducted their businesses in compliance with the FCPA and have instituted and maintain policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance therewith.

(xxxix) Money Laundering Laws. The operations of each of the Transaction Entities and their subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Entity (collectively, the "Money Laundering Laws") and no action, suit or proceeding by or before any Governmental Entity involving either of the Transaction Entities or any of their subsidiaries with respect to the Money Laundering Laws is pending or, to the best knowledge of either of the Transaction Entities, threatened.

(xl) OFAC. None of the Transaction Entities, any of their subsidiaries or, to the knowledge of either of the Transaction Entities, any director, officer, agent, employee or affiliate or other person acting on behalf of either of the Transaction Entities or their subsidiaries is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("OFAC"); and the Company will not directly or indirectly use the proceeds of the sale of the Securities, or lend, contribute or otherwise make available such proceeds to any of its subsidiaries, joint venture partners or other person, for the purpose of financing the activities of any person currently subject to any U.S. sanctions administered by OFAC.

(xli) Sales of Reserved Securities. In connection with any offer and sale of Reserved Securities outside the United States, each preliminary prospectus, the Prospectus, any prospectus wrapper and any amendment or supplement thereto, at the time it was filed, complied and will comply in all material respects with any applicable laws or regulations of foreign jurisdictions. The Company has not offered, or caused the Representatives to offer, Reserved Securities to any person with the specific intent to unlawfully influence (i) a customer or supplier of either of the Transaction Entities or any of their affiliates to alter the customer's or supplier's level or type of business with any such entity or (ii) a trade journalist or publication to write or publish favorable information about the Company or any of its affiliates, or their respective businesses or products.

(xlii) Lending Relationship. Except as disclosed in the General Disclosure Package and the Prospectus, neither of the Transaction Entities (i) has any material lending or other relationship with any bank or lending affiliate of any Underwriter or (ii) intends to use any of the proceeds from the sale of the Securities hereunder to repay any outstanding debt owed to any affiliate of any Underwriter.

(xliii) Statistical and Market-Related Data. Any statistical and market-related data included in the General Disclosure Package or the Prospectus are based on or derived from sources that the Company believes to be reliable and accurate in all material respects and, to the extent required, the Company has obtained the written consent to the use of such data from such sources.

(xliv) Approval of Listing. The Securities have been approved for listing on the New York Stock Exchange, subject to notice of issuance.

(xlv) Prior Sales of Common Stock or Common Units. Except as disclosed in the Registration Statement, the General Disclosure Package and the Prospectus, the Company has not sold, issued or distributed any shares of Common Stock and the Operating Partnership has not sold, issued or distributed any Common Units.

(xlvi) Real Estate Investment Trust. Commencing with its taxable year ending December 31, 2011, the Company will be organized in conformity with the requirements for qualification and taxation as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended (the "Code"), and the Company's proposed method of operation will enable it to meet the requirements for qualification and taxation as a REIT under the Code. All statements regarding the Company's qualification and taxation as a REIT and descriptions of the Company's organization and proposed method of operation (inasmuch as they relate to the ability of the Company's qualification and taxation as a REIT) set forth in the Registration Statement, the General Disclosure Package and the Prospectus are accurate and fair summaries of the legal or tax matters described therein in all material respects.

(xlvii) No Restrictions on Distributions or Repayment. Except as described in the General Disclosure Package and the Prospectus, the Operating Partnership is not currently prohibited, directly or indirectly, from paying any distributions to the Company to the extent permitted by applicable law, from making any other distribution on the Operating Partnership's partnership interest, or from repaying the Company for any loans or advances made by the Company to the Operating Partnership.

(xlviii) No Equity Awards. Except for grants which are subject to consummation of the offering or are otherwise disclosed in the General Disclosure Package and the Prospectus, the Company has not granted to any person or entity, a stock option or other equity-based award to purchase Common Stock, pursuant to an equity-based compensation plan or otherwise.

(xlix) Absence of Certain Relationships. No relationship, direct or indirect, exists between or among either of the Transaction Entities on the one hand, and the directors, officers, stockholders, customers or suppliers of the Transaction Entities on the other hand, which is required to be described in the General Disclosure Package or the Prospectus which is not so described.

(b) *Officer's Certificates*. Any certificate signed by any officer of the Transaction Entities or any of their subsidiaries delivered to the Representatives or to counsel for the Underwriters shall be deemed a representation and warranty by the Transaction Entities to each Underwriter as to the matters covered thereby.

SECTION 2. Sale and Delivery to Underwriters; Closing.

(a) *Initial Securities*. On the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Company agrees to sell to each Underwriter, severally and not jointly, and each Underwriter, severally and not jointly, agrees to purchase from the Company, at the price per share set forth in Schedule A, the number of Initial Securities set forth in Schedule A opposite the name of such Underwriter, plus any additional number of Initial Securities which such Underwriter may become obligated to purchase pursuant to the provisions of Section 10 hereof, subject to such adjustments among the Underwriters as the Representatives in their sole discretion shall make to eliminate any sales or purchases of fractional shares.

(b) *Option Securities*. In addition, on the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Company hereby grants an option to the Underwriters, severally and not jointly, to purchase up to an additional 4,125,000 shares of Common Stock, as set forth in Schedule B, at the price per share set forth in Schedule A, less an amount per share equal to any dividends or distributions declared by the Company and payable on the Initial Securities but not payable on the Option Securities. The option hereby granted will expire 30 days after the date hereof and may be exercised in whole or in part from time to time only for the purpose of covering overallotments made in connection with the offering and distribution of the Initial Securities upon notice by the Representatives to the Company setting forth the number of Option Securities as to which the several Underwriters are then exercising the option and the time and date of payment and delivery for such Option Securities. Any such time and date of delivery (a "Date of Delivery") shall be determined by the Representatives, but shall not be later than seven full business days after the exercise of said option, nor in any event prior to the Closing Time. If the option is exercised as to all or any portion of the Option Securities, each of the Underwriters, acting severally and not jointly, will purchase that proportion of the total number of Option Securities then being purchased which the number of Initial Securities set forth in Schedule A opposite the name of such Underwriter bears to the total number of Initial Securities, subject

in each case to such adjustments as the Representatives in their sole discretion shall make to eliminate any sales or purchases of fractional shares.

(c) *Payment*. Payment of the purchase price for, and delivery of certificates for or book-entry credits representing, the Initial Securities shall be made at the offices of Hogan Lovells US LLP, 555 Thirteenth Street, NW, Washington, D.C. 20004, or at such other place as shall be agreed upon by the Representatives and the Company, at 9:00 A.M. (New York City time) on the third (fourth, if the pricing occurs after 4:30 P.M. (New York City time) on any given day) business day after the date hereof (unless postponed in accordance with the provisions of Section 10), or such other time not later than ten business days after such date as shall be agreed upon by the Representatives and the Company (such time and date of payment and delivery being herein called "Closing Time").

In addition, in the event that any or all of the Option Securities are purchased by the Underwriters, payment of the purchase price for, and delivery of certificates for or book-entry credits representing, such Option Securities shall be made at the above-mentioned offices, or at such other place as shall be agreed upon by the Representatives and the Company, on each Date of Delivery as specified in the notice from the Representatives to the Company.

Payment shall be made to the Company by wire transfer of immediately available funds to a bank account designated by the Company against delivery to the Representatives for the respective accounts of the Underwriters of certificates for or book-entry credits representing the Securities to be purchased by them. It is understood that each Underwriter has authorized the Representatives, for its account, to accept delivery of, receipt for, and make payment of the purchase price for, the Initial Securities and the Option Securities, if any, which it has agreed to purchase. Each of the Representatives, individually and not as representative of the Underwriters, may (but shall not be obligated to) make payment of the purchase price for the Initial Securities or the Option Securities, if any, to be purchased by any Underwriter whose funds have not been received by the Closing Time or the relevant Date of Delivery, as the case may be, but such payment shall not relieve such Underwriter from its obligations hereunder.

(d) *Denominations; Registration*. Certificates for the Initial Securities and the Option Securities, if any, shall be in such denominations and registered in such names as the Representatives may request in writing at least one full business day before the Closing Time or the relevant Date of Delivery, as the case may be. The certificates for the Initial Securities and the Option Securities, if any, will be made available for examination and packaging by the Representatives in The City of New York not later than 10:00 A.M. (New York City time) on the business day prior to the Closing Time or the relevant Date of Delivery, as the case may be.

SECTION 3. Covenants of the Company. The Company covenants with each Underwriter as follows:

(a) *Compliance with Securities Regulations and Commission Requests*. The Company, subject to Section 3(b), will comply with the requirements of Rule 430A, and will notify the Representatives immediately, and confirm the notice in writing, (i) when any post-effective amendment to the Registration Statement shall become effective, or any amendment or supplement to the Prospectus shall have been filed, (ii) of the receipt of any comments from the Commission, (iii) of any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Prospectus or for additional information, (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or any post-effective amendment or of any order preventing or suspending the use of any preliminary prospectus or the Prospectus, or of the suspension of the qualification of the Securities for offering or sale in any jurisdiction, or of the initiation

or threatening of any proceedings for any of such purposes or of any examination pursuant to Section 8(e) of the 1933 Act concerning the Registration Statement and (v) if the Company becomes the subject of a proceeding under Section 8A of the 1933 Act in connection with the offering of the Securities. The Company will effect all filings required under Rule 424(b), in the manner and within the time period required by Rule 424(b) (without reliance on Rule 424(b)(8)), and will take such steps as it deems necessary to ascertain promptly whether the form of prospectus transmitted for filing under Rule 424(b) was received for filing by the Commission and, in the event that it was not, it will promptly file such prospectus. The Company will make reasonable efforts to prevent the issuance of any stop order, prevention or suspension and, if any such stop order, prevention or suspension is issued, to obtain the withdrawal thereof at the earliest possible moment.

(b) *Continued Compliance with Securities Laws*. The Company will comply with the 1933 Act and the 1933 Act Regulations so as to permit the completion of the distribution of the Securities as contemplated in this Agreement and in the General Disclosure Package and the Prospectus. If at any time when a prospectus relating to the Securities is (or, but for the exception afforded by Rule 172 of the 1933 Act Regulations ("Rule 172"), would be) required by the 1933 Act to be delivered in connection with sales of the Securities, any event shall occur or condition shall exist as a result of which it is necessary, in the opinion of counsel for the Underwriters or for the Company, to (i) amend the Registration Statement in order that the Registration Statement will not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) amend or supplement the General Disclosure Package or the Prospectus in order that the General Disclosure Package or the Prospectus, as the case may be, will not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances existing at the time it is delivered to a purchaser or (iii) amend the Registration Statement or amend or supplement the General Disclosure Package or the Prospectus, as the case may be, in order to comply with the requirements of the 1933 Act or the 1933 Act Regulations, the Company will promptly (A) give the Representatives notice of such event, (B) prepare any amendment or supplement as may be necessary to correct such statement or omission or to make the Registration Statement, the General Disclosure Package or the Prospectus comply with such requirements and, a reasonable amount of time prior to any proposed filing or use, furnish the Representative(s) with copies of any such amendment or supplement and (C) file with the Commission any such amendment or supplement; provided that the Company shall not file or use any such amendment or supplement to which the Representative(s) or counsel for the Underwriters shall reasonably object. The Company will give the Representatives notice of its intention to make any filings pursuant to the 1934 Act or 1934 Act Regulations from the Applicable Time to the Closing Time and will furnish the Representative(s) with copies of any such documents a reasonable amount of time prior to such proposed filing, as the case may be, and will not file or use any such document to which the Representative(s) or counsel for the Underwriters shall reasonably object.

(c) *Delivery of Registration Statements*. The Company has furnished or will deliver to the Representatives and counsel for the Underwriters, without charge, signed copies of the Registration Statement as originally filed and each amendment thereto (including exhibits filed therewith) and signed copies of all consents and certificates of experts, and will also deliver to the Representatives, without charge, a conformed copy of the Registration Statement as originally filed and each amendment thereto (without exhibits) for each of the Underwriters. The copies of the Registration Statement and each amendment thereto furnished to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(d) *Delivery of Prospectuses*. The Company has delivered to each Underwriter, without charge, as many copies of each preliminary prospectus as such Underwriter reasonably requested, and the

Company hereby consents to the use of such copies for purposes permitted by the 1933 Act. The Company will furnish to each Underwriter, without charge, during the period when a prospectus relating to the Securities is (or, but for the exception afforded by Rule 172, would be) required to be delivered under the 1933 Act, such number of copies of the Prospectus (as amended or supplemented) as such Underwriter may reasonably request. The Prospectus and any amendments or supplements thereto furnished to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(e) *Blue Sky Qualifications*. The Company will use its best efforts, in cooperation with the Underwriters, to qualify the Securities for offering and sale under the applicable securities laws of such states and other jurisdictions (domestic or foreign) as the Representatives may designate and to maintain such qualifications in effect for a period of not less than one year from the later of the effective date of the Registration Statement and any Rule 462(b) Registration Statement; provided, however, that the Company shall not be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject.

(f) *Rule 158*. The Company will timely file such reports pursuant to the 1934 Act as are necessary in order to make generally available to its securityholders as soon as practicable an earnings statement for the purposes of, and to provide to the Underwriters the benefits contemplated by, the last paragraph of Section 11(a) of the 1933 Act.

(g) *Use of Proceeds*. The Company will use the net proceeds received by it from the sale of the Securities in the manner specified in the General Disclosure Package and the Prospectus under "Use of Proceeds."

(h) *Listing*. The Company will use its best efforts to effect and maintain the listing of the Common Stock (including the Securities) on the New York Stock Exchange.

(i) *Restriction on Sale of Securities*. During a period of 180 days from the date of the Prospectus (the "Lock-Up Period"), the Company will not, without the prior written consent of the Representatives (i) directly or indirectly, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock or file any registration statement under the 1933 Act with respect to any of the foregoing (except for a registration statement on Form S-8 relating to the Company's equity incentive plan) or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Common Stock, whether any such swap or transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise. The foregoing sentence shall not apply to (A) the Securities to be sold hereunder, (B) any shares of Common Stock issued or options to purchase Common Stock granted pursuant to existing employee benefit plans of the Company referred to in the General Disclosure Package and the Prospectus, (C) any shares of Common Stock issued pursuant to any non-employee director stock plan or dividend reinvestment plan referred to in the General Disclosure Package and the Prospectus, (D) any shares of Common Stock or Common Units issued in connection with the Formation Transactions; provided that, for the avoidance of doubt, this clause (D) shall apply only to transfers made in connection with the Formation Transactions and not to any subsequent transfer by the Company of Common Stock or Common Units received pursuant to the Escrow Agreement as a result of indemnification claim against a Pre-Formation Participant, (E) shares of Common Stock, in the aggregate not to exceed 10% of the number of shares of Common Stock outstanding, issued in connection

with other acquisitions of real property or real property companies; provided, however, that the recipients of shares of Common Stock issued in connection with such an acquisition shall be required to agree in writing not to sell, offer, dispose of or otherwise transfer any such shares during the remainder of the Lock-Up Period without the prior written consent of the Representatives (which consent may be withheld at the sole discretion of the Representatives), or (G) shares of Common Stock transferred in accordance with Article VI of the Company's charter. Notwithstanding the foregoing, if (1) during the last 17 days of the Lock-Up Period the Company issues an earnings release or material news or a material event relating to the Company occurs or (2) prior to the expiration of the Lock-Up Period, the Company announces that it will issue an earnings release or becomes aware that material news or a material event will occur during the 16-day period beginning on the last day of the Lock-Up Period, the restrictions imposed in this clause (j) shall continue to apply until the expiration of the 18-day period beginning on the date of the issuance of the earnings release or the occurrence of the material news or material event, unless the Representatives waive, in writing, such extension.

(j) *Reporting Requirements*. The Company, during the period when a Prospectus is (or, but for the exception afforded by Rule 172, would be) required to be delivered under the 1933 Act, will file all documents required to be filed with the Commission pursuant to the 1934 Act within the time periods required by the 1934 Act and 1934 Act Regulations. Additionally, the Company shall report the use of proceeds from the issuance of the Securities as may be required under Rule 463 under the 1933 Act.

(k) *Issuer Free Writing Prospectuses*. The Company agrees that, unless it obtains the prior written consent of the Representatives, it will not make any offer relating to the Securities that would constitute an Issuer Free Writing Prospectus or that would otherwise constitute a "free writing prospectus," or a portion thereof, required to be filed by the Company with the Commission or retained by the Company under Rule 433; provided that the Representatives will be deemed to have consented to the Issuer Free Writing Prospectuses listed on Schedule C-2 hereto and any "road show that is a written communication" within the meaning of Rule 433(d)(8)(i) that has been reviewed by the Representatives. The Company represents that it has treated or agrees that it will treat each such free writing prospectus consented to, or deemed consented to, by the Representatives as an "issuer free writing prospectus," as defined in Rule 433, and that it has complied and will comply with the applicable requirements of Rule 433 with respect thereto, including timely filing with the Commission where required, legending and record keeping. If at any time following issuance of an Issuer Free Writing Prospectus there occurred or occurs an event or development as a result of which such Issuer Free Writing Prospectus conflicted or would conflict with the information contained in the Registration Statement or included or would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at that subsequent time, not misleading, the Company will promptly notify the Representatives and will promptly amend or supplement, at its own expense, such Issuer Free Writing Prospectus to eliminate or correct such conflict, untrue statement or omission; provided that this sentence shall not apply to statements in or omissions from any Issuer Free Writing Prospectus based upon and in conformity with the Underwriter Information.

(l) *Compliance with FINRA Rules*. The Company hereby agrees that it will ensure that the Reserved Securities will be restricted as required by FINRA or the FINRA rules from sale, transfer, assignment, pledge or hypothecation for a period of three months following the date of this Agreement. The Underwriters will notify the Company as to which persons will need to be so restricted. At the request of the Underwriters, the Company will direct the transfer agent to place a stop transfer restriction upon such securities for such period of time. Should the Company release, or seek to release, from such restrictions any of the Reserved Securities, the Company agrees to reimburse the Underwriters for any reasonable expenses (including, without limitation, legal expenses) they incur in connection with such release.

(m) *Absence of Manipulation*. Except as contemplated herein or in the General Disclosure Package and the Prospectus, neither Transaction Entity will take, directly or indirectly, any action designed to or that would constitute or that might reasonably be expected to cause or result in, stabilization or manipulation of the price of any securities of the Company to facilitate the sale or resale of the Securities.

(n) *Qualification and Taxation as a REIT*. The Company will use its best efforts to meet the requirements for qualification and taxation as a REIT under the Code for its taxable year ending December 31, 2011, and the Company will use its best efforts to continue to qualify for taxation as a REIT under the Code unless and until the Company's board of directors determines in good faith that it is no longer in the best interests of the Company and its stockholders to be so qualified.

(o) *Sarbanes-Oxley*. Each of the Transaction Entities will comply in all material respects with all applicable provisions of the Sarbanes-Oxley Act that are in effect.

SECTION 4. Payment of Expenses.

(a) *Expenses*. The Transaction Entities jointly and severally agree to pay all expenses incident to the performance of their obligations under this Agreement, including (i) the preparation, printing and filing under the 1933 Act of the Registration Statement (including financial statements and exhibits thereto) as originally filed and of each amendment thereto, (ii) the preparation, printing and delivery to the Underwriters of copies of each preliminary prospectus, each Issuer Free Writing Prospectus and the Prospectus and any amendments or supplements thereto and any costs associated with electronic delivery of any of the foregoing by the Underwriters to investors, (iii) the preparation, issuance and delivery of the certificates for the Securities to the Underwriters, including any stock or other transfer taxes and any stamp or other duties payable upon the sale, issuance or delivery of the Securities to the Underwriters, (iv) the fees and disbursements of the Company's counsel, accountants and other advisors, (v) the qualification of the Securities under securities laws in accordance with the provisions of Section 3(f) hereof, including filing fees and the reasonable fees and disbursements of counsel for the Underwriters in connection therewith and in connection with the preparation of the Blue Sky Survey and any supplement thereto, (vi) the printing and delivery to the Underwriters of copies of each preliminary prospectus, any Permitted Free Writing Prospectus and of the Prospectus and any amendments or supplements thereto and any costs associated with electronic delivery of any of the foregoing by the Underwriters to investors, (vii) the preparation, printing and delivery to the Underwriters of copies of the Blue Sky Survey and any supplement thereto (not to exceed $10,000), (viii) the fees and expenses of any transfer agent or registrar for the Securities, (ix) the costs and expenses of the Company relating to investor presentations on any "road show" undertaken in connection with the marketing of the Securities, including without limitation, expenses associated with the production of road show slides and graphics, fees and expenses of any consultants engaged in connection with the road show presentations, travel and lodging expenses of the representatives and officers of the Company and any such consultants, and one-half of the cost of any aircraft chartered in connection with the road show (except that the Underwriters shall pay all lodging, commercial airfare and other expenses attributable to employees of the Underwriters and one-half of the cost of any aircraft chartered in connection with the road show), (x) the filing fees incident to, and the reasonable fees and disbursements of counsel to the Underwriters in connection with, the review by FINRA of the terms of the sale of the Securities, (xi) the fees and expenses incurred in connection with the listing of the Securities on the New York Stock Exchange, (xii) the costs and expenses (including, without limitation, any damages or other amounts payable in connection with legal or contractual liability) associated with the reforming of any contracts for sale of the Securities made by the Underwriters caused by a breach of the representation contained in the third sentence of Section 1(a)(ii) and (xiii) all costs and expenses of the Underwriters, including the fees and disbursements of

counsel for the Underwriters, in connection with matters related to the Reserved Securities which are designated by the Company for sale to Invitees. Except as explicitly provided in this Section 4(a), Section 4(b), Section 6 and Section 7, the Underwriters shall pay their own expenses.

(b) *Termination of Agreement*. If this Agreement is terminated by the Representatives in accordance with the provisions of Section 5, Section 9(a)(i) or (iii) or Section 10 hereof, the Company shall reimburse the Underwriters (or the non-defaulting Underwriters, solely with respect to a termination pursuant to Section 10) for all of their out-of-pocket expenses, including the reasonable fees and disbursements of counsel for the Underwriters.

SECTION 5. Conditions of Underwriters' Obligations. The obligations of the several Underwriters hereunder are subject to the accuracy of the representations and warranties of the Transaction Entities contained herein or in certificates of any officer of the Transaction Entities or any of their subsidiaries delivered pursuant to the provisions hereof, to the performance by the Transaction Entities of their respective covenants and other obligations hereunder, and to the following further conditions:

(a) *Effectiveness of Registration Statement; Rule 430A Information*. The Registration Statement, including any Rule 462(b) Registration Statement, has become effective and at Closing Time no stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereto has been issued under the 1933 Act, no order preventing or suspending the use of any preliminary prospectus or the Prospectus has been issued and no proceedings for any of those purposes have been instituted or are pending or, to the Company's knowledge, contemplated; and the Company has complied with each request (if any) from the Commission for additional information. A prospectus containing the Rule 430A Information shall have been filed with the Commission in the manner and within the time frame required by Rule 424(b) without reliance on Rule 424(b)(8) or a post-effective amendment providing such information shall have been filed with, and declared effective by, the Commission in accordance with the requirements of Rule 430A.

(b) *Opinion of Counsel for Company*. At the Closing Time, the Representatives shall have received the favorable opinion, dated the Closing Time, of Latham & Watkins LLP and Venable LLP, counsel for the Company, in form and substance reasonably satisfactory to counsel for the Underwriters, together with signed or reproduced copies of such letter for each of the other Underwriters substantially to the effect set forth in Exhibit A-1 and Exhibit A-2 hereto, respectively, and to such further effect as counsel to the Underwriters may reasonably request.

(c) *Tax Opinion*. At the Closing Time, the Representatives shall have received the favorable tax opinion, dated the Closing Time, of Latham & Watkins LLP, tax counsel for the Company, in form and substance reasonably satisfactory to counsel for the Underwriters, together with signed or reproduced copies of such letter for each of the other Underwriters substantially to the effect set forth in Exhibit A-3 hereto.

(d) *Opinion of Counsel for Underwriters*. At Closing Time, the Representatives shall have received the favorable opinion, dated the Closing Time, of Hogan Lovells US LLP, counsel for the Underwriters, together with signed or reproduced copies of such letter for each of the other Underwriters with respect to the issuance and sale of the Securities delivered at the Closing Time, the Registration Statement, the General Disclosure Package, the Prospectus and other related matters as the Representatives may reasonably require, and the Transaction Entities shall have furnished to such counsel such documents as they reasonably request for the purpose of enabling them to pass upon such matters. In giving such opinion such counsel may state that, insofar as such opinion involves factual matters, they

have relied, to the extent they deem proper, upon certificates of officers and other representatives of the Transaction Entities and their subsidiaries and certificates of public officials.

(e) *Officers' Certificate*. At the Closing Time, there shall not have been, since the date hereof, since the Applicable Time or since the respective dates as of which information is given in the General Disclosure Package or the Prospectus, any material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Transaction Entities and their subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, and the Representatives shall have received a certificate of the Chief Executive Officer or the President of the Company and the Operating Partnership and of the chief financial or chief accounting officer of the Company and the Operating Partnership, dated the Closing Time, to the effect that (i) there has been no such material adverse change, (ii) the representations and warranties of the Transaction Entities in this Agreement are true and correct with the same force and effect as though expressly made at and as of the Closing Time, (iii) the Transaction Entities have complied with all agreements and satisfied all conditions on their part to be performed or satisfied at or prior to the Closing Time, and (iv) no stop order suspending the effectiveness of the Registration Statement under the 1933 Act has been issued, no order preventing or suspending the use of any preliminary prospectus or the Prospectus has been issued and no proceedings for any of those purposes have been instituted or are pending or, to their knowledge, contemplated by the Commission.

(f) *Ernst & Young LLP Comfort Letter*. At the time of the execution of this Agreement, the Representatives shall have received from Ernst & Young LLP a letter dated such date, in form and substance satisfactory to the Representatives, together with signed or reproduced copies of such letter for each of the other Underwriters containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in the Registration Statement, the General Disclosure Package and the Prospectus.

(g) *Accuity LLP Comfort Letter*. At the time of the execution of this Agreement, the Representatives shall have received from Accuity LLP letters dated such date, in form and substance satisfactory to the Representatives, together with signed or reproduced copies of such letters for each of the other Underwriters containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in the Registration Statement, the General Disclosure Package and the Prospectus.

(h) *Ernst & Young LLP Bring-down Comfort Letter*. At the Closing Time, the Representatives shall have received from Ernst & Young LLP a letter, dated as of the Closing Time, to the effect that they reaffirm the statements made in the letter furnished pursuant to subsection (f) of this Section, except that the specified date referred to shall be a date not more than three business days prior to the Closing Time.

(i) *Accuity LLP Bring-down Comfort Letter*. At the Closing Time, the Representatives shall have received from Accuity LLP letters, dated as of the Closing Time, to the effect that they reaffirm the statements made in the letters furnished pursuant to subsection (g) of this Section, except that the specified date referred to shall be a date not more than three business days prior to the Closing Time.

(j) *Chief Financial Officer's Certificate*.

(i) At the time of the execution of this Agreement, the Representatives shall have received a certificate of the of the Company, signed by the chief financial officer of the Company,

dated such date, in a form reasonably satisfactory to the Representatives, together with signed or reproduced copies of such certificate for each of the other Underwriters containing statements and information with respect to certain historical selected financial data contained in the Registration Statement, the General Disclosure Package and the Prospectus.

(ii) At the time of the Closing Time, the Representatives shall have received a certificate of the of the Company, signed by the chief financial officer of the Company, dated as of the Closing Time, in a form reasonably satisfactory to the Representatives, together with signed or reproduced copies of such certificate for each of the other Underwriters containing statements and information with respect to certain historical selected financial data contained in the Registration Statement, the General Disclosure Package and the Prospectus.

(k) *Approval of Listing*. At the Closing Time, the Securities shall have been approved for listing on the New York Stock Exchange, subject only to official notice of issuance.

(l) *No Objection*. FINRA has confirmed that it has not raised any objection with respect to the fairness and reasonableness of the underwriting terms and arrangements relating to the offering of the Securities.

(m) *Lock-up Agreements*. At the date of this Agreement, the Representatives shall have received (i) an agreement substantially in the form of Exhibit B hereto (the "Lock-Up Agreement for Ernest S. Rady") signed by the persons listed on Schedule D hereto, (ii) an agreement substantially in the form of Exhibit C hereto (the "Director and Officer Lock-Up Agreement") signed by each of the persons listed on Schedule E hereto and (ii) an agreement substantially in the form of Exhibit D hereto (the "Pre-Formation Participant Lock-Up Agreement") signed by the persons listed on Schedule F hereto.

(n) *Formation Transactions*. All of the transactions that are to occur in order to consummate the Formation Transactions shall have been, or shall be substantially concurrently with the Closing Time, consummated on terms reasonably satisfactory to the Representatives.

(o) *Conditions to Purchase of Option Securities*. In the event that the Underwriters exercise their option provided in Section 2(b) hereof to purchase all or any portion of the Option Securities, the representations and warranties of the Transaction Entities contained herein and the statements in any certificates furnished by the Transaction Entities or any of their subsidiaries hereunder shall be true and correct as of each Date of Delivery and, at the relevant Date of Delivery, the Representatives shall have received:

(i) Officers' Certificate. A certificate, dated such Date of Delivery, of the Chief Executive Officer or the President of the Company and the Operating Partnership, and of the chief financial or chief accounting officer of the Company and the Operating Partnership, confirming that the certificate delivered at the Closing Time pursuant to Section 5(e) hereof remains true and correct as of such Date of Delivery.

(ii) Opinion of Counsel for Company. If requested by the Representatives, the favorable opinion of Latham & Watkins LLP and Venable LLP, counsel for the Company, in form and substance reasonably satisfactory to counsel for the Underwriters, dated such Date of Delivery, relating to the Option Securities to be purchased on such Date of Delivery and otherwise to the same effect as the opinion required by Section 5(b) hereof.

(iii) Tax Opinion. The favorable tax opinion of Latham & Watkins LLP, tax counsel for the Company, in form and substance reasonably satisfactory to counsel for the Underwriters, dated such Date of Delivery, relating to the Option Securities to be purchased on such Date of Delivery and otherwise to the same effect as the opinion required by Section 5(c) hereof.

(iv) Opinion of Counsel for Underwriters. If requested by the Representatives, the favorable opinion of Hogan Lovells US LLP, counsel for the Underwriters, dated such Date of Delivery, relating to the Option Securities to be purchased on such Date of Delivery and otherwise to the same effect as the opinion required by Section 5(d) hereof.

(v) Bring-down Comfort Letters. (1) If requested by the Representatives, a letter from Ernst & Young LLP, in form and substance satisfactory to the Representatives and dated such Date of Delivery, substantially in the same form and substance as the letter furnished to the Representatives pursuant to Section 5(h) hereof, except that the "specified date" in the letter furnished pursuant to this paragraph shall be a date not more than three business days prior to such Date of Delivery. (2) If requested by the Representatives, a letter from Accuity LLP, in form and substance satisfactory to the Representatives and dated such Date of Delivery, substantially in the same form and substance as the letter furnished to the Representatives pursuant to Section 5(i) hereof, except that the "specified date" in the letter furnished pursuant to this paragraph shall be a date not more than three business days prior to such Date of Delivery.

(vi) Chief Financial Officer's Certificate. A certificate of the Company, signed by the chief financial officer of the Company, dated such Date of Delivery, substantially in the same form and substance as the certificate furnished to the Representatives pursuant to Section 5(j) hereof.

(p) *Additional Documents*. At the Closing Time and at each Date of Delivery (if any) counsel for the Underwriters shall have been furnished with such documents and opinions as they may reasonably require for the purpose of enabling them to pass upon the issuance and sale of the Securities as herein contemplated, or in order to evidence the accuracy of any of the representations or warranties, or the fulfillment of any of the conditions, herein contained; and all proceedings taken by the Company in connection with the issuance and sale of the Securities as herein contemplated shall be reasonably satisfactory in form and substance to the Representatives and counsel for the Underwriters.

(q) *Termination of Agreement*. If any condition specified in this Section shall not have been fulfilled when and as required to be fulfilled, this Agreement, or, in the case of any condition to the purchase of Option Securities on a Date of Delivery which is after the Closing Time, the obligations of the several Underwriters to purchase the relevant Option Securities, may be terminated by the Representatives by notice to the Company at any time at or prior to Closing Time or such Date of Delivery, as the case may be, and such termination shall be without liability of any party to any other party except as provided in Section 4 and except that Sections 1, 6, 7, 8, 14 and 15 shall survive any such termination and remain in full force and effect.

SECTION 6. Indemnification.

(a) *Indemnification of Underwriters*. The Transaction Entities jointly and severally agree to indemnify and hold harmless each Underwriter, its affiliates, as such term is defined in Rule 501(b) under the 1933 Act (each, an "Affiliate"), its selling agents and each person, if any, who controls any Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto), including the Rule 430A Information, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of any untrue statement or alleged untrue statement of a material fact included in any preliminary prospectus, any Issuer Free Writing Prospectus, any "road show" (as defined in Rule 433 under the 1933 Act) not constituting an Issuer Free Writing Prospectus or the Prospectus (or any amendment or supplement thereto), or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever, in each case based upon any such untrue statement or omission, or any such alleged untrue statement or omission; provided that (subject to Section 6(d) below) any such settlement is effected with the written consent of the Company; and

(iii) against any and all expense whatsoever, as incurred (including the fees and disbursements of counsel chosen by the Representatives), reasonably incurred in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever, in each case based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under (i) or (ii) above;

provided, however, that this indemnity agreement shall not apply to any loss, liability, claim, damage or expense to the extent arising out of or based on any untrue statement or omission or alleged untrue statement or omission made in the Registration Statement (or any amendment thereto), including the Rule 430A Information, the General Disclosure Package, the Prospectus (or any amendment or supplement thereto) or any Issuer Free Writing Prospectus or any "road show" (as defined in Rule 433 under the 1933 Act) not constituting an Issuer Free Writing Prospectus in reliance upon and in conformity with the Underwriter Information.

(b) *Indemnification of Company, Directors and Officers*. Each Underwriter severally agrees to indemnify and hold harmless the Company, its directors, each of its officers who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act, against any and all loss, liability, claim, damage and expense described in the indemnity contained in subsection (a) of this Section, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto), including the Rule 430A Information, the General Disclosure Package, the Prospectus (or any amendment or supplement thereto) or any Issuer Free Writing Prospectus or any "road show" (as defined in Rule 433 under the 1933 Act) not constituting an Issuer Free Writing Prospectus in reliance upon and in conformity with the Underwriter Information.

(c) *Actions against Parties; Notification*. Each indemnified party shall give notice as promptly as reasonably practicable to each indemnifying party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve such indemnifying party from any liability hereunder to the extent it is not materially prejudiced as a result thereof and in any event shall not relieve it from any liability which it may have

otherwise than on account of this indemnity agreement. If any such claim shall be brought against an indemnified party, and it shall notify the indemnifying party thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it wishes, jointly with any other similarly notified indemnifying party, to assume the defense thereof with counsel reasonably satisfactory to the indemnified party. After notice from the indemnifying party to the indemnified party of its election to assume the defense of such claim or action, the indemnifying party shall not be liable to the indemnified party under this Section 6 for any legal or other expenses subsequently incurred by the indemnified party in connection with the defense thereof other than reasonable costs of investigation; provided, however, that the Representatives shall have the right to employ one counsel to represent jointly the Representatives and those other Underwriters and their respective directors, officers and controlling persons who may be subject to liability arising out of any claim in respect of which indemnity may be sought by the Underwriters against the Company and the Operating Partnership under this Section 6 if (i) the Company and the Underwriters shall have so mutually agreed; (ii) the Company has failed within a reasonable time to retain counsel reasonably satisfactory to the Underwriters; (iii) the Underwriters and their respective directors, officers and controlling persons shall have reasonably concluded, after consultation with counsel, that there may be legal defenses available to them that are different from or in addition to those available to the Company and the Operating Partnership; or (iv) the named parties in any such proceeding (including any impleaded parties) include both the Underwriters or their respective directors, officers or controlling persons, on the one hand, and the Company and the Operating Partnership, on the other hand, and representation of both sets of parties by the same counsel would be inappropriate due to actual or potential differing interests between them, and in any such event the fees and expenses of such separate counsel shall be paid by the Company and the Operating Partnership. An indemnifying party may participate at its own expense in the defense of any such action; provided, however, that counsel to the indemnifying party shall not (except with the consent of the indemnified party) also be counsel to the indemnified party. In no event shall the indemnifying parties be liable for fees and expenses of more than one counsel (in addition to any local counsel) separate from their own counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances. No indemnifying party shall, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever in respect of which indemnification or contribution could be sought under this Section 6 or Section 7 hereof (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party from all liability arising out of such litigation, investigation, proceeding or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) *Settlement without Consent if Failure to Reimburse*. If at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel, such indemnifying party agrees that it shall be liable for any settlement of the nature contemplated by Section 6(a)(ii) or settlement of any claim in connection with any violation referred to in Section 6(e) effected without its written consent if (i) such settlement is entered into more than 45 days after receipt by such indemnifying party of the aforesaid request, (ii) such indemnifying party shall have received notice of the terms of such settlement at least 30 days prior to such settlement being entered into and (iii) such indemnifying party shall not have reimbursed such indemnified party in accordance with such request prior to the date of such settlement.

(e) *Indemnification for Reserved Securities*. In connection with the offer and sale of the Reserved Securities, the Transaction Entities jointly and severally agree to indemnify and hold harmless the Underwriters, their Affiliates and selling agents and each person, if any, who controls any Underwriter

within the meaning of either Section 15 of the 1933 Act or Section 20 of the 1934 Act, from and against any and all loss, liability, claim, damage and expense (including, without limitation, any legal or other expenses reasonably incurred in connection with defending, investigating or settling any such action or claim), as incurred, (i) arising out of the violation of any applicable laws or regulations of foreign jurisdictions where Reserved Securities have been offered; (ii) arising out of any untrue statement or alleged untrue statement of a material fact contained in any prospectus wrapper or other material prepared by or with the consent of the Company for distribution to Invitees in connection with the offering of the Reserved Securities or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading; (iii) caused by the failure of any Invitee to pay for and accept delivery of Reserved Securities which have been orally confirmed for purchase by any Invitee by 9:00 A.M. (New York City time) on the first business day after the date of the Agreement; or (iv) related to, or arising out of or in connection with, the offering of the Reserved Securities.

SECTION 7. Contribution. If the indemnification provided for in Section 6 hereof is for any reason unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, liabilities, claims, damages or expenses referred to therein, then each indemnifying party shall contribute to the aggregate amount of such losses, liabilities, claims, damages and expenses incurred by such indemnified party, as incurred, (i) in such proportion as is appropriate to reflect the relative benefits received by the Transaction Entities on the one hand and the Underwriters on the other hand from the offering of the Securities pursuant to this Agreement or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Transaction Entities on the one hand and of the Underwriters on the other hand in connection with the statements or omissions, or in connection with any violation of the nature referred to in Section 6(e) hereof, which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations.

The relative benefits received by the Transaction Entities, on the one hand, and the Underwriters, on the other hand, in connection with the offering of the Securities pursuant to this Agreement shall be deemed to be in the same respective proportions as the total net proceeds from the offering of the Securities pursuant to this Agreement (before deducting expenses) received by the Transaction Entities, on the one hand, and the total underwriting discount received by the Underwriters, on the other hand, in each case as set forth on the cover of the Prospectus bear to the aggregate initial public offering price of the Securities as set forth on the cover of the Prospectus.

The relative fault of the Transaction Entities on the one hand and the Underwriters on the other hand shall be determined by reference to, among other things, whether any such untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Transaction Entities or by the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission or any violation of the nature referred to in Section 6(e) hereof.

The Transaction Entities and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 7 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 7. The aggregate amount of losses, liabilities, claims, damages and expenses incurred by an indemnified party and referred to above in this Section 7 shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or

proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue or alleged untrue statement or omission or alleged omission.

Notwithstanding the provisions of this Section 7, no Underwriter shall be required to contribute any amount in excess of the underwriting commissions received by such Underwriter in connection with the Shares underwritten by it and distributed to the public.

No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

For purposes of this Section 7, each person, if any, who controls an Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act and each Underwriter's Affiliates and selling agents shall have the same rights to contribution as such Underwriter, and each director of the Transaction Entities, each officer of the Transaction Entities who signed the Registration Statement, and each person, if any, who controls the Transaction Entities within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as the Transaction Entities. The Underwriters' respective obligations to contribute pursuant to this Section 7 are several in proportion to the number of Initial Securities set forth opposite their respective names in Schedule A hereto and not joint.

SECTION 8. Representations, Warranties and Agreements to Survive. All representations, warranties and agreements contained in this Agreement or in certificates of officers of the Transaction Entities or any of their subsidiaries submitted pursuant hereto, shall remain operative and in full force and effect regardless of (i) any investigation made by or on behalf of any Underwriter or its Affiliates or selling agents, any person controlling any Underwriter, its officers or directors or any person controlling the Company and (ii) delivery of and payment for the Securities.

SECTION 9. Termination of Agreement.

(a) *Termination; General*. The Representatives may terminate this Agreement, by notice to the Company, at any time at or prior to the Closing Time (i) if there has been, in the judgment of the Representatives, since the time of execution of this Agreement or since the respective dates as of which information is given in the General Disclosure Package or the Prospectus, any material adverse change in or affecting any of the Properties or in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, or (ii) if there has occurred any material adverse change in the financial markets in the United States or the international financial markets, any outbreak of hostilities or escalation thereof or other calamity or crisis or any change or development involving a prospective change in national or international political, financial or economic conditions, in each case the effect of which is such as to make it, in the judgment of the Representatives, impracticable or inadvisable to proceed with the completion of the offering or to enforce contracts for the sale of the Securities, or (iii) if trading in any securities of the Company has been suspended or materially limited by the Commission or the New York Stock Exchange, or (iv) if trading generally on the American Stock Exchange or the New York Stock Exchange or in the Nasdaq Global Market has been suspended or materially limited, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices have been required, by any of said exchanges or by such system or by order of the Commission, FINRA or any other governmental authority, or (v) a material disruption has occurred in commercial banking or securities settlement or clearance services in the United States or with respect to Clearstream or Euroclear systems in Europe, or (vi) if a banking moratorium has been declared by either Federal or New York authorities.

(b) *Liabilities*. If this Agreement is terminated pursuant to this Section, such termination shall be without liability of any party to any other party except as provided in Section 4 hereof, and provided further that Sections 1, 6, 7, 8, 14 and 15 shall survive such termination and remain in full force and effect.

SECTION 10. Default by One or More of the Underwriters. If one or more of the Underwriters shall fail at Closing Time or a Date of Delivery to purchase the Securities which it or they are obligated to purchase under this Agreement (the "Defaulted Securities"), the Representatives shall have the right, within 24 hours thereafter, to make arrangements for one or more of the non-defaulting Underwriters, or any other underwriters, to purchase all, but not less than all, of the Defaulted Securities in such amounts as may be agreed upon and upon the terms herein set forth; if, however, the Representatives shall not have completed such arrangements within such 24-hour period, then:

(i) if the number of Defaulted Securities does not exceed 10% of the number of Securities to be purchased on such date, each of the non-defaulting Underwriters shall be obligated, severally and not jointly, to purchase the full amount thereof in the proportions that their respective underwriting obligations hereunder bear to the underwriting obligations of all non-defaulting Underwriters, or

(ii) if the number of Defaulted Securities exceeds 10% of the number of Securities to be purchased on such date, this Agreement or, with respect to any Date of Delivery which occurs after the Closing Time, the obligation of the Underwriters to purchase and of the Company to sell the Option Securities to be purchased and sold on such Date of Delivery shall terminate without liability on the part of any non-defaulting Underwriter.

No action taken pursuant to this Section shall relieve any defaulting Underwriter from liability in respect of its default.

In the event of any such default which does not result in a termination of this Agreement or, in the case of a Date of Delivery which is after the Closing Time, which does not result in a termination of the obligation of the Underwriters to purchase and the Company to sell the relevant Option Securities, as the case may be, either the (i) Representatives or (ii) the Company shall have the right to postpone Closing Time or the relevant Date of Delivery, as the case may be, for a period not exceeding seven days in order to effect any required changes in the Registration Statement, the General Disclosure Package or the Prospectus or in any other documents or arrangements. As used herein, the term "Underwriter" includes any person substituted for an Underwriter under this Section 10.

SECTION 11. Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed or transmitted by any standard form of telecommunication. Notices to the Underwriters shall be directed to the Representatives at Merrill Lynch at One Bryant Park, New York, New York 10036, attention of Syndicate Department, with a copy to ECM Legal; Wells Fargo at 375 Park Avenue, New York, New York 10152; and Morgan Stanley at 1585 Broadway, 29th Floor, New York, New York 10036, attention of Investment Banking Division (Fax: (212) 507-8999); notices to the Transaction Entities shall be directed to the Company at 11455 El Camino Real, Suite 200, San Diego, California 92130, attention of John Chamberlain.

SECTION 12. No Advisory or Fiduciary Relationship. Each of the Transaction Entities acknowledges and agrees that (a) the purchase and sale of the Securities pursuant to this Agreement, including the determination of the initial public offering price of the Securities and any related discounts and commissions, is an arm's-length commercial transaction between the Transaction Entities, on the one

hand, and the several Underwriters, on the other hand, (b) in connection with the offering of the Securities and the process leading thereto, each Underwriter is and has been acting solely as a principal and is not the agent or fiduciary of the Transaction Entities, any of their subsidiaries, or their respective stockholders, unitholders, creditors, employees or any other party, (c) no Underwriter has assumed or will assume an advisory or fiduciary responsibility in favor of the Transaction Entities with respect to the offering of the Securities or the process leading thereto (irrespective of whether such Underwriter has advised or is currently advising the Transaction Entities or any of their subsidiaries on other matters) and no Underwriter has any obligation to the Transaction Entities with respect to the offering of the Securities except the obligations expressly set forth in this Agreement, (d) the Underwriters and their respective affiliates may be engaged in a broad range of transactions that involve interests that differ from those of each of the Transaction Entities, and (e) the Underwriters have not provided any legal, accounting, regulatory or tax advice with respect to the offering of the Securities and the Transaction Entities have consulted their own respective legal, accounting, regulatory and tax advisors to the extent it deemed appropriate.

SECTION 13. Parties. This Agreement shall each inure to the benefit of and be binding upon the Underwriters, the Transaction Entities and their respective successors. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any person, firm or corporation, other than the Underwriters, the Transaction Entities and their respective successors and the controlling persons and officers and directors referred to in Sections 6 and 7 and their heirs and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained. This Agreement and all conditions and provisions hereof are intended to be for the sole and exclusive benefit of the Underwriters, the Transaction Entities and their respective successors, and said controlling persons and officers and directors and their heirs and legal representatives, and for the benefit of no other person, firm or corporation. No purchaser of Securities from any Underwriter shall be deemed to be a successor by reason merely of such purchase.

SECTION 14. Trial by Jury. Each of the Transaction Entities (on its behalf and, to the extent permitted by applicable law, on behalf of its stockholders or unitholders, as applicable, and affiliates) and each of the Underwriters hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

SECTION 15. GOVERNING LAW. THIS AGREEMENT AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF, THE STATE OF NEW YORK WITHOUT REGARD TO ITS CHOICE OF LAW PROVISIONS.

SECTION 16. TIME. TIME SHALL BE OF THE ESSENCE OF THIS AGREEMENT. EXCEPT AS OTHERWISE SET FORTH HEREIN, SPECIFIED TIMES OF DAY REFER TO NEW YORK CITY TIME.

SECTION 17. Partial Unenforceability. The invalidity or unenforceability of any Section, paragraph or provision of this Agreement shall not affect the validity or enforceability of any other Section, paragraph or provision hereof. If any Section, paragraph or provision of this Agreement is for any reason determined to be invalid or unenforceable, there shall be deemed to be made such minor changes (and only such minor changes) as are necessary to make it valid and enforceable.

SECTION 18. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same Agreement.

SECTION 19. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

[Signature pages follow]

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Company a counterpart hereof, whereupon this instrument, along with all counterparts, will become a binding agreement among the Underwriters and the Transaction Entities in accordance with its terms.

Very truly yours,

AMERICAN ASSETS TRUST, INC.

By /s/ John W. Chamberlain
Name: John W. Chamberlain
Title: Chief Executive Officer and President

AMERICAN ASSETS TRUST, L.P.
By: American Assets Trust, Inc., its general partner

By /s/ John W. Chamberlain
Name: John W. Chamberlain
Title: Chief Executive Officer and President

CONFIRMED AND ACCEPTED,
as of the date first above written:

By: MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED

By /s/ Richard Ford
Name: Richard Ford
Title: Managing Director

By: WELLS FARGO SECURITIES, LLC

By /s/ David Herman
Name: David Herman
Title: Director

By: MORGAN STANLEY & CO. INCORPORATED

By /s/ Matthew Johnson
Name: Matthew Johnson
Title: Executive Director

[For themselves and as Representatives of the other Underwriters named in Schedule A hereto.]

AMENDED AND RESTATED

AGREEMENT OF LIMITED PARTNERSHIP

OF

AMERICAN ASSETS TRUST, L.P.

a Maryland limited partnership

THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "*SECURITIES ACT*"), OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION, UNLESS IN THE OPINION OF COUNSEL SATISFACTORY TO THE PARTNERSHIP THE PROPOSED SALE, TRANSFER OR OTHER DISPOSITION MAY BE EFFECTED WITHOUT REGISTRATION UNDER THE SECURITIES ACT AND UNDER APPLICABLE STATE SECURITIES OR "BLUE SKY" LAWS.

dated as of January 19, 2011

TABLE OF CONTENTS

Exhibits List

AMENDED AND RESTATED
AGREEMENT OF LIMITED PARTNERSHIP
OF AMERICAN ASSETS TRUST, L.P.

THIS AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF AMERICAN ASSETS TRUST, L.P., dated as of January 19, 2011, is made and entered into by and among AMERICAN ASSETS TRUST, INC., a Maryland corporation, as the General Partner and the Persons whose names are set forth on Exhibit A attached hereto, as limited partners, and any Additional Limited Partner that is admitted from time to time to the Partnership and listed on Exhibit A attached hereto.

WHEREAS, a Certificate of Limited Partnership of the Partnership was filed with the State Department of Assessments and Taxation of Maryland on July 16, 2010 (the "*Formation Date*"), and the initial general partner and limited partners of the Partnership entered into an original agreement of limited partnership of the Partnership effective as of the Formation Date (the "*Original Partnership Agreement*"); and

WHEREAS, the Partners (as hereinafter defined) now desire to amend and restate the Original Partnership Agreement and admit the Persons whose names are set forth on Exhibit A attached hereto as limited partners of the Partnership by entering into this Agreement (as hereinafter defined);

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE 1
DEFINED TERMS

The following definitions shall be for all purposes, unless otherwise clearly indicated to the contrary, applied to the terms used in this Agreement:

"*Act*" means the Maryland Revised Uniform Limited Partnership Act, Title 10 of the Corporations and Associations Article of the Annotated Code of Maryland, as it may be amended from time to time, and any successor to such statute.

"*Actions*" has the meaning set forth in Section 7.7 hereof.

"*Additional Funds*" has the meaning set forth in Section 4.3.A hereof.

"*Additional Limited Partner*" means a Person who is admitted to the Partnership as a limited partner pursuant to the Act and Section 4.2 and Section 12.2 hereof and who is shown as such on the books and records of the Partnership.

"*Adjusted Capital Account*" means, with respect to any Partner, the balance in such Partner's Capital Account as of the end of the relevant Partnership Year or other applicable period, after giving effect to the following adjustments:

(i) increase such Capital Account by any amounts that such Partner is obligated to restore pursuant to this Agreement upon liquidation of such Partner's Partnership Interest or that such Person is deemed to be obligated to restore pursuant to Regulations Section 1.704-1(b)(2)(ii)(c) or the penultimate sentence of each of Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5); and

(ii) decrease such Capital Account by the items described in Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) and (6).

The foregoing definition of "Adjusted Capital Account" is intended to comply with the provisions of Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

"*Adjusted Capital Account Deficit*" means, with respect to any Partner, the deficit balance, if any, in such Partner's Adjusted Capital Account as of the end of the relevant Partnership Year or other applicable period.

"*Adjustment Event*" has the meaning set forth in Section 16.3 hereof.

"*Adjustment Factor*" means 1.0; *provided*, *however*, that in the event that:

(i) the General Partner (a) declares or pays a dividend on its outstanding REIT Shares wholly or partly in REIT Shares or makes a distribution to all holders of its outstanding REIT Shares wholly or partly in REIT Shares, (b) splits or subdivides its outstanding REIT Shares or (c) effects a reverse stock split or otherwise combines its outstanding REIT Shares into a smaller number of REIT Shares, the Adjustment Factor shall be adjusted by multiplying the Adjustment Factor previously in effect by a fraction, (i) the numerator of which shall be the number of REIT Shares issued and outstanding on the record date for such dividend, distribution, split, subdivision, reverse split or combination (assuming for such purposes that such dividend, distribution, split, subdivision, reverse split or combination has occurred as of such time) and (ii) the denominator of which shall be the actual number of REIT Shares (determined without the above assumption) issued and outstanding on the record date for such dividend, distribution, split, subdivision, reverse split or combination;

(ii) the General Partner distributes any rights, options or warrants to all holders of its REIT Shares to subscribe for or to purchase or to otherwise acquire REIT Shares, or other securities or rights convertible into, exchangeable for or exercisable for REIT Shares (other than REIT Shares issuable pursuant to a Qualified DRIP/COPP), at a price per share less than the Value of a REIT Share on the record date for such distribution (each a "*Distributed Right*"), then, as of the distribution date of such Distributed Rights or, if later, the time such Distributed Rights become exercisable, the Adjustment Factor shall be adjusted by multiplying the Adjustment Factor previously in effect by a fraction (a) the numerator of which shall be the number of REIT Shares issued and outstanding on the record date (or, if later, the date such Distributed Rights become exercisable) plus the maximum number of REIT Shares purchasable under such Distributed Rights and (b) the denominator of which shall be the number of REIT Shares

issued and outstanding on the record date (or, if later, the date such Distributed Rights become exercisable) plus a fraction (1) the numerator of which is the maximum number of REIT Shares purchasable under such Distributed Rights times the minimum purchase price per REIT Share under such Distributed Rights and (2) the denominator of which is the Value of a REIT Share as of the record date (or, if later, the date such Distributed Rights become exercisable); *provided*, *however*, that, if any such Distributed Rights expire or become no longer exercisable, then the Adjustment Factor shall be adjusted, effective retroactive to the date of distribution of the Distributed Rights, to reflect a reduced maximum number of REIT Shares or any change in the minimum purchase price for the purposes of the above fraction; and

(iii) the General Partner shall, by dividend or otherwise, distribute to all holders of its REIT Shares evidences of its indebtedness or assets (including securities, but excluding any dividend or distribution referred to in subsection (i) or (ii) above), which evidences of indebtedness or assets relate to assets not received by the General Partner pursuant to a pro rata distribution by the Partnership, then the Adjustment Factor shall be adjusted to equal the amount determined by multiplying the Adjustment Factor in effect immediately prior to the close of business as of the record date by a fraction (a) the numerator of which shall be such Value of a REIT Share as of the record date and (b) the denominator of which shall be the Value of a REIT Share as of the record date less the then fair market value (as determined by the General Partner, whose determination shall be conclusive) of the portion of the evidences of indebtedness or assets so distributed applicable to one REIT Share.

Notwithstanding the foregoing, no adjustments to the Adjustment Factor will be made for any class or series of Partnership Interests to the extent that the Partnership makes or effects any correlative distribution or payment to all of the Partners holding Partnership Interests of such class or series, or effects any correlative split or reverse split in respect of the Partnership Interests of such class or series. Any adjustments to the Adjustment Factor shall become effective immediately after such event, retroactive to the record date, if any, for such event. For illustrative purposes, examples of adjustments to the Adjustment Factor are set forth on Exhibit B attached hereto.

"*Affiliate*" means, with respect to any Person, any Person directly or indirectly controlling or controlled by or under common control with such Person. For the purposes of this definition, "control" when used with respect to any Person means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"*Agreement*" means this Amended and Restated Limited Partnership Agreement of American Assets Trust, L.P., as now or hereafter amended, restated, modified, supplemented or replaced.

"*Applicable Percentage*" has the meaning set forth in Section 15.1.B hereof.

"*Appraisal*" means, with respect to any assets, the written opinion of an independent third party experienced in the valuation of similar assets, selected by the General Partner. Such opinion may be in the form of an opinion by such independent third party that the value for such property or asset as set by the General Partner is fair, from a financial point of view, to the Partnership.

"*Assignee*" means a Person to whom a Partnership Interest has been Transferred in a manner permitted under this Agreement, but who has not become a Substituted Limited Partner, and who has the rights set forth in Section 11.5 hereof.

"*Available Cash*" means, with respect to any period for which such calculation is being made,

(i) the sum, without duplication, of:

(1) the Partnership's Net Income or Net Loss (as the case may be) for such period,

(2) Depreciation and all other noncash charges to the extent deducted in determining Net Income or Net Loss for such period,

(3) the amount of any reduction in reserves of the Partnership referred to in clause (ii)(6) below (including, without limitation, reductions resulting because the General Partner determines such amounts are no longer necessary),

(4) the excess, if any, of the net cash proceeds from the sale, exchange, disposition, financing or refinancing of Partnership property for such period over the gain (or loss, as the case may be) recognized from such sale, exchange, disposition, financing or refinancing during such period (excluding Terminating Capital Transactions), and

(5) all other cash received (including amounts previously accrued as Net Income and amounts of deferred income) or any net amounts borrowed by the Partnership for such period that was not included in determining Net Income or Net Loss for such period;

(ii) less the sum, without duplication, of:

(1) all principal debt payments made during such period by the Partnership,

(2) capital expenditures made by the Partnership during such period,

(3) investments in any entity (including loans made thereto) to the extent that such investments are not otherwise described in clause (ii)(1) or clause (ii)(2) above,

(4) all other expenditures and payments not deducted in determining Net Income or Net Loss for such period (including amounts paid in respect of expenses previously accrued),

(5) any amount included in determining Net Income or Net Loss for such period that was not received by the Partnership during such period,

(6) the amount of any increase in reserves (including, without limitation, working capital reserves) established during such period that the General Partner determines are necessary or appropriate in its sole and absolute discretion,

(7) any amount distributed or paid in redemption of any Limited Partner Interest or Partnership Units, including, without limitation, any Cash Amount paid, and

(8) the amount of any working capital accounts and other cash or similar balances which the General Partner determines to be necessary or appropriate in its sole and absolute discretion.

Notwithstanding the foregoing, Available Cash shall not include (a) any cash received or reductions in reserves, or take into account any disbursements made, or reserves established, after dissolution and the commencement of the liquidation and winding up of the Partnership or (b) any Capital Contributions, whenever received or any payments, expenditures or investments made with such Capital Contributions.

"*Business Day*" means any day except a Saturday, Sunday or other day on which commercial banks in San Diego, California are authorized by law to close.

"*Capital Account*" means, with respect to any Partner, the capital account maintained by the General Partner for such Partner on the Partnership's books and records in accordance with the following provisions:

(i) To each Partner's Capital Account, there shall be added such Partner's Capital Contributions, such Partner's distributive share of Net Income and any items in the nature of income or gain that are specially allocated pursuant to Section 6.3 or 6.4 hereof, and the amount of any Partnership liabilities assumed by such Partner or that are secured by any property distributed to such Partner.

(ii) From each Partner's Capital Account, there shall be subtracted the amount of cash and the Gross Asset Value of any Partnership property distributed to such Partner pursuant to any provision of this Agreement, such Partner's distributive share of Net Losses and any items in the nature of expenses or losses that are specially allocated pursuant to Section 6.3 or 6.4 hereof, and the amount of any liabilities of such Partner assumed by the Partnership or that are secured by any property contributed by such Partner to the Partnership (except to the extent already reflected in the amount of such Partner's Capital Contribution).

(iii) In the event any interest in the Partnership is Transferred in accordance with the terms of this Agreement (which Transfer does not result in the termination of the Partnership for U.S. federal income tax purposes), the transferee shall succeed to the Capital Account of the transferor to the extent that it relates to the Transferred interest.

(iv) In determining the amount of any liability for purposes of subsections (i) and (ii) hereof, there shall be taken into account Code Section 752(c) and any other applicable provisions of the Code and Regulations.

(v) The provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulations promulgated under Section 704 of the Code, and shall be interpreted and applied in a manner consistent with such Regulations. If the General Partner shall determine that it is necessary or prudent to modify the manner in which the Capital Accounts are maintained in order to comply with such Regulations, the General Partner may make such modification, provided that such modification is not likely to have any material effect on the amounts distributable to any Partner pursuant to Article 13 hereof upon the dissolution of the Partnership. The General Partner may, in its sole discretion, (a) make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Partners and the amount of Partnership capital reflected on the Partnership's balance sheet, as computed for book purposes, in accordance with Regulations Section 1.704-1(b)(2)(iv)(q) and (b) make any appropriate modifications in the event that unanticipated events might otherwise cause this Agreement not to comply with Regulations Section 1.704-1(b) or Section 1.704-2.

"*Capital Account Limitation*" has the meaning set forth in Section 16.9.B hereof.

"*Capital Contribution*" means, with respect to any Partner, the amount of money and the initial Gross Asset Value of any Contributed Property that such Partner contributes or is deemed to contribute to the Partnership pursuant to Article 4 hereof.

"*Capital Share*" means a share of any class or series of stock of the General Partner now or hereafter authorized other than a REIT Share.

"*Cash Amount*" means an amount of cash equal to the product of (i) the Value of a REIT Share and (ii) the REIT Shares Amount determined as of the applicable Valuation Date.

"*Certificate*" means the Certificate of Limited Partnership of the Partnership filed with the SDAT, as amended from time to time in accordance with the terms hereof and the Act.

"*Charity*" means an entity described in Section 501(c)(3) of the Code or any trust all the beneficiaries of which are such entities.

"*Charter*" means the charter of the General Partner, within the meaning of Section 1-101(e) of the Maryland General Corporation Law.

"*Closing Price*" has the meaning set forth in the definition of "*Value*."

"*Code*" means the Internal Revenue Code of 1986, as amended and in effect from time to time or any successor statute thereto, as interpreted by the applicable Regulations thereunder. Any reference herein to a specific section or sections of the Code shall be deemed to include a reference to any corresponding provision of future law.

"*Common Unit Economic Balance*" means (i) the Capital Account balance of the General Partner, plus the amount of the General Partner's share of any Partner Minimum Gain or Partnership Minimum Gain, in either case to the extent attributable to the General Partner's ownership of Partnership Common Units and computed on a hypothetical basis after taking into account all allocations through the date on which any allocation is made under Section 6.2.D hereof, divided by (ii) the number of the General Partner's Partnership Common Units.

"*Consent*" means the consent to, approval of, or vote in favor of a proposed action by a Partner given in accordance with Article 14 hereof. The terms "*Consented*" and "*Consenting*" have correlative meanings.

"*Consent of the General Partner*" means the Consent of the sole General Partner, which Consent, except as otherwise specifically required by this Agreement, may be obtained prior to or after the taking of any action for which it is required by this Agreement and may be given or withheld by the General Partner in its sole and absolute discretion.

"*Consent of the Limited Partners*" means the Consent of a Majority in Interest of the Limited Partners, which Consent shall be obtained prior to the taking of any action for which it is required by this Agreement and, except as otherwise provided in this Agreement, may be given or withheld by each Limited Partner in its sole and absolute discretion.

"*Consent of the Partners*" means the Consent of the General Partner and the Consent of a Majority in Interest of the Partners, which Consent shall be obtained prior to the taking of any action for which it is required by this Agreement and, except as otherwise provided in this Agreement, may be given or withheld by the General Partner or the Limited Partners in their sole and absolute discretion; *provided*, *however*, that, if any such action affects only certain classes or series of Partnership Interests, "Consent of the Partners" means the Consent of the General Partner and the Consent of a Majority in Interest of the Partners of the affected classes or series of Partnership Interests.

"*Constituent Person*" has the meaning set forth in Section 16.9.F hereof.

"*Contributed Property*" means each Property or other asset, in such form as may be permitted by the Act, but excluding cash, contributed or deemed contributed to the Partnership (or deemed contributed by the Partnership to a "new" partnership pursuant to Code Section 708).

"*Controlled Entity*" means, as to any Partner, (a) any corporation more than fifty percent (50%) of the outstanding voting stock of which is owned by such Partner or such Partner's Family Members or Affiliates, (b) any trust, whether or not revocable, of which such Partner or such Partner's Family Members or Affiliates are the sole beneficiaries, (c) any partnership of which such Partner or its Affiliates are the managing partners and in which such Partner, such Partner's Family Members or Affiliates hold partnership interests representing at least twenty-five percent (25%) of such partnership's capital and profits and (d) any limited liability company

of which such Partner or its Affiliates are the managers and in which such Partner, such Partner's Family Members or Affiliates hold membership interests representing at least twenty-five percent (25%) of such limited liability company's capital and profits.

"*Conversion Date*" has the meaning set forth in Section 16.9.B hereof.

"*Conversion Notice*" has the meaning set forth in Section 16.9.B hereof.

"*Conversion Right*" has the meaning set forth in Section 16.9.A hereof.

"*Cut-Off Date*" means the fifth (5th) Business Day after the General Partner's receipt of a Notice of Redemption.

"*Debt*" means, as to any Person, as of any date of determination: (i) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services; (ii) all amounts owed by such Person to banks or other Persons in respect of reimbursement obligations under letters of credit, surety bonds and other similar instruments guaranteeing payment or other performance of obligations by such Person; (iii) all indebtedness for borrowed money or for the deferred purchase price of property or services secured by any lien on any property owned by such Person, to the extent attributable to such Person's interest in such property, even though such Person has not assumed or become liable for the payment thereof; and (iv) lease obligations of such Person that, in accordance with generally accepted accounting principles, should be capitalized.

"*Depreciation*" means, for each Partnership Year or other applicable period, an amount equal to the federal income tax depreciation, amortization or other cost recovery deduction allowable with respect to an asset for such year or other period, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such year or other period, Depreciation shall be an amount that bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization or other cost recovery deduction for such year or other period bears to such beginning adjusted tax basis; *provided, however*, that if the federal income tax depreciation, amortization or other cost recovery deduction for such year or other period is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the General Partner.

"*Disregarded Entity*" means, with respect to any Person, (i) any "qualified REIT subsidiary" (within the meaning of Code Section 856(i)(2)) of such Person, (ii) any entity treated as a disregarded entity for Federal income tax purposes with respect to such Person, or (iii) any grantor trust if the sole owner of the assets of such trust for Federal income tax purposes is such Person.

"*Distributed Right*" has the meaning set forth in the definition of "*Adjustment Factor*."

"*Economic Capital Account Balance*" means, with respect to a Holder of LTIP Units, its (a) Capital Account balance plus (b) the amount of its share of any Partner Minimum Gain or Partnership Minimum Gain, in either case to the extent attributable to its ownership of LTIP Units.

"*Equity Plan*" means any stock or equity purchase plan, restricted stock or equity plan or other similar equity compensation plan now or hereafter adopted by the Partnership or the General Partner, including the Plan.

"*ERISA*" means the Employee Retirement Income Security Act of 1974, as amended.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended, and any successor statute thereto, and the rules and regulations of the SEC promulgated thereunder.

"*Family Members*" means, as to a Person that is an individual, such Person's spouse, ancestors, descendants (whether by blood or by adoption or step-descendants by marriage), brothers and sisters, nieces and nephews and *inter vivos* or testamentary trusts (whether revocable or irrevocable) of which only such Person and his or her spouse, ancestors, descendants (whether by blood or by adoption or step-descendants by marriage), brothers and sisters and nieces and nephews are beneficiaries.

"*Final Adjustment*" has the meaning set forth in Section 10.3.B(2) hereof.

"*Flow-Through Partners*" has the meaning set forth in Section 3.4.C hereof.

"*Flow-Through Entity*" has the meaning set forth in Section 3.4.C hereof.

"*Forced Conversion*" has the meaning set forth in Section 16.9.C hereof.

"*Forced Conversion Notice*" has the meaning set forth in Section 16.9.C hereof.

"*Fourteen-Month Period*" means (a) as to an Original Limited Partner or any Assignee of an Original Limited Partner that is a Qualifying Party, a fourteen-month period ending on the day before the first fourteen-month anniversary of the date of this Agreement and (b) as to any other Qualifying Party, a fourteen-month period ending on the day before the first fourteen-month anniversary of such Qualifying Party's first becoming: (i) a Holder of Partnership Common Units, or (ii) in the case of Partnership Common Units received upon conversion of Vested LTIP Units pursuant to Section 16.9.B hereof, a Holder of the LTIP Units so converted; *provided*, *however*, that the General Partner may, in its sole and absolute discretion, by written agreement with a Qualifying Party, shorten or lengthen the first Fourteen-Month Period to a period of shorter or longer than fourteen (14) months with respect to a Qualifying Party other than an Original Limited Partner or an Assignee of an Original Limited Partner.

"*Funding Debt*" means any Debt incurred by or on behalf of the General Partner for the purpose of providing funds to the Partnership.

"*General Partner*" means American Assets Trust, Inc. and its successors and assigns as a general partner of the Partnership, in each case, that is admitted from time to time to the Partnership as a general partner pursuant to the Act and this Agreement and is listed as a general partner on Exhibit A, as such Exhibit A may be amended from time to time, in such Person's capacity as a general partner of the Partnership.

"*General Partner Interest*" means the entire Partnership Interest held by a General Partner hereof, which Partnership Interest may be expressed as a number of Partnership Common Units, Partnership Preferred Units or any other Partnership Units.

"*General Partner Interest Transfer*" has the meaning set forth in Section 11.2.D hereof.

"*Gross Asset Value*" means, with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows:

(a) The initial Gross Asset Value of any asset contributed by a Partner to the Partnership shall be the gross fair market value of such asset on the date of contribution, as determined by the General Partner and agreed to by the contributing Person.

(b) The Gross Asset Values of all Partnership assets immediately prior to the occurrence of any event described in clauses (i) through (v) below shall be adjusted to equal their respective gross fair market values, as determined by the General Partner using such reasonable method of valuation as it may adopt, as of the following times:

(i) the acquisition of an additional interest in the Partnership (other than in connection with the execution of this Agreement but including, without limitation, acquisitions pursuant to Section 4.2 hereof or contributions or deemed contributions by the General Partner pursuant to Section 4.2 hereof) by a new or existing Partner in exchange for more than a *de minimis* Capital Contribution, if the General Partner reasonably determines that such adjustment is necessary or appropriate to reflect the relative economic interests of the Partners in the Partnership;

(ii) the distribution by the Partnership to a Partner of more than a *de minimis* amount of Partnership property as consideration for an interest in the Partnership if the General Partner reasonably determines that such adjustment is necessary or appropriate to reflect the relative economic interests of the Partners in the Partnership;

(iii) the liquidation of the Partnership within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g);

(iv) the grant of an interest in the Partnership (other than a *de minimis* interest) as consideration for the provision of services to or for the benefit of the Partnership by an existing Partner acting in a partner capacity, or by a new Partner acting in a partner capacity or in anticipation of becoming a Partner of the Partnership (including the grant of an LTIP Unit), if the General Partner reasonably determines that such adjustment is necessary or appropriate to reflect the relative economic interests of the Partners in the Partnership; and

(v) at such other times as the General Partner shall reasonably determine necessary or advisable in order to comply with Regulations Sections 1.704-1(b) and 1.704-2.

(c) The Gross Asset Value of any Partnership asset distributed to a Partner shall be the gross fair market value of such asset on the date of distribution, as determined by the distributee and the General Partner; *provided*, *however*, that if the distributee is the General Partner or if the distributee and the General Partner cannot agree on such a determination, such gross fair market value shall be determined by Appraisal.

(d) The Gross Asset Values of Partnership assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulations Section 1.704-1(b)(2)(iv)(m); *provided*, *however*, that Gross Asset Values shall not be adjusted pursuant to this subsection (d) to the extent that the General Partner reasonably determines that an adjustment pursuant to subsection (b) above is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this subsection (d).

(e) If the Gross Asset Value of a Partnership asset has been determined or adjusted pursuant to subsection (a), subsection (b) or subsection (d) above, such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Net Income and Net Losses.

(f) If any unvested LTIP Units are forfeited, as described in Section 16.2.B, upon such forfeiture, the Gross Asset Value of the Partnership's assets shall be reduced by the amount of any reduction of such Partner's Capital Account attributable to the forfeiture of such LTIP Units.

"*Hart-Scott-Rodino Act*" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"*Holder*" means either (a) a Partner or (b) an Assignee owning a Partnership Interest.

"*Incapacity*" or "*Incapacitated*" means: (i) as to any Partner who is an individual, death, total physical disability or entry by a court of competent jurisdiction adjudicating such Partner incompetent to manage his or her person or his or her estate; (ii) as to any Partner that is a corporation or limited liability company, the filing of a certificate of dissolution, or its equivalent, for the corporation or the revocation of its charter; (iii) as to any Partner that is a partnership, the dissolution and commencement of winding up of the partnership; (iv) as to any Partner that is an estate, the distribution by the fiduciary of the estate's entire interest in the Partnership; (v) as to any trustee of a trust that is a Partner, the termination of the trust (but not the substitution of a new trustee); or (vi) as to any Partner, the bankruptcy of such Partner. For purposes of this definition, bankruptcy of a Partner shall be deemed to have occurred when (a) the Partner commences a voluntary proceeding seeking liquidation, reorganization or other relief of or against such Partner under any bankruptcy, insolvency or other similar law now or hereafter in effect, (b) the Partner is adjudged as bankrupt or insolvent, or a final and non-appealable order for relief under any bankruptcy, insolvency or similar law now or hereafter in effect has been entered against the Partner, (c) the Partner executes and delivers a general assignment for the

benefit of the Partner's creditors, (d) the Partner files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the Partner in any proceeding of the nature described in clause (b) above, (e) the Partner seeks, consents to or acquiesces in the appointment of a trustee, receiver or Liquidator for the Partner or for all or any substantial part of the Partner's properties, (f) any proceeding seeking liquidation, reorganization or other relief under any bankruptcy, insolvency or other similar law now or hereafter in effect has not been dismissed within one hundred twenty (120) days after the commencement thereof, (g) the appointment without the Partner's consent or acquiescence of a trustee, receiver or Liquidator has not been vacated or stayed within ninety (90) days of such appointment, or (h) an appointment referred to in clause (g) above is not vacated within ninety (90) days after the expiration of any such stay.

"*Indemnitee*" means (i) any Person made, or threatened to be made, a party to a proceeding by reason of its status as (a) the General Partner or (b) a director of the General Partner or an officer of the Partnership or the General Partner and (ii) such other Persons (including Affiliates or employees of the General Partner or the Partnership) as the General Partner may designate from time to time (whether before or after the event giving rise to potential liability), in its sole and absolute discretion.

"*IRS*" means the United States Internal Revenue Service.

"*Limited Partner*" means any Person that is admitted from time to time to the Partnership as a limited partner pursuant to the Act and this Agreement and is listed as a limited partner on Exhibit A attached hereto, as such Exhibit A may be amended from time to time, including any Substituted Limited Partner or Additional Limited Partner, in such Person's capacity as a limited partner of the Partnership.

"*Limited Partner Interest*" means a Partnership Interest of a Limited Partner in the Partnership representing a fractional part of the Partnership Interests of all Limited Partners and includes any and all benefits to which the holder of such a Partnership Interest may be entitled as provided in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement. A Limited Partner Interest may be expressed as a number of Partnership Common Units, Partnership Preferred Units or other Partnership Units.

"*Liquidating Event*" has the meaning set forth in Section 13.1 hereof.

"*Liquidating Gains*" means any net gain realized in connection with the actual or hypothetical sale of all or substantially all of the assets of the Partnership (including upon the occurrence of any Liquidating Event or Terminating Capital Transaction), including but not limited to net gain realized in connection with an adjustment to the Gross Asset Value of Partnership assets under the definition of Gross Asset Value in Section 1 of this Agreement.

"*Liquidator*" has the meaning set forth in Section 13.2.A hereof.

"*LTIP Unit Distribution Participation Date*" has the meaning set forth in Section 16.4.C hereof.

"*LTIP Unit Limited Partner*" means any Partner holding LTIP Units.

"*LTIP Units*" means the Partnership Units designated as such having the rights, powers, privileges, restrictions, qualifications and limitations set forth herein and in the Plan. LTIP Units can be issued in one or more classes, or one or more series of any such classes bearing such relationship to one another as to allocations, distributions, and other rights as the General Partner shall determine in its sole and absolute discretion subject to Maryland law.

"*Majority in Interest of the Limited Partners*" means Limited Partners (other than any Limited Partner fifty percent (50%) or more of whose equity is owned, directly or indirectly, by the General Partner) holding in the aggregate Percentage Interests that are greater than fifty percent (50%) of the aggregate Percentage Interests of all such Limited Partners entitled to Consent to or withhold Consent from a proposed action.

"*Majority in Interest of the Partners*" means Partners holding in the aggregate Percentage Interests that are greater than fifty percent (50%) of the aggregate Percentage Interests of all Partners entitled to Consent to or withhold Consent from a proposed action.

"*Market Price*" has the meaning set forth in the definition of "*Value*."

"*Maryland Courts*" has the meaning set forth in Section 15.9.B hereof.

"*Net Income*" or "*Net Loss*" means, for each Partnership Year or other applicable period, an amount equal to the Partnership's taxable income or loss for such year or other applicable period, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments:

(a) Any income of the Partnership that is exempt from federal income tax and not otherwise taken into account in computing Net Income (or Net Loss) pursuant to this definition of "Net Income" or "Net Loss" shall be added to (or subtracted from, as the case may be) such taxable income (or loss);

(b) Any expenditure of the Partnership described in Code Section 705(a)(2)(B) or treated as a Code Section 705(a)(2)(B) expenditure pursuant to Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Net Income (or Net Loss) pursuant to this definition of "Net Income" or "Net Loss," shall be subtracted from (or added to, as the case may be) such taxable income (or loss);

(c) In the event the Gross Asset Value of any Partnership asset is adjusted pursuant to subsection (b) or subsection (c) of the definition of "Gross Asset Value," the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Net Income or Net Loss;

(d) Gain or loss resulting from any disposition of property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the property disposed of, notwithstanding that the adjusted tax basis of such property differs from its Gross Asset Value;

(e) In lieu of the depreciation, amortization and other cost recovery deductions that would otherwise be taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Partnership Year or other applicable period;

(f) To the extent that an adjustment to the adjusted tax basis of any Partnership asset pursuant to Code Section 734(b) or Code Section 743(b) is required pursuant to Regulations Section 1.704-1(b)(2)(iv)(m)(4) to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Partner's interest in the Partnership, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis of the asset) from the disposition of the asset and shall be taken into account for purposes of computing Net Income or Net Loss; and

(g) Notwithstanding any other provision of this definition of "Net Income" or "Net Loss," any item that is specially allocated pursuant to Article 6 hereof shall not be taken into account in computing Net Income or Net Loss. The amounts of the items of Partnership income, gain, loss or deduction available to be specially allocated pursuant to Section 6.3 or 6.4 hereof shall be determined by applying rules analogous to those set forth in this definition of "Net Income" or "Net Loss."

"*New Securities*" means (i) any rights, options, warrants or convertible or exchangeable securities having the right to subscribe for or purchase REIT Shares or Preferred Shares, excluding grants under the Stock Option Plans, or (ii) any Debt issued by the General Partner that provides any of the rights described in clause (i).

"*Nonrecourse Deductions*" has the meaning set forth in Regulations Section 1.704-2(b)(1), and the amount of Nonrecourse Deductions for a Partnership Year shall be determined in accordance with the rules of Regulations Section 1.704-2(c).

"*Nonrecourse Liability*" has the meaning set forth in Regulations Sections 1.704-2(b)(3) and 1.752-1(a)(2).

"*Notice of Redemption*" means the Notice of Redemption substantially in the form of Exhibit C attached to this Agreement.

"*Optionee*" means a Person to whom a stock option is granted under any Stock Option Plan.

"*Original Limited Partner*" means any Person that is a Limited Partner as of the close of business on the date of the closing of the issuance of REIT Shares pursuant to the initial public offering of REIT Shares, and does not include any Assignee or other transferee, including, without limitation, any Substituted Limited Partner succeeding to all or any part of the Partnership Interest of any such Person.

"*Ownership Limit*" means the restriction or restrictions on the ownership and transfer of stock of the General Partner imposed under the Charter.

"*Partner*" means the General Partner or a Limited Partner, and "*Partners*" means the General Partner and the Limited Partners.

"*Partner Minimum Gain*" means an amount, with respect to each Partner Nonrecourse Debt, equal to the Partnership Minimum Gain that would result if such Partner Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Regulations Section 1.704-2(i)(3).

"*Partner Nonrecourse Debt*" has the meaning set forth in Regulations Section 1.704-2(b)(4).

"*Partner Nonrecourse Deductions*" has the meaning set forth in Regulations Section 1.704-2(i)(1), and the amount of Partner Nonrecourse Deductions with respect to a Partner Nonrecourse Debt for a Partnership Year shall be determined in accordance with the rules of Regulations Section 1.704-2(i)(2).

"*Partnership*" means the limited partnership formed and continued under the Act and pursuant to this Agreement, and any successor thereto.

"*Partnership Common Unit*" means a fractional, undivided share of the Partnership Interests of all Partners issued pursuant to Sections 4.1 and 4.2 hereof, but does not include any Partnership Preferred Unit, LTIP Unit or any other Partnership Unit specified in a Partnership Unit Designation as being other than a Partnership Common Unit.

"*Partnership Approval*" exists, with respect to any General Partner Interest Transfer, when the sum of (i) the Percentage Interest of Limited Partners holding Partnership Common Units and LTIP Units Consenting to the General Partner Interest Transfer, plus (ii) the product of (a) the Percentage Interest of Partnership Common Units held by the General Partner multiplied by (b) the percentage of the votes that were cast in favor of the event constituting such General Partner Interest Transfer by the General Partner's common stockholders out of the total votes entitled to be cast by the General Partner's common stockholders, equals or exceeds the percentage required for the common stockholders of the General Partner to approve the event constituting such General Partner Interest Transfer. In the event that Partnership Approval has not been established by the date that is five (5) Business Days after the date upon which the vote of the stockholders of the General Partner was certified, or the consent of the stockholders of the General Partner was obtained, with respect to the event constituting such General Partner Interest Transfer, then Partnership Approval shall be deemed not to exist with respect to such event.

"*Partnership Employee*" means an employee or other service provider of the Partnership or of a Subsidiary of the Partnership, if any, acting in such capacity.

"*Partnership Equivalent Units*" has the meaning set forth in Section 4.7.A hereof.

"*Partnership Interest*" means an ownership interest in the Partnership held by either a Limited Partner or a General Partner and includes any and all benefits to which the holder of such a Partnership Interest may be entitled as provided in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement. There may be one or more classes or series of Partnership Interests. A Partnership Interest may be expressed as a number of Partnership Common Units, Partnership Preferred Units or other Partnership Units.

"*Partnership Minimum Gain*" has the meaning set forth in Regulations Section 1.704-2(b)(2), and the amount of Partnership Minimum Gain, as well as any net increase or decrease in Partnership Minimum Gain, for a Partnership Year shall be determined in accordance with the rules of Regulations Section 1.704-2(d).

"*Partnership Preferred Unit*" means a fractional, undivided share of the Partnership Interests that the General Partner has authorized pursuant to Section 4.2 hereof that has distribution rights, or rights upon liquidation, winding up and dissolution, that are superior or prior to the Partnership Common Units.

"*Partnership Record Date*" means the record date established by the General Partner for a distribution pursuant to Section 5.1 hereof, which record date shall generally be the same as the record date established by the General Partner for a distribution to its stockholders of some or all of its portion of such distribution.

"*Partnership Unit*" means a Partnership Common Unit, a Partnership Preferred Unit, an LTIP Unit or any other unit of the fractional, undivided share of the Partnership Interests that the General Partner has authorized pursuant to Section 4.1, Section 4.2 or Section 4.3 hereof; *provided*, *however*, that Partnership Units comprising a General Partner Interest or a Limited Partner Interest shall have the differences in rights and privileges as specified in this Agreement.

"*Partnership Unit Designation*" shall have the meaning set forth in Section 4.2.A hereof.

"*Partnership Year*" means the fiscal year of the Partnership, which shall be the calendar year.

"*Percentage Interest*" means, with respect to each Partner, the fraction, expressed as a percentage, the numerator of which is the aggregate number of Partnership Units of all classes and series held by such Partner and the denominator of which is the total number of Partnership Units of all classes and series held by all Partners; *provided*, *however*, that, to the extent applicable in context, the term "Percentage Interest" means, with respect to a Partner, the fraction, expressed as a percentage, the numerator of which is the aggregate number of Partnership Units of a specified class or series (or specified group of classes and/or series) held by such Partner and the denominator of which is the total number of Partnership Units of such specified class or series (or specified group of classes and/or series) held by all Partners.

"*Permitted Transfer*" has the meaning set forth in Section 11.3.A hereof.

"*Person*" means an individual or a corporation, partnership, trust, unincorporated organization, association, limited liability company or other entity.

"*Plan*" means the American Assets Trust, Inc. 2011 Equity Incentive Award Plan.

"*Pledge*" has the meaning set forth in Section 11.3.A hereof.

"*Preferred Share*" means a share of stock of the General Partner of any class or series now or hereafter authorized or reclassified that has dividend rights, or rights upon liquidation, winding up and dissolution, that are superior or prior to the REIT Shares.

"*Properties*" means any assets and property of the Partnership such as, but not limited to, interests in real property and personal property, including, without limitation, fee interests, interests in ground leases, easements and rights of way, interests in limited liability companies, joint ventures or partnerships, interests in mortgages, and Debt instruments as the Partnership may hold from time to time and "Property" means any one such asset or property.

"*Proposed Section 83 Safe Harbor Regulation*" has the meaning set forth in Section 16.11.

"*Qualified DRIP/COPP*" means a dividend reinvestment plan or a cash option purchase plan of the General Partner that permits participants to acquire REIT Shares using the proceeds of dividends paid by the General Partner or cash of the participant, respectively; *provided*, *however*, that if such shares are offered at a discount, such discount must (i) be designed to pass along to the stockholders of the General Partner the savings enjoyed by the General Partner in connection with the avoidance of stock issuance costs, and (ii) not exceed 5% of the value of a REIT Share as computed under the terms of such plan.

"*Qualified Transferee*" means an "accredited investor" as defined in Rule 501 promulgated under the Securities Act.

"*Qualifying Party*" means (a) a Limited Partner, (b) an Assignee or (c) a Person, including a lending institution as the pledgee of a Pledge, who is the transferee of a Limited Partner Interest in a Permitted Transfer; *provided*, *however*, that a Qualifying Party shall not include the General Partner.

"*Redemption*" has the meaning set forth in Section 15.1.A hereof.

"*Regulations*" means the income tax regulations under the Code, whether such regulations are in proposed, temporary or final form, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"*Regulatory Allocations*" has the meaning set forth in Section 6.4.A(viii) hereof.

"*REIT*" means a real estate investment trust qualifying under Code Section 856.

"*REIT Partner*" means (a) the General Partner or any Affiliate of the General Partner to the extent such person has in place an election to qualify as a REIT and, (b) any Disregarded Entity with respect to any such Person.

"*REIT Payment*" has the meaning set forth in Section 15.12 hereof.

"*REIT Requirements*" has the meaning set forth in Section 5.1 hereof.

"*REIT Share*" means a share of common stock of the General Partner, $0.01 par value per share, but shall not include any class or series of the General Partner's common stock classified after the date of this Agreement.

"*REIT Shares Amount*" means a number of REIT Shares equal to the product of (a) the number of Tendered Units and (b) the Adjustment Factor; *provided*, *however*, that, in the event that the General Partner issues to all holders of REIT Shares as of a certain record date rights, options, warrants or convertible or exchangeable securities entitling the General Partner's stockholders to subscribe for or purchase REIT Shares, or any other securities or property (collectively, the "*Rights*"), with the record date for such Rights issuance falling within the period starting on the date of the Notice of Redemption and ending on the day immediately preceding the Specified Redemption Date, which Rights will not be distributed before the relevant Specified Redemption Date, then the REIT Shares Amount shall also include such Rights that a holder of that number of REIT Shares would be entitled to receive, expressed, where relevant hereunder, in a number of REIT Shares determined by the General Partner.

"*Related Party*" means, with respect to any Person, any other Person to whom ownership of shares of the General Partner's stock by the first such Person would be attributed under Code Section 544 (as modified by Code Section 856(h)(1)(B)) or Code Section 318(a) (as modified by Code Section 856(d)(5)).

"*Rights*" has the meaning set forth in the definition of "*REIT Shares Amount*."

"*Safe Harbors*" has the meaning set forth in Section 11.3.C hereof.

"*SDAT*" means the State Department of Assessments and Taxation of Maryland.

"*SEC*" means the Securities and Exchange Commission.

"*Section 83 Safe Harbor*" has the meaning set forth in Section 16.11.

"*Securities Act*" means the Securities Act of 1933, as amended, and any successor statute thereto, and the rules and regulations of the SEC promulgated thereunder.

"*Special Redemption*" has the meaning set forth in Section 15.1.A hereof.

"*Specified Redemption Date*" means the tenth (10th) Business Day after the receipt by the General Partner of a Notice of Redemption; *provided*, *however*, that no Specified Redemption Date shall occur during the first Fourteen-Month Period (except pursuant to a Special Redemption).

"*Stock Option Plans*" means any stock option plan now or hereafter adopted by the Partnership or the General Partner.

"*Subsidiary*" means, with respect to any Person, any corporation or other entity of which a majority of (i) the voting power of the voting equity securities or (ii) the outstanding equity interests is owned, directly or indirectly, by such Person; *provided*, *however*, that, with respect to the Partnership, "Subsidiary" means solely a partnership or limited liability company (taxed, for

federal income tax purposes, as a partnership or as a Disregarded Entity and not as an association or publicly traded partnership taxable as a corporation) of which the Partnership is a member or any "taxable REIT subsidiary" of the General Partner in which the Partnership owns shares of stock, unless the ownership of shares of stock of a corporation or other entity (other than a "taxable REIT subsidiary") will not jeopardize the General Partner's status as a REIT or any General Partner Affiliate's status as a "qualified REIT subsidiary" (within the meaning of Code Section 856(i)(2)), in which event the term "Subsidiary" shall include such corporation or other entity.

"*Substituted Limited Partner*" means a Person who is admitted as a Limited Partner to the Partnership pursuant to the Act and (i) Section 11.4 hereof or (ii) pursuant to any Partnership Unit Designation.

"*Surviving Partnership*" has the meaning set forth in Section 11.2.B(ii) hereof.

"*Tax Items*" has the meaning set forth in Section 6.5.A hereof.

"*Tendered Units*" has the meaning set forth in Section 15.1.A hereof.

"*Tendering Party*" has the meaning set forth in Section 15.1.A hereof.

"*Termination Transaction*" has the meaning set forth in Section 11.2.B hereof.

"*Terminating Capital Transaction*" means any sale or other disposition of all or substantially all of the assets of the Partnership or a related series of transactions that, taken together, result in the sale or other disposition of all or substantially all of the assets of the Partnership, in any case, not in the ordinary course of the Partnership's business.

"*Transaction*" has the meaning set forth in Section 16.9.F hereof.

"*Transfer*" means any sale, assignment, bequest, conveyance, devise, gift (outright or in trust), Pledge, encumbrance, hypothecation, mortgage, exchange, transfer or other disposition or act of alienation, whether voluntary, involuntary or by operation of law; *provided*, *however*, that when the term is used in Article 11 hereof, except as otherwise expressly provided, "Transfer" does not include (a) any Redemption of Partnership Common Units by the Partnership, or acquisition of Tendered Units by the General Partner, pursuant to Section 15.1 hereof, (b) any conversion of LTIP Units into Common Units pursuant to Section 16.9 hereof, or (c) any redemption of Partnership Units pursuant to any Partnership Unit Designation. The terms "Transferred" and "Transferring" have correlative meanings.

"*Unvested LTIP Units*" has the meaning set forth in Section 16.2.A hereof.

"*Valuation Date*" means the date of receipt by the General Partner of a Notice of Redemption pursuant to Section 15.1 herein, or such other date as specified herein, or, if such date is not a Business Day, the immediately preceding Business Day.

"*Value*" means, on any Valuation Date with respect to a REIT Share, the average of the daily Market Prices for ten (10) consecutive trading days immediately preceding the Valuation

Date (except that the Market Price for the trading day immediately preceding the date of exercise of a stock option under any Stock Option Plans shall be substituted for such average of daily market prices for purposes of Section 4.4 hereof). The term "*Market Price*" on any date means, with respect to any class or series of outstanding REIT Shares, the Closing Price for such REIT Shares on such date. The "*Closing Price*" on any date means the last sale price for such REIT Shares, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, for such REIT Shares, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange or, if such REIT Shares are not listed or admitted to trading on the New York Stock Exchange, as reported on the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which such REIT Shares are listed or admitted to trading or, if such REIT Shares are not listed or admitted to trading on any national securities exchange, the last quoted price, or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the principal automated quotation system on which REIT Shares are quoted or, if such REIT Shares are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in such REIT Shares selected by the board of directors of the General Partner or, in the event that no trading price is available for such REIT Shares, the fair market value of the REIT Shares, as determined by the board of directors of the General Partner.

In the event that the REIT Shares Amount includes Rights that a holder of REIT Shares would be entitled to receive, then the Value of such Rights shall be determined by the General Partner on the basis of such quotations and other information as it considers appropriate.

"*Vested LTIP Units*" has the meaning set forth in Section 16.2.A hereof.

"*Vesting Agreement*" has the meaning set forth in Section 16.2.A hereof.

"*Vesting Date*" has the meaning set forth in Section 4.4.C.2 hereof.

ARTICLE 2
ORGANIZATIONAL MATTERS

Section 2.1 *Formation*. The Partnership is a limited partnership heretofore formed and continued pursuant to the provisions of the Act and upon the terms and subject to the conditions set forth in this Agreement. Except as expressly provided herein to the contrary, the rights and obligations of the Partners and the administration and termination of the Partnership shall be governed by the Act. The Partnership Interest of each Partner shall be personal property for all purposes.

Section 2.2 *Name*. The name of the Partnership is "American Assets Trust, L.P." The Partnership's business may be conducted under any other name or names deemed advisable by the General Partner, including the name of the General Partner or any Affiliate thereof. The words "Limited Partnership," "L.P.," "Ltd." or similar words or letters shall be included in the Partnership's name where necessary for the purposes of complying with the laws of any jurisdiction that so requires. The General Partner in its sole and absolute discretion may change the name of the Partnership at any time and from time to time and shall notify the Partners of such change in the next regular communication to the Partners.

Section 2.3 *Principal Office and Resident Agent; Principal Executive Office.* The address of the principal office of the Partnership in the State of Maryland is located at c/o The Corporation Trust Incorporated, 351 West Camden Street, Baltimore, Maryland 21201, or such other place within the State of Maryland as the General Partner may from time to time designate, and the resident agent of the Partnership in the State of Maryland is The Corporation Trust Incorporated, 351 West Camden Street, Baltimore, Maryland 21201, or such other resident of the State of Maryland as the General Partner may from time to time designate. The principal office of the Partnership is located at 11455 El Camino Real, Suite 200 San Diego, California 92130, or such other place as the General Partner may from time to time designate by notice to the Limited Partners. The Partnership may maintain offices at such other place or places within or outside the State of Maryland as the General Partner deems advisable.

Section 2.4 *Power of Attorney*.

A. Each Limited Partner and Assignee hereby irrevocably constitutes and appoints the General Partner, any Liquidator, and authorized officers and attorneys-in-fact of each, and each of those acting singly, in each case with full power of substitution, as its true and lawful agent and attorney-in-fact, with full power and authority in its name, place and stead to:

(1) execute, swear to, seal, acknowledge, deliver, file and record in the appropriate public offices: (a) all certificates, documents and other instruments (including, without limitation, this Agreement and the Certificate and all amendments, supplements or restatements thereof) that the General Partner or the Liquidator deems appropriate or necessary to form, qualify or continue the existence or qualification of the Partnership as a limited partnership (or a partnership in which the limited partners have limited liability to the extent provided by applicable law) in the State of Maryland and in all other jurisdictions in which the Partnership may conduct business or own property; (b) all instruments that the General Partner or any Liquidator deems appropriate or necessary to reflect any amendment, change, modification or restatement of this Agreement in accordance with its terms; (c) all conveyances and other instruments or documents that the General Partner or the Liquidator deems appropriate or necessary to reflect the dissolution and liquidation of the Partnership pursuant to the terms of this Agreement, including, without limitation, a certificate of cancellation; (d) all conveyances and other instruments or documents that the General Partner or the Liquidator deems appropriate or necessary to reflect the distribution or exchange of assets of the Partnership pursuant to the terms of this Agreement; (e) all instruments relating to the admission, acceptance, withdrawal, removal or substitution of any Partner pursuant to the terms of this Agreement or the Capital Contribution of any Partner; and (f) all certificates, documents and other instruments relating to the determination of the rights, preferences and privileges relating to Partnership Interests; and

(2) execute, swear to, acknowledge and file all ballots, consents, approvals, waivers, certificates and other instruments appropriate or necessary, in the sole and absolute discretion of the General Partner or any Liquidator, to make, evidence, give, confirm or ratify any vote, consent, approval, agreement or other action that is made or given by the Partners hereunder or is consistent with the terms of this Agreement.

(3) Nothing contained herein shall be construed as authorizing the General Partner or any Liquidator to amend this Agreement except in accordance with Section 14.2 hereof or as may be otherwise expressly provided for in this Agreement.

B. The foregoing power of attorney is hereby declared to be irrevocable and a special power coupled with an interest, in recognition of the fact that each of the Limited Partners and Assignees will be relying upon the power of the General Partner or the Liquidator to act as contemplated by this Agreement in any filing or other action by it on behalf of the Partnership, and it shall survive and not be affected by the subsequent Incapacity of any Limited Partner or Assignee and the Transfer of all or any portion of such Person's Partnership Interest and shall extend to such Person's heirs, successors, assigns and personal representatives. Each such Limited Partner and Assignee hereby agrees to be bound by any representation made by the General Partner or the Liquidator, acting in good faith pursuant to such power of attorney; and each such Limited Partner and Assignee hereby waives any and all defenses that may be available to contest, negate or disaffirm the action of the General Partner or the Liquidator, taken in good faith under such power of attorney. Each Limited Partner and Assignee shall execute and deliver to the General Partner or the Liquidator, within fifteen (15) days after receipt of the General Partner's or the Liquidator's request therefor, such further designation, powers of attorney and other instruments as the General Partner or the Liquidator (as the case may be) deems necessary to effectuate this Agreement and the purposes of the Partnership. Notwithstanding anything else set forth in this Section 2.4.B, no Limited Partner shall incur any personal liability for any action of the General Partner or the Liquidator taken under such power of attorney.

Section 2.5 *Term*. The term of the Partnership commenced on July 16, 2010, the date that the original Certificate was filed with the SDAT in accordance with the Act, and shall continue indefinitely unless the Partnership is dissolved sooner pursuant to the provisions of Article 13 hereof or as otherwise provided by law.

Section 2.6 *Partnership Interests Are Securities*. All Partnership Interests shall be securities within the meaning of, and governed by, (i) Article 8 of the Maryland Uniform Commercial Code and (ii) Article 8 of the Uniform Commercial Code of any other applicable jurisdiction.

ARTICLE 3
PURPOSE

Section 3.1 *Purpose and Business*. The purpose and nature of the Partnership is to conduct any business, enterprise or activity permitted by or under the Act, including, without limitation, (i) to conduct the business of ownership, construction, reconstruction, development, redevelopment, alteration, improvement, maintenance, operation, sale, leasing, transfer, encumbrance, conveyance and exchange of the Properties, (ii) to acquire and invest in any securities and/or loans relating to the Properties, (iii) to enter into any partnership, joint venture, business trust arrangement, limited liability company or other similar arrangement to engage in

any business permitted by or under the Act, or to own interests in any entity engaged in any business permitted by or under the Act, (iv) to conduct the business of providing property and asset management and brokerage services, whether directly or through one or more partnerships, joint ventures, Subsidiaries, business trusts, limited liability companies or similar arrangements, and (v) to do anything necessary or incidental to the foregoing.

Section 3.2 *Powers*.

A. The Partnership shall be empowered to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of the purposes and business described herein and for the protection and benefit of the Partnership including, without limitation, full power and authority, directly or through its ownership interest in other entities, to enter into, perform and carry out contracts of any kind, to borrow and lend money and to issue evidence of indebtedness, whether or not secured by mortgage, deed of trust, pledge or other lien, to acquire, own, manage, improve and develop real property and lease, sell, transfer and dispose of real property.

B. Notwithstanding any other provision in this Agreement, the Partnership shall not take, or refrain from taking, any action that, in the judgment of the General Partner, in its sole and absolute discretion, (i) could adversely affect the ability of the General Partner to continue to qualify as a REIT, (ii) could subject the General Partner to any taxes under Code Section 857 or Code Section 4981 or any other related or successor provision under the Code, or (iii) could violate any law or regulation of any governmental body or agency having jurisdiction over the General Partner, its securities or the Partnership, unless, in any such case, such action (or inaction) under clause (i), clause (ii), or clause (iii) above shall have been specifically Consented to by the General Partner.

Section 3.3 *Partnership Only for Purposes Specified*. The Partnership is a limited partnership formed pursuant to the Act, and this Agreement shall not be deemed to create a company, venture or partnership between or among the Partners or any other Persons with respect to any activities whatsoever other than the activities within the purposes of the Partnership as specified in Section 3.1 hereof; however, to the extent applicable, the Partnership is a “partnership at will” (and is not a partnership formed for a definite term or particular undertaking) within the meaning of the Act. Except as otherwise provided in this Agreement, no Partner shall have any authority to act for, bind, commit or assume any obligation or responsibility on behalf of the Partnership, its properties or any other Partner. No Partner, in its capacity as a Partner under this Agreement, shall be responsible or liable for any indebtedness or obligation of another Partner, nor shall the Partnership be responsible or liable for any indebtedness or obligation of any Partner, incurred either before or after the execution and delivery of this Agreement by such Partner, except as to those responsibilities, liabilities, indebtedness or obligations incurred pursuant to and as limited by the terms of this Agreement and the Act.

Section 3.4 *Representations and Warranties by the Partners*.

A. Each Partner that is an individual (including, without limitation, each Additional Limited Partner or Substituted Limited Partner as a condition to becoming an Additional Limited

Partner or a Substituted Limited Partner) represents and warrants to, and covenants with, each other Partner that (i) the consummation of the transactions contemplated by this Agreement to be performed by such Partner will not result in a breach or violation of, or a default under, any material agreement by which such Partner or any of such Partner's property is bound, or any statute, regulation, order or other law to which such Partner is subject, (ii) if five percent (5%) or more (by value) of the Partnership's interests are or will be owned by such Partner within the meaning of Code Section 7704(d)(3), such Partner does not, and for so long as it is a Partner will not, own, directly or indirectly, (a) stock of any corporation that is a tenant of (I) the General Partner, or any Disregarded Entity with respect to the General Partner, (II) the Partnership or (III) any partnership, venture or limited liability company of which the General Partner, any Disregarded Entity with respect to the General Partner, or the Partnership is a direct or indirect member or (b) an interest in the assets or net profits of any non-corporate tenant of (I) the General Partner or any Disregarded Entity with respect to the General Partner, (II) the Partnership or (III) any partnership, venture, or limited liability company of which the General Partner, any Disregarded Entity with respect to the General Partner, or the Partnership is a direct or indirect member, (iii) such Partner has the legal capacity to enter into this Agreement and perform such Partner's obligations hereunder, and (iv) this Agreement is binding upon, and enforceable against, such Partner in accordance with its terms. Notwithstanding the foregoing, a Partner that is an individual shall not be subject to the ownership restrictions set forth in clause (ii) of the immediately preceding sentence to the extent such Partner obtains the written Consent of the General Partner prior to violating any such restrictions. Each Partner that is an individual shall also represent and warrant to the Partnership that such Partner is neither a "foreign person" within the meaning of Code Section 1445(f) nor a foreign partner within the meaning of Code Section 1446(e).

B. Each Partner that is not an individual (including, without limitation, each Additional Limited Partner or Substituted Limited Partner as a condition to becoming an Additional Limited Partner or a Substituted Limited Partner) represents and warrants to, and covenants with, each other Partner that (i) all transactions contemplated by this Agreement to be performed by it have been duly authorized by all necessary action, including, without limitation, that of its general partner(s), manager(s), committee(s), trustee(s), beneficiaries, directors and/or stockholder(s) (as the case may be) as required, (ii) the consummation of such transactions shall not result in a breach or violation of, or a default under, its partnership or operating agreement, trust agreement, charter or bylaws (as the case may be) any material agreement by which such Partner or any of such Partner's properties or any of its partners, members, beneficiaries, trustees or stockholders (as the case may be) is or are bound, or any statute, regulation, order or other law to which such Partner or any of its partners, members, trustees, beneficiaries or stockholders (as the case may be) is or are subject, (iii) if five percent (5%) or more (by value) of the Partnership's interests are or will be owned by such Partner within the meaning of Code Section 7704(d)(3), such Partner does not, and for so long as it is a Partner will not, own, directly or indirectly, (a) stock of any corporation that is a tenant of (I) the General Partner or any Disregarded Entity with respect to the General Partner, (II) the Partnership or (III) any partnership, venture or limited liability company of which the General Partner, any General Partner, any Disregarded Entity with respect to the General Partner, or the Partnership is a direct or indirect member or (b) an interest in the assets or net profits of any non-corporate tenant of (I) the General Partner, or any Disregarded Entity with respect to the General Partner, (II) the Partnership or (III) any partnership, venture or limited liability company for which the General

Partner, any General Partner, any Disregarded Entity with respect to the General Partner, or the Partnership is a direct or indirect member, and (iv) this Agreement is binding upon, and enforceable against, such Partner in accordance with its terms. Notwithstanding the foregoing, a Partner that is not an individual shall not be subject to the ownership restrictions set forth in clause (iii) of the immediately preceding sentence to the extent such Partner obtains the written Consent of the General Partner prior to violating any such restrictions. Each Partner that is not an individual shall also represent and warrant to the Partnership that such Partner is neither a "foreign person" within the meaning of Code Section 1445(f) nor a foreign partner within the meaning of Code Section 1446(e).

C. Each Partner (including, without limitation, each Additional Limited Partner or Substituted Limited Partner as a condition to becoming an Additional Limited Partner or Substituted Limited Partner) represents, warrants and agrees that (i) it has acquired and continues to hold its interest in the Partnership for its own account for investment purposes only and not for the purpose of, or with a view toward, the resale or distribution of all or any part thereof in violation of applicable laws, and not with a view toward selling or otherwise distributing such interest or any part thereof at any particular time or under any predetermined circumstances in violation of applicable laws; (ii) it is a sophisticated investor, able and accustomed to handling sophisticated financial matters for itself, particularly real estate investments, and that it has a sufficiently high net worth that it does not anticipate a need for the funds that it has invested in the Partnership in what it understands to be a highly speculative and illiquid investment; and (iii) without the Consent of the General Partner, it shall not take any action that would cause (a) the Partnership at any time to have more than 100 partners, including as partners those persons ("*Flow-Through Partners*") indirectly owning an interest in the Partnership through an entity treated as a partnership, Disregarded Entity, S corporation or grantor trust (each such entity, a "*Flow-Through Entity*"), but only if substantially all of the value of such person's interest in the Flow-Through Entity is attributable to the Flow-Through Entity's interest (direct or indirect) in the Partnership; or (b) the Partnership Interest initially issued to such Partner or its predecessors to be held by more than two partners, including as partners any Flow-Through Partners.

D. The representations and warranties contained in Sections 3.4.A, 3.4.B and 3.4.C hereof shall survive the execution and delivery of this Agreement by each Partner (and, in the case of an Additional Limited Partner or a Substituted Limited Partner, the admission of such Additional Limited Partner or Substituted Limited Partner as a Limited Partner in the Partnership) and the dissolution, liquidation and termination of the Partnership.

E. Each Partner (including, without limitation, each Additional Limited Partner or Substituted Limited Partner as a condition to becoming an Additional Limited Partner or Substituted Limited Partner) hereby acknowledges that no representations as to potential profit, cash flows, funds from operations or yield, if any, in respect of the Partnership or the General Partner have been made by any Partner or any employee or representative or Affiliate of any Partner, and that projections and any other information, including, without limitation, financial and descriptive information and documentation, that may have been in any manner submitted to such Partner shall not constitute any representation or warranty of any kind or nature, express or implied.

F. Notwithstanding the foregoing, the General Partner may, in its sole and absolute discretion, permit the modification of any of the representations and warranties contained in Sections 3.4.A, 3.4.B and 3.4.C above as applicable to any Partner (including, without limitation any Additional Limited Partner or Substituted Limited Partner or any transferee of either), provided that such representations and warranties, as modified, shall be set forth in either (i) a Partnership Unit Designation applicable to the Partnership Units held by such Partner or (ii) a separate writing addressed to the Partnership and the General Partner.

ARTICLE 4
CAPITAL CONTRIBUTIONS

Section 4.1 *Capital Contributions of the Partners*. The Partners have heretofore made Capital Contributions to the Partnership. Each Partner owns Partnership Units in the amount set forth for such Partner on Exhibit A, as the same may be amended from time to time by the General Partner to the extent necessary to reflect accurately sales, exchanges or other Transfers, redemptions, Capital Contributions, the issuance of additional Partnership Units, or similar events having an effect on a Partner's ownership of Partnership Units. Except as provided by law or in Section 4.2, 4.3, or 10.4 hereof, the Partners shall have no obligation or, except with the prior Consent of the General Partner, right to make any additional Capital Contributions or loans to the Partnership.

Section 4.2 *Issuances of Additional Partnership Interests*. Subject to the rights of any Holder of any Partnership Interest set forth in a Partnership Unit Designation:

A. *General*. The General Partner is hereby authorized to cause the Partnership to issue additional Partnership Interests, in the form of Partnership Units, for any Partnership purpose, at any time or from time to time, to the Partners (including the General Partner) or to other Persons, and to admit such Persons as Additional Limited Partners, for such consideration and on such terms and conditions as shall be established by the General Partner in its sole and absolute discretion, all without the approval of any Limited Partner or any other Person. Without limiting the foregoing, the General Partner is expressly authorized to cause the Partnership to issue Partnership Units (i) upon the conversion, redemption or exchange of any Debt, Partnership Units, or other securities issued by the Partnership, (ii) for less than fair market value and (iii) in connection with any merger of any other Person into the Partnership. Any additional Partnership Interests may be issued in one or more classes, or one or more series of any of such classes, with such designations, preferences, conversion or other rights, voting powers or rights, restrictions, limitations as to distributions, qualifications or terms or conditions of redemption (including, without limitation, terms that may be senior or otherwise entitled to preference over existing Partnership Units) as shall be determined by the General Partner, in its sole and absolute discretion without the approval of any Limited Partner or any other Person, and set forth in a written document thereafter attached to and made an exhibit to this Agreement, which exhibit shall be an amendment to this Agreement and shall be incorporated herein by this reference (each, a "*Partnership Unit Designation*"). Without limiting the generality of the foregoing, the General Partner shall have authority to specify: (a) the allocations of items of Partnership income, gain, loss, deduction and credit to each such class or series of Partnership Interests; (b) the right of each such class or series of Partnership Interests to share (on a *pari passu*, junior or preferred basis) in Partnership distributions; (c) the rights of each such class or series of Partnership

Interests upon dissolution and liquidation of the Partnership; (d) the voting rights, if any, of each such class or series of Partnership Interests; and (e) the conversion, redemption or exchange rights applicable to each such class or series of Partnership Interests. Upon the issuance of any additional Partnership Interest, the General Partner shall amend Exhibit A and the books and records of the Partnership as appropriate to reflect such issuance.

B. *Issuances of LTIP Units*. Without limiting the generality of the foregoing, from time to time, the General Partner is hereby authorized to issue LTIP Units to Persons providing services to or for the benefit of the Partnership for such consideration or for no consideration as the General Partner may determine to be appropriate and on such terms and conditions as shall be established by the General Partner, and admit such Persons as Limited Partners. Except to the extent a Capital Contribution is made with respect to an LTIP Unit, each LTIP Unit is intended to qualify as a profits interests in the Partnership within the meaning of the Code, the Regulations, and any published guidance by the IRS with respect thereto. Except as may be provided from time to time by the General Partner with respect to one or more series of LTIP Units, LTIP Units shall be have the terms set forth in Article 16.

C. *Issuances to the General Partner*. No additional Partnership Units shall be issued to the General Partner unless (i) the additional Partnership Units are issued to all Partners in proportion to their respective Percentage Interests, (ii) (a) the additional Partnership Units are (x) Partnership Common Units issued in connection with an issuance of REIT Shares, or (y) Partnership Equivalent Units (other than Partnership Common Units) issued in connection with an issuance of Preferred Shares, New Securities or other interests in the General Partner (other than REIT Shares), and (b) the General Partner contributes to the Partnership the cash proceeds or other consideration received in connection with the issuance of such REIT Shares, Preferred Shares, New Securities or other interests in the General Partner, (iii) the additional Partnership Units are issued upon the conversion, redemption or exchange of Debt, Partnership Units or other securities issued by the Partnership or (iv) the additional Partnership Units are issued pursuant to Section 4.3.B, Section 4.3.E, Section 4.4 or Section 4.5.

D. *No Preemptive Rights*. Except as specified in Section 4.2.C(i) hereof, no Person, including, without limitation, any Partner or Assignee, shall have any preemptive, preferential, participation or similar right or rights to subscribe for or acquire any Partnership Interest.

Section 4.3 *Additional Funds and Capital Contributions*.

A. *General*. The General Partner may, at any time and from time to time, determine that the Partnership requires additional funds ("*Additional Funds*") for the acquisition or development of additional Properties, for the redemption of Partnership Units or for such other purposes as the General Partner may determine, in its sole and absolute discretion. Additional Funds may be obtained by the Partnership, at the election of the General Partner, in any manner provided in, and in accordance with, the terms of this Section 4.3 without the approval of any Limited Partner or any other Person.

B. *Additional Capital Contributions*. The General Partner, on behalf of the Partnership, may obtain any Additional Funds by accepting Capital Contributions from any Partners or other Persons. In connection with any such Capital Contribution (of cash or property),

the General Partner is hereby authorized to cause the Partnership from time to time to issue additional Partnership Units (as set forth in Section 4.2 above) in consideration therefor and the Percentage Interests of the General Partner and the Limited Partners shall be adjusted to reflect the issuance of such additional Partnership Units.

C. *Loans by Third Parties*. The General Partner, on behalf of the Partnership, may obtain any Additional Funds by causing the Partnership to incur Debt to any Person (other than the General Partner (but, for this purpose, disregarding any Debt that may be deemed incurred to the General Partner by virtue of clause (iii) of the definition of Debt)) upon such terms as the General Partner determines appropriate, including making such Debt convertible, redeemable or exchangeable for Partnership Units or REIT Shares; *provided*, *however*, that the Partnership shall not incur any such Debt if any Partner would be personally liable for the repayment of such Debt (unless such Partner otherwise agrees).

D. *General Partner Loans*. The General Partner, on behalf of the Partnership, may obtain any Additional Funds by causing the Partnership to incur Debt to the General Partner if (i) such Debt is, to the extent permitted by law, on substantially the same terms and conditions (including interest rate, repayment schedule, and conversion, redemption, repurchase and exchange rights) as Funding Debt incurred by the General Partner, the net proceeds of which are loaned to the Partnership to provide such Additional Funds, or (ii) such Debt is on terms and conditions no less favorable to the Partnership than would be available to the Partnership from any third party; *provided*, *however*, that the Partnership shall not incur any such Debt if any Partner would be personally liable for the repayment of such Debt (unless such Partner otherwise agrees).

E. *Issuance of Securities by the General Partner*. The General Partner shall not issue any additional REIT Shares, Capital Shares or New Securities unless the General Partner contributes the cash proceeds or other consideration received from the issuance of such additional REIT Shares, Capital Shares or New Securities (as the case may be) and from the exercise of the rights contained in any such additional Capital Shares or New Securities to the Partnership in exchange for (x) in the case of an issuance of REIT Shares, Partnership Common Units, or (y) in the case of an issuance of Capital Shares or New Securities, Partnership Equivalent Units; *provided*, *however*, that notwithstanding the foregoing, the General Partner may issue REIT Shares, Capital Shares or New Securities (a) pursuant to Section 4.4 or Section 15.1.B hereof, (b) pursuant to a dividend or distribution (including any stock split) of REIT Shares, Capital Shares or New Securities to all of the holders of REIT Shares, Capital Shares or New Securities (as the case may be), (c) upon a conversion, redemption or exchange of Capital Shares, (d) upon a conversion, redemption, exchange or exercise of New Securities, or (e) in connection with an acquisition of Partnership Units or a property or other asset to be owned, directly or indirectly, by the General Partner. In the event of any issuance of additional REIT Shares, Capital Shares or New Securities by the General Partner, and the contribution to the Partnership, by the General Partner, of the cash proceeds or other consideration received from such issuance (or property acquired with such proceeds), if any, if the cash proceeds actually received by the General Partner are less than the gross proceeds of such issuance as a result of any underwriter's discount or other expenses paid or incurred in connection with such issuance, then the General Partner shall be deemed to have made a Capital Contribution to the Partnership in the amount equal to the sum of the cash proceeds of such issuance plus the amount

of such underwriter's discount and other expenses paid by the General Partner (which discount and expense shall be treated as an expense for the benefit of the Partnership for purposes of Section 7.4). In the event that the General Partner issues any additional REIT Shares, Capital Shares or New Securities and contributes the cash proceeds or other consideration received from the issuance thereof to the Partnership, the Partnership is expressly authorized to issue a number of Partnership Common Units or Partnership Equivalent Units to the General Partner equal to the number of REIT Shares, Capital Shares or New Securities so issued, divided by the Adjustment Factor then in effect, in accordance with this Section 4.3.E without any further act, approval or vote of any Partner or any other Persons.

Section 4.4 *Stock Option Plans and Equity Plans*.

A. *Options Granted to Persons other than Partnership Employees*. If at any time or from time to time, in connection with any Stock Option Plan, a stock option granted for REIT Shares to a Person other than a Partnership Employee is duly exercised:

(1) The General Partner, shall, as soon as practicable after such exercise, make a Capital Contribution to the Partnership in an amount equal to the exercise price paid to the General Partner by such exercising party in connection with the exercise of such stock option.

(2) Notwithstanding the amount of the Capital Contribution actually made pursuant to Section 4.4.A(1) hereof, the General Partner shall be deemed to have contributed to the Partnership as a Capital Contribution, in lieu of the Capital Contribution actually made and in consideration of an additional Limited Partner Interest (expressed in and as additional Partnership Common Units), an amount equal to the Value of a REIT Share as of the date of exercise multiplied by the number of REIT Shares then being issued in connection with the exercise of such stock option.

(3) An equitable Percentage Interest adjustment shall be made in which the General Partner shall be treated as having made a cash contribution equal to the amount described in Section 4.4.A(2) hereof.

B. *Options Granted to Partnership Employees*. If at any time or from time to time, in connection with any Stock Option Plan, a stock option granted for REIT Shares to a Partnership Employee is duly exercised:

(1) The General Partner shall sell to the Optionee, and the Optionee shall purchase from the General Partner, for a cash price per share equal to the Value of a REIT Share at the time of the exercise, the number of REIT Shares equal to (a) the exercise price payable by the Optionee in connection with the exercise of such stock option divided by (b) the Value of a REIT Share at the time of such exercise.

(2) The General Partner shall sell to the Partnership (or if the Optionee is an employee or other service provider of a Subsidiary of the Partnership, the General Partner shall sell to such Subsidiary of the Partnership), and the Partnership (or such subsidiary, as applicable) shall purchase from the General Partner, a number of REIT Shares equal to (a) the number of REIT Shares as to which such stock option is being exercised less (b) the number of REIT Shares sold pursuant to Section 4.4.B(1) hereof. The purchase price per REIT Share for such sale of REIT Shares to the Partnership (or such subsidiary) shall be the Value of a REIT Share as of the date of exercise of such stock option.

(3) The Partnership shall transfer to the Optionee (or if the Optionee is an employee or other service provider of a Subsidiary of the Partnership, such Subsidiary shall transfer to the Optionee) at no additional cost, as additional compensation, the number of REIT Shares described in Section 4.4.B(2) hereof.

(4) The General Partner shall, as soon as practicable after such exercise, make a Capital Contribution to the Partnership of an amount equal to all proceeds received (from whatever source, but excluding any payment in respect of payroll taxes or other withholdings) by the General Partner in connection with the exercise of such stock option. An equitable Percentage Interest adjustment shall be made as a result of such contribution.

C. *Restricted Stock Granted to Persons other than Partnership Employees*. If at any time or from time to time, in connection with any Equity Plan (other than a Stock Option Plan), any REIT Shares are issued to a Person other than a Partnership Employee in consideration for services performed for the General Partner:

(1) The General Partner shall issue such number of REIT Shares as are to be issued to such Person in accordance with the Equity Plan; and

(2) On the date (such date, the "*Vesting Date*") that the Value of such shares is includible in taxable income of such Person, the following events will be deemed to have occurred: (a) the General Partner shall be deemed to have contributed the Value of such REIT Shares to the Partnership as a Capital Contribution, and (b) the Partnership shall issue to the General Partner on the Vesting Date a number of Common Units equal to the number of newly issued REIT Shares divided by the Adjustment Factor then in effect.

D. *Restricted Stock Granted to Partnership Employees*. If at any time or from time to time, in connection with any Equity Plan (other than a Stock Option Plan), any REIT Shares are issued to a Partnership Employee (including any REIT Shares that are subject to forfeiture in the event such Partnership Employee terminates his employment by the Partnership or the Partnership Subsidiaries) in consideration for services performed for the Partnership or the Partnership Subsidiaries:

(1) The General Partner shall issue such number of REIT Shares as are to be issued to the Partnership Employee in accordance with the Equity Plan;

(2) On the Vesting Date, the following events will be deemed to have occurred: (a) the General Partner shall be deemed to have sold such shares to the Partnership (or if the Partnership Employee is an employee or other service provider of a Subsidiary of the Partnership, to such Subsidiary) for a purchase price equal to the Value of such shares, (b) the Partnership (or such Subsidiary) shall be deemed to have delivered the shares to the Partnership Employee, (c) the General Partner shall be deemed to have

contributed the purchase price to the Partnership as a Capital Contribution, and (d) in the case where the Partnership Employee is an employee of a Subsidiary of the Partnership, the Partnership shall be deemed to have contributed such amount to the capital of such Subsidiary; and

(3) The Partnership shall issue to the General Partner on the Vesting Date a number of Common Units equal to the number of newly issued REIT Shares divided by the Adjustment Factor then in effect in consideration for the Capital Contribution described in Section 4.4.D(2)(c) above.

E. *Future Stock Incentive Plans*. Nothing in this Agreement shall be construed or applied to preclude or restrain the General Partner from adopting, modifying or terminating stock incentive plans for the benefit of employees, directors or other business associates of the General Partner, the Partnership or any of their Affiliates. The Partners acknowledge and agree that, in the event that any such plan is adopted, modified or terminated by the General Partner, amendments to this Section 4.4 may become necessary or advisable and that any approval or Consent to any such amendments requested by the General Partner shall be deemed granted by the Limited Partners.

F. *Issuance of Partnership Common Units*. The Partnership is expressly authorized to issue Partnership Common Units in accordance with any Stock Option Plan or Equity Plan pursuant to this Section 4.4 without any further act, approval or vote of any Partner or any other Persons.

Section 4.5 *Dividend Reinvestment Plan, Cash Option Purchase Plan, Stock Incentive Plan or Other Plan*. Except as may otherwise be provided in this Article 4, all amounts received or deemed received by the General Partner in respect of any dividend reinvestment plan, cash option purchase plan, stock incentive or other stock or subscription plan or agreement, either (a) shall be utilized by the General Partner to effect open market purchases of REIT Shares, or (b) if the General Partner elects instead to issue new REIT Shares with respect to such amounts, shall be contributed by the General Partner to the Partnership in exchange for additional Partnership Common Units. Upon such contribution, the Partnership will issue to the General Partner a number of Partnership Common Units equal to the quotient of (i) the new REIT Shares so issued, divided by (ii) the Adjustment Factor then in effect.

Section 4.6 *No Interest; No Return*. No Partner shall be entitled to interest on its Capital Contribution or on such Partner's Capital Account. Except as provided herein or by law, no Partner shall have any right to demand or receive the return of its Capital Contribution from the Partnership.

Section 4.7 *Conversion or Redemption of Capital Shares*.

A. *Conversion of Capital Shares*. If, at any time, any of the Capital Shares are converted into REIT Shares, in whole or in part, then a number of Partnership Units with preferences, conversion and other rights, restrictions (other than restrictions on transfer), rights and limitations as to distributions and qualifications that are substantially the same as those of such Capital Shares ("*Partnership Equivalent Units*") (for the avoidance of doubt, Partnership

Equivalent Units need not have voting rights, redemption rights or restrictions on transfer that are substantially similar to such Capital Shares) equal to the number of Capital Shares so converted shall automatically be converted into a number of Partnership Common Units equal to the quotient of (i) the number of REIT Shares issued upon such conversion divided by (ii) the Adjustment Factor then in effect, and the Percentage Interests of the General Partner and the Limited Partners shall be adjusted to reflect such conversion.

B. *Redemption of Capital Shares or REIT Shares*. Except as otherwise provided in Section 7.4.C., if, at any time, any Capital Shares are redeemed or otherwise repurchased (whether by exercise of a put or call, automatically or by means of another arrangement) by the General Partner for cash, the Partnership shall, immediately prior to such redemption or repurchase of Capital Shares, redeem or repurchase an equal number of Partnership Equivalent Units held by the General Partner upon the same terms and for the same price per Partnership Equivalent Unit as such Capital Shares are redeemed. If, at any time, any REIT Shares are redeemed or otherwise repurchased by the General Partner, the Partnership shall, immediately prior to such redemption or repurchase of REIT Shares, redeem or repurchase a number of Partnership Common Units held by the General Partner equal to the quotient of (i) the REIT Shares so redeemed or repurchased, divided by (ii) the Adjustment Factor then in effect, such redemption or repurchase to be upon the same terms and for the same price per Partnership Common Unit (after giving effect to application of the Adjustment Factor) as such REIT Shares are redeemed or repurchased.

Section 4.8 *Other Contribution Provisions*. In the event that any Partner is admitted to the Partnership and is given a Capital Account in exchange for services rendered to the Partnership, such transaction shall be treated by the Partnership and the affected Partner as if the Partnership had compensated such partner in cash and such Partner had contributed the cash that the Partner would have received to the capital of the Partnership. In addition, with the Consent of the General Partner, one or more Partners may enter into contribution agreements with the Partnership which have the effect of providing a guarantee of certain obligations of the Partnership (and/or a wholly-owned Subsidiary of the Partnership).

ARTICLE 5
DISTRIBUTIONS

Section 5.1 *Requirement and Characterization of Distributions*. Subject to the rights of any Holder of any Partnership Interest set forth in a Partnership Unit Designation, the General Partner may cause the Partnership to distribute such amounts, at such times, as the General Partner may, in its sole and absolute discretion, determine, to the Holders as of any Partnership Record Date: (i) first, with respect to any Partnership Units that are entitled to any preference in distribution, in accordance with the rights of Holders of such class(es) of Partnership Units (and, within each such class, among the Holders of each such class, pro rata in proportion to their respective Percentage Interests of such class on such Partnership Record Date); and (ii) second, with respect to any Partnership Units that are not entitled to any preference in distribution, in accordance with the rights of Holders of such class(es) of Partnership Units, as applicable (and, within each such class, among the Holders of each such class, pro rata in proportion to their respective Percentage Interests of such class on such Partnership Record Date). Distributions payable with respect to any Partnership Units, other than any Partnership Units issued to the

General Partner in connection with the issuance of REIT Shares by the General Partner, that were not outstanding during the entire quarterly period in respect of which any distribution is made shall be prorated based on the portion of the period that such Partnership Units were outstanding. The General Partner shall make such reasonable efforts, as determined by it in its sole and absolute discretion and consistent with the General Partner's qualification as a REIT, to cause the Partnership to distribute sufficient amounts to enable the General Partner, for so long as the General Partner has determined to qualify as a REIT, to pay stockholder dividends that will (a) satisfy the requirements for qualifying as a REIT under the Code and Regulations (the "*REIT Requirements*") and (b) except to the extent otherwise determined by the General Partner, eliminate any U.S. federal income or excise tax liability of the General Partner. Notwithstanding anything in the forgoing to the contrary, a Holder of LTIP Units will only be entitled to distributions with respect to an LTIP Unit as set forth in Article 16 hereof and in making distributions pursuant to this Section 5.1, the General Partner of the Partnership shall take into account the provisions of Section 16.4 hereof.

Section 5.2 *Distributions in Kind*. Except as expressly provided herein, no right is given to any Holder to demand and receive property other than cash as provided in this Agreement. The General Partner may determine, in its sole and absolute discretion, to make a distribution in kind of Partnership assets to the Holders, and such assets shall be distributed in such a fashion as to ensure that the fair market value is distributed and allocated in accordance with Articles 5, 6 and 13 hereof; *provided*, *however*, that the General Partner shall not make a distribution in kind to any Holder unless the Holder has been given 90 days prior written notice of such distribution.

Section 5.3 *Amounts Withheld*. All amounts withheld pursuant to the Code or any provisions of any state, local or non-United States tax law and Section 10.4 hereof with respect to any allocation, payment or distribution to any Holder shall be treated as amounts paid or distributed to such Holder pursuant to Section 5.1 hereof for all purposes under this Agreement.

Section 5.4 *Distributions upon Liquidation*. Notwithstanding the other provisions of this Article 5, net proceeds from a Terminating Capital Transaction, and any other amounts distributed after the occurrence of a Liquidating Event, shall be distributed to the Holders in accordance with Section 13.2 hereof.

Section 5.5 *Distributions to Reflect Additional Partnership Units*. In the event that the Partnership issues additional Partnership Units pursuant to the provisions of Article 4 hereof, subject to the rights of any Holder of any Partnership Interest set forth in a Partnership Unit Designation, the General Partner is hereby authorized to make such revisions to this Article 5 and to Articles 6, 11 and 12 hereof as it determines are necessary or desirable to reflect the issuance of such additional Partnership Units, including, without limitation, making preferential distributions to Holders of certain classes of Partnership Units.

Section 5.6 *Restricted Distributions*. Notwithstanding any provision to the contrary contained in this Agreement, neither the Partnership nor the General Partner, on behalf of the Partnership, shall make a distribution to any Holder if such distribution would violate the Act or other applicable law.

ARTICLE 6
ALLOCATIONS

Section 6.1 *Timing and Amount of Allocations of Net Income and Net Loss*. Net Income and Net Loss of the Partnership shall be determined and allocated with respect to each Partnership Year as of the end of each such year, provided that the General Partner may in its discretion allocate Net Income and Net Loss for a shorter period as of the end of such period (and, for purposes of this Article 6, references to the term "Partnership Year" may include such shorter periods). Except as otherwise provided in this Article 6, and subject to Section 11.6.C hereof, an allocation to a Holder of a share of Net Income or Net Loss shall be treated as an allocation of the same share of each item of income, gain, loss or deduction that is taken into account in computing Net Income or Net Loss.

Section 6.2 *General Allocations*. Except as otherwise provided in this Article 6, Section 11.6.C and Section 16.5 hereof, Net Income and Net Loss for any Partnership Year shall be allocated to each of the Holders as follows:

A. *Net Income*.

(i) First, 100% to the General Partner in an amount equal to the remainder, if any, of the cumulative Net Losses allocated to the General Partner pursuant to clause (iii) in Section 6.2.B for all prior Partnership Years minus the cumulative Net Income allocated to the General Partner pursuant to this clause (i) for all prior Partnership Years;

(ii) Second, 100% to each Holder in an amount equal to the remainder, if any, of the cumulative Net Losses allocated to each such Holder pursuant to clause (ii) in Section 6.2.B for all prior Partnership Years minus the cumulative Net Income allocated to such Holder pursuant to this clause (ii) for all prior Partnership Years; and

(iii) Third, 100% to the Holders of Partnership Common Units in accordance with their respective Percentage Interests in the Partnership Common Units.

To the extent the allocations of Net Income set forth above in any paragraph of this Section 6.2.A are not sufficient to entirely satisfy the allocation set forth in such paragraph, such allocation shall be made in proportion to the total amount that would have been allocated pursuant to such paragraph without regard to such shortfall.

B. *Net Losses*.

(i) First, 100% to the Holders of Partnership Common Units in accordance with their respective Percentage Interests in the Partnership Common Units (to the extent consistent with this clause (i)) until the Adjusted Capital Account (ignoring for this purpose any amounts a Holder is obligated to contribute to the capital of the Partnership or is deemed obligated to restore pursuant to Regulations Section 1.704-1(b)(2)(ii)(c)(2)) of all such Holders is zero;

(ii) Second, 100% to the Holders (other than the General Partner) to the extent of, and in proportion to, the positive balance (if any) in their Adjusted Capital Accounts; and

(iii) Third, 100% to the General Partner.

C. *Allocations to Reflect Issuance of Additional Partnership Interests*. In the event that the Partnership issues additional Partnership Interests to the General Partner or any Additional Limited Partner pursuant to Section 4.2 or 4.3, the General Partner shall make such revisions to this Section 6.2 or to Section 12.2.C or 13.2.A as it determines are necessary to reflect the terms of the issuance of such additional Partnership Interests, including making preferential allocations to certain classes of Partnership Interests, subject to the terms of any Partnership Unit Designation with respect to Partnership Interests then outstanding.

D. *Special Allocations with Respect to LTIP Units*. After giving effect to the special allocations set forth in Section 6.4.A hereof, and notwithstanding the provisions of Sections 6.2.A and 6.2.B above, any Liquidating Gains shall first be allocated to Holders of LTIP Units until the Economic Capital Account Balances of such Holders, to the extent attributable to their ownership of LTIP Units, are equal to (i) the Common Unit Economic Balance, multiplied by (ii) the number of their LTIP Units. Any such allocations shall be made among the Holders of LTIP Units in proportion to the amounts required to be allocated to each under this Section 6.2.D. The parties agree that the intent of this Section 6.2.D is to make the Capital Account balances of the Holders of LTIP Units with respect to their LTIP Units economically equivalent to the Capital Account balance of the General Partner with respect to its Partnership Common Units. In the event that Liquidating Gains are allocated under this Section 6.2.D, Net Income allocable under Section 6.2.A and any Net Losses allocable under Section 6.2.B shall be recomputed without regard to the Liquidating Gains so allocated.

Section 6.3 *Additional Allocation Provisions*. Notwithstanding the foregoing provisions of this Article 6:

A. *Special Allocations Upon Liquidation*. Notwithstanding any provision in this Article 6 to the contrary, in the event that the Partnership disposes of all or substantially all of its assets in a transaction that will lead to a liquidation of the Partnership pursuant to Article 13 hereof, then any Net Income or Net Loss realized in connection with such transaction and thereafter (and, if necessary, constituent items of income, gain, loss and deduction) shall be specially allocated for such Partnership Year (and to the extent permitted by Section 761(c) of the Code, for the immediately preceding Partnership Year) among the Holders as required so as to cause liquidating distributions pursuant to Section 13.2.A(4) hereof to be made in the same amounts and proportions as would have resulted had such distributions instead been made pursuant to Article 5 hereof. In addition, if there is an adjustment to the Gross Asset Value of the assets of the Partnership pursuant to paragraph (b) of the definition of Gross Asset Value, allocations of Net Income or Net Loss arising from such adjustment shall be allocated in the same manner as described in the prior sentence.

B. *Offsetting Allocations*. Notwithstanding the provisions of Sections 6.1, 6.2.A and 6.2.B, but subject to Sections 6.3 and 6.4, in the event Net Income or items thereof are being

allocated to a Partner to offset prior Net Loss or items thereof which have been allocated to such Partner, the General Partner shall attempt to allocate such offsetting Net Income or items thereof which are of the same or similar character (including without limitation Section 704(b) book items versus tax items) to the original allocations with respect to such Partner.

C. *CODI Allocations*. Notwithstanding anything to the contrary contained herein, if any indebtedness of the Partnership encumbering the Properties contributed to the Partnership in connection with the General Partner's initial public offering is settled or paid off at a discount, any resulting COD Income of the Partnership shall be specially allocated proportionately (as determined by the General Partner) to those Holders that were partners in entities that contributed, or were deemed to contribute, the applicable Property to the Partnership in connection with such initial public offering to the extent the number of Partnership Units received by such Holders in exchange for their interests in such entities was determined, in part, by taking into account the anticipated discounted settlement or pay-off of such indebtedness. For purposes of the foregoing, "COD Income" shall mean income recognized by the Partnership pursuant to Code Section 61(a)(12).

Section 6.4 *Regulatory Allocation Provisions*. Notwithstanding the foregoing provisions of this Article 6:

A. *Regulatory Allocations*.

(i) *Minimum Gain Chargeback*. Except as otherwise provided in Regulations Section 1.704-2(f), notwithstanding the provisions of Section 6.2 hereof, or any other provision of this Article 6, if there is a net decrease in Partnership Minimum Gain during any Partnership Year, each Holder shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Holder's share of the net decrease in Partnership Minimum Gain, as determined under Regulations Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Holder pursuant thereto. The items to be allocated shall be determined in accordance with Regulations Sections 1.704-2(f)(6) and 1.704-2(j)(2). This Section 6.4.A(i) is intended to qualify as a "minimum gain chargeback" within the meaning of Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

(ii) *Partner Minimum Gain Chargeback*. Except as otherwise provided in Regulations Section 1.704-2(i)(4) or in Section 6.4.A(i) hereof, if there is a net decrease in Partner Minimum Gain attributable to a Partner Nonrecourse Debt during any Partnership Year, each Holder who has a share of the Partner Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(5), shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Holder's share of the net decrease in Partner Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(4). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Holder pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Sections 1.704-2(i)(4)

and 1.704-2(j)(2). This Section 6.4.A(ii) is intended to qualify as a "chargeback of partner nonrecourse debt minimum gain" within the meaning of Regulations Section 1.704-2(i) and shall be interpreted consistently therewith.

(iii) *Nonrecourse Deductions and Partner Nonrecourse Deductions*. Any Nonrecourse Deductions for any Partnership Year shall be specially allocated to the Holders in accordance with their respective Percentage Interests. Any Partner Nonrecourse Deductions for any Partnership Year shall be specially allocated to the Holder(s) who bears the economic risk of loss with respect to the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions are attributable, in accordance with Regulations Section 1.704-2(i).

(iv) *Qualified Income Offset*. If any Holder unexpectedly receives an adjustment, allocation or distribution described in Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6), items of Partnership income and gain shall be specially allocated, in accordance with Regulations Section 1.704-1(b)(2)(ii)(d), to such Holder in an amount and manner sufficient to eliminate, to the extent required by such Regulations, the Adjusted Capital Account Deficit of such Holder as quickly as possible, provided that an allocation pursuant to this Section 6.4.A(iv) shall be made if and only to the extent that such Holder would have an Adjusted Capital Account Deficit after all other allocations provided in this Article 6 have been tentatively made as if this Section 6.4.A(iv) were not in the Agreement. It is intended that this Section 6.4.A(iv) qualify and be construed as a "qualified income offset" within the meaning of Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

(v) *Gross Income Allocation*. In the event that any Holder has a deficit Capital Account at the end of any Partnership Year that is in excess of the sum of (1) the amount (if any) that such Holder is obligated to restore to the Partnership upon complete liquidation of such Holder's Partnership Interest (including, the Holder's interest in outstanding Partnership Preferred Units and other Partnership Units) and (2) the amount that such Holder is deemed to be obligated to restore pursuant to Regulations Section 1.704-1(b)(2)(ii)(c) or the penultimate sentences of Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5), each such Holder shall be specially allocated items of Partnership income and gain in the amount of such excess to eliminate such deficit as quickly as possible, provided that an allocation pursuant to this Section 6.4.A(v) shall be made if and only to the extent that such Holder would have a deficit Capital Account in excess of such sum after all other allocations provided in this Article 6 have been tentatively made as if this Section 6.4.A(v) and Section 6.4.A(iv) hereof were not in the Agreement.

(vi) *Limitation on Allocation of Net Loss*. To the extent that any allocation of Net Loss would cause or increase an Adjusted Capital Account Deficit as to any Holder, such allocation of Net Loss shall be reallocated (x) first, among the other Holders of Partnership Common Units in accordance with their respective Percentage Interests with respect to Partnership Common Units and (y) thereafter, among the Holders of other classes of Partnership Units as determined by the General Partner, subject to the limitations of this Section 6.4.A(vi).

(vii) *Section 754 Adjustment*. To the extent that an adjustment to the adjusted tax basis of any Partnership asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(m)(2) or Regulations Section 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as the result of a distribution to a Holder in complete liquidation of its interest in the Partnership, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such gain or loss shall be specially allocated to the Holders in accordance with their respective Percentage Interests in the event that Regulations Section 1.704-1(b)(2)(iv)(m)(2) applies, or to the Holder(s) to whom such distribution was made in the event that Regulations Section 1.704-1(b)(2)(iv)(m)(4) applies.

(viii) *Curative Allocations*. The allocations set forth in Sections 6.4.A(i), (ii), (iii), (iv), (v), (vi) and (vii) hereof (the "*Regulatory Allocations*") are intended to comply with certain regulatory requirements, including the requirements of Regulations Sections 1.704-1(b) and 1.704-2. Notwithstanding the provisions of Sections 6.1 and 6.2 hereof, the Regulatory Allocations shall be taken into account in allocating other items of income, gain, loss and deduction among the Holders so that to the extent possible without violating the requirements giving rise to the Regulatory Allocations, the net amount of such allocations of other items and the Regulatory Allocations to each Holder shall be equal to the net amount that would have been allocated to each such Holder if the Regulatory Allocations had not occurred.

(ix) *Forfeiture Allocations*. Upon a forfeiture of any Unvested LTIP Units by any Partner, gross items of income, gain, loss or deduction shall be allocated to such Partner if and to the extent required by final Regulations promulgated after the Effective Date to ensure that allocations made with respect to all unvested Partnership Interests are recognized under Code Section 704(b).

(x) *LTIP Units*. For purposes of the allocations set forth in this Section 6.4, including, without limitation, Sections 6.4.A(iii) and (vi), each issued and outstanding LTIP Unit will be treated as one outstanding Partnership Common Unit.

B. *Allocation of Excess Nonrecourse Liabilities*. For purposes of determining a Holder's proportional share of the "excess nonrecourse liabilities" of the Partnership within the meaning of Regulations Section 1.752-3(a)(3), each Holder's respective interest in Partnership profits shall be equal to such Holder's Percentage Interest with respect to Partnership Common Units, except as otherwise determined by the General Partner.

Section 6.5 *Tax Allocations*.

A. *In General*. Except as otherwise provided in this Section 6.5, for income tax purposes under the Code and the Regulations, each Partnership item of income, gain, loss and deduction (collectively, "*Tax Items*") shall be allocated among the Holders in the same manner as its correlative item of "book" income, gain, loss or deduction is allocated pursuant to Sections 6.2 and 6.3 hereof.

B. *Section 704(c) Allocations*. Notwithstanding Section 6.5.A hereof, Tax Items with respect to Property that is contributed to the Partnership with an initial Gross Asset Value that varies from its basis in the hands of the contributing Partner immediately preceding the date of contribution shall be allocated among the Holders for income tax purposes pursuant to Regulations promulgated under Code Section 704(c) so as to take into account such variation. With respect to Partnership Property that is contributed to the Partnership in connection with the General Partner's initial public offering, such variation between basis and initial Gross Asset Value shall be taken into account under the "traditional method" as described in Regulations Section 1.704-3(b). With respect to other Properties, the Partnership shall account for such variation under any method approved under Code Section 704(c) and the applicable Regulations as chosen by the General Partner. In the event that the Gross Asset Value of any Partnership asset is adjusted pursuant to subsection (b) of the definition of "Gross Asset Value" (provided in Article 1 hereof), subsequent allocations of Tax Items with respect to such asset shall take account of the variation, if any, between the adjusted basis of such asset and its Gross Asset Value in the same manner as under Code Section 704(c) and the applicable Regulations and using the method chosen by the General Partner; *provided*, *however*, that the "traditional method" as described in Regulations Section 1.704-3(b) shall be used with respect to Partnership Property that is contributed to the Partnership in connection with the General Partner's initial public offering. Allocations pursuant to this Section 6.5.B are solely for purposes of Federal, state and local income taxes and shall not affect, or in any way be taken into account in computing, any Partner's Capital Account or share of Net Income, Net Loss, or any other items or distributions pursuant to any provision of this Agreement.

ARTICLE 7
MANAGEMENT AND OPERATIONS OF BUSINESS

Section 7.1 *Management*.

A. Except as otherwise expressly provided in this Agreement, including any Partnership Unit Designation, all management powers over the business and affairs of the Partnership are and shall be exclusively vested in the General Partner, and no Limited Partner shall have any right to participate in or exercise control or management power over the business and affairs of the Partnership. No General Partner may be removed by the Partners, with or without cause, except with the Consent of the General Partner. In addition to the powers now or hereafter granted a general partner of a limited partnership under applicable law or that are granted to the General Partner under any other provision of this Agreement, the General Partner, subject to the other provisions hereof including, without limitation, Section 3.2 and Section 7.3, and the rights of any Holder of any Partnership Interest set forth in a Partnership Unit Designation, shall have full and exclusive power and authority, without the consent or approval of any Limited Partner, to do or authorize all things deemed necessary or desirable by it to conduct the business and affairs of the Partnership, to exercise or direct the exercise of all of the powers of the Partnership and the General Partner under the Act and this Agreement and to effectuate the purposes of the Partnership including, without limitation:

(1) the making of any expenditures, the lending or borrowing of money or selling of assets (including, without limitation, making prepayments on loans and borrowing money to permit the Partnership to make distributions to the Holders in such amounts as will permit

the General Partner to prevent the imposition of any federal income tax on the General Partner (including, for this purpose, any excise tax pursuant to Code Section 4981), to make distributions to its stockholders and payments to any taxing authority sufficient to permit the General Partner to maintain REIT status or otherwise to satisfy the REIT Requirements), the assumption or guarantee of, or other contracting for, indebtedness and other liabilities, the issuance of evidences of indebtedness (including the securing of same by deed to secure debt, mortgage, deed of trust or other lien or encumbrance on the Partnership's assets) and the incurring of any obligations that the General Partner deems necessary for the conduct of the activities of the Partnership;

(2) the making of tax, regulatory and other filings, or rendering of periodic or other reports to governmental or other agencies having jurisdiction over the business or assets of the Partnership;

(3) the taking of any and all acts necessary or prudent to ensure that the Partnership will not be classified as a "publicly traded partnership" under Code Section 7704;

(4) subject to Section 11.2 hereof, the acquisition, sale, transfer, exchange or other disposition of any, all or substantially all of the assets (including the goodwill) of the Partnership (including, but not limited to, the exercise or grant of any conversion, option, privilege or subscription right or any other right available in connection with any assets at any time held by the Partnership) or the merger, consolidation, reorganization or other combination of the Partnership with or into another entity;

(5) the mortgage, pledge, encumbrance or hypothecation of any assets of the Partnership, the assignment of any assets of the Partnership in trust for creditors or on the promise of the assignee to pay the debts of the Partnership, the use of the assets of the Partnership (including, without limitation, cash on hand) for any purpose consistent with the terms of this Agreement and on any terms that the General Partner sees fit, including, without limitation, the financing of the operations and activities of the General Partner, the Partnership or any of the Partnership's Subsidiaries, the lending of funds to other Persons (including, without limitation, the General Partner and/or the Partnership's Subsidiaries) and the repayment of obligations of the Partnership, its Subsidiaries and any other Person in which the Partnership has an equity investment, and the making of capital contributions to and equity investments in the Partnership's Subsidiaries;

(6) the management, operation, leasing, landscaping, repair, alteration, demolition, replacement or improvement of any Property;

(7) the negotiation, execution and performance of any contracts, including leases (including ground leases), easements, management agreements, rights of way and other property-related agreements, conveyances or other instruments that the General Partner considers useful or necessary to the conduct of the Partnership's operations or the implementation of the General Partner's powers under this Agreement, including contracting with contractors, developers, consultants, governmental authorities, accountants, legal counsel, other professional advisors and other agents and the payment of their expenses and compensation, as applicable, out of the Partnership's assets;

(8) the distribution of Partnership cash or other Partnership assets in accordance with this Agreement, the holding, management, investment and reinvestment of cash and other assets of the Partnership, and the collection and receipt of revenues, rents and income of the Partnership;

(9) the selection and dismissal of employees of the Partnership (if any) or the General Partner (including, without limitation, employees having titles or offices such as "president," "vice president," "secretary" and "treasurer"), and agents, outside attorneys, accountants, consultants and contractors of the Partnership or the General Partner and the determination of their compensation and other terms of employment or hiring;

(10) the maintenance of such insurance (including, without limitation, directors and officers insurance) for the benefit of the Partnership and the Partners (including, without limitation, the General Partner) as the General Partner deems necessary or appropriate;

(11) the formation of, or acquisition of an interest in, and the contribution of property to, any further limited or general partnerships, limited liability companies, joint ventures or other relationships that it deems desirable (including, without limitation, the acquisition of interests in, and the contributions of property to, any Subsidiary and any other Person in which the General Partner has an equity investment from time to time); *provided*, *however*, that, as long as the General Partner has determined to continue to qualify as a REIT, the Partnership will not engage in any such formation, acquisition or contribution that would cause the General Partner to fail to qualify as a REIT;

(12) the control of any matters affecting the rights and obligations of the Partnership, including the settlement, compromise, submission to arbitration or any other form of dispute resolution, or abandonment, of any claim, cause of action, liability, debt or damages, due or owing to or from the Partnership, the commencement or defense of suits, legal proceedings, administrative proceedings, arbitrations or other forms of dispute resolution, and the representation of the Partnership in all suits or legal proceedings, administrative proceedings, arbitrations or other forms of dispute resolution, the incurring of legal expense, and the indemnification of any Person against liabilities and contingencies to the extent permitted by law;

(13) the undertaking of any action in connection with the Partnership's direct or indirect investment in any Subsidiary or any other Person (including, without limitation, the contribution or loan of funds by the Partnership to such Persons);

(14) the determination of the fair market value of any Partnership property distributed in kind using such reasonable method of valuation as the General Partner may adopt; *provided*, *however*, that such methods are otherwise consistent with the requirements of this Agreement;

(15) the enforcement of any rights against any Partner pursuant to representations, warranties, covenants and indemnities relating to such Partner's contribution of property or assets to the Partnership;

(16) the exercise, directly or indirectly, through any attorney-in-fact acting under a general or limited power of attorney, of any right, including the right to vote, appurtenant to any asset or investment held by the Partnership;

(17) the exercise of any of the powers of the General Partner enumerated in this Agreement on behalf of or in connection with any Subsidiary of the Partnership or any other Person in which the Partnership has a direct or indirect interest, or jointly with any such Subsidiary or other Person;

(18) the exercise of any of the powers of the General Partner enumerated in this Agreement on behalf of any Person in which the Partnership does not have an interest, pursuant to contractual or other arrangements with such Person;

(19) the making, execution and delivery of any and all deeds, leases, notes, deeds to secure debt, mortgages, deeds of trust, security agreements, conveyances, contracts, guarantees, warranties, indemnities, waivers, releases, confessions of judgment or any other legal instruments or agreements in writing necessary or appropriate in the judgment of the General Partner for the accomplishment of any of the powers of the General Partner enumerated in this Agreement;

(20) the issuance of additional Partnership Units in connection with Capital Contributions by Additional Limited Partners and additional Capital Contributions by Partners pursuant to Article 4 hereof;

(21) an election to dissolve the Partnership pursuant to Section 13.1.B hereof;

(22) the distribution of cash to acquire Partnership Common Units held by a Limited Partner in connection with a Redemption under Section 15.1 hereof;

(23) an election to acquire Tendered Units in exchange for REIT Shares;

(24) the amendment and restatement of Exhibit A hereto to reflect accurately at all times the Capital Contributions and Percentage Interests of the Partners as the same are adjusted from time to time to the extent necessary to reflect redemptions, Capital Contributions, the issuance of Partnership Units, the admission of any Additional Limited Partner or any Substituted Limited Partner or otherwise, which amendment and restatement, notwithstanding anything in this Agreement to the contrary, shall not be deemed an amendment to this Agreement, as long as the matter or event being reflected in Exhibit A hereto otherwise is authorized by this Agreement; and

(25) the registration of any class of securities of the Partnership under the Securities Act or the Exchange Act, and the listing of any debt securities of the Partnership on any exchange.

B. Each of the Limited Partners agrees that, except as provided in Section 7.3 hereof and subject to the rights of any Holder of any Partnership Interest set forth in a Partnership Unit Designation, the General Partner is authorized to execute and deliver any affidavit, agreement, certificate, consent, instrument, notice, power of attorney, waiver or other writing or document in the name and on behalf of the Partnership and to otherwise exercise any power of the General

Partner under this Agreement and the Act on behalf of the Partnership without any further act, approval or vote of the Partners or any other Persons, notwithstanding any other provision of the Act or any applicable law, rule or regulation and, in the absence of any specific corporate action on the part of the General Partner to the contrary, the taking of any action or the execution of any such document or writing by an officer of the General Partner, in the name and on behalf of the General Partner, in its capacity as the general partner of the Partnership, shall conclusively evidence (1) the approval thereof by the General Partner, in its capacity as the general partner of the Partnership, (2) the General Partner's determination that such action, document or writing is necessary or desirable to conduct the business and affairs of the Partnership, exercise the powers of the Partnership under this Agreement and the Act or effectuate the purposes of the Partnership, or any other determination by the General Partner required by this Agreement in connection with the taking of such action or execution of such document or writing, and (3) the authority of such officer with respect thereto.

C. At all times from and after the date hereof, the General Partner may cause the Partnership to obtain and maintain (i) casualty, liability and other insurance on the Properties and (ii) liability insurance for the Indemnitees hereunder.

D. At all times from and after the date hereof, the General Partner may cause the Partnership to establish and maintain working capital and other reserves in such amounts as the General Partner, in its sole and absolute discretion, deems appropriate and reasonable from time to time.

E. In exercising its authority under this Agreement, the General Partner may, but shall be under no obligation to, take into account the tax consequences to any Partner of any action taken (or not taken) by it. The General Partner and the Partnership shall not have liability to a Limited Partner under any circumstances as a result of any income tax liability incurred by such Limited Partner as a result of an action (or inaction) by the General Partner pursuant to its authority under this Agreement.

F. The determination as to any of the following matters, made by or at the direction of the General Partner consistent with the this Agreement and the Act, shall be final and conclusive and shall be binding upon the Partnership and every Limited Partner: the amount of assets at any time available for distribution or the redemption of Partnership Common Units; the amount and timing of any distribution; any determination to redeem Tendered Units; the amount, purpose, time of creation, increase or decrease, alteration or cancellation of any reserves or charges and the propriety thereof (whether or not any obligation or liability for which such reserves or charges shall have been created shall have been paid or discharged); the amount of any Partner's Capital Account, Adjusted Capital Account or Adjusted Capital Account Deficit; the amount of Net Income, Net Loss or Depreciation for any period; the Gross Asset Value of any Partnership asset; the Value of any REIT Share; any interpretation of the terms, preferences, conversion or other rights, voting powers or rights, restrictions, limitations as to dividends or distributions, qualifications or terms or conditions of redemption of any class or series of Partnership Interest; the fair value, or any sale, bid or asked price to be applied in determining the fair value, of any asset owned or held by the Partnership or of any Partnership Interest; the number of authorized or outstanding Units of any class or series; any matter relating to the acquisition, holding and disposition of any assets by the Partnership; or any other matter relating to the business and affairs of the Partnership or required or permitted by applicable law, this Agreement or otherwise to be determined by the General Partner.

Section 7.2 *Certificate of Limited Partnership*. To the extent that such action is determined by the General Partner to be reasonable and necessary or appropriate, the General Partner shall file amendments to and restatements of the Certificate and do all the things to maintain the Partnership as a limited partnership (or a partnership in which the limited partners have limited liability) under the laws of the State of Maryland and each other state, the District of Columbia or any other jurisdiction, in which the Partnership may elect to do business or own property. Subject to the terms of Section 8.5.A hereof, the General Partner shall not be required, before or after filing, to deliver or mail a copy of the Certificate or any amendment thereto to any Limited Partner. The General Partner shall use all reasonable efforts to cause to be filed such other certificates or documents as may be reasonable and necessary or appropriate for the formation, continuation, qualification and operation of a limited partnership (or a partnership in which the limited partners have limited liability to the extent provided by applicable law) in the State of Maryland and any other state, or the District of Columbia or other jurisdiction, in which the Partnership may elect to do business or own property.

Section 7.3 *Restrictions on General Partner's Authority*.

A. The General Partner may not take any action in contravention of an express prohibition or limitation of this Agreement without the Consent of the Limited Partners, and may not, without limitation:

(1) take any action that would make it impossible to carry on the ordinary business of the Partnership, except as otherwise provided in this Agreement;

(2) perform any act that would subject a Limited Partner to liability as a general partner in any jurisdiction or any other liability except as provided herein or under the Act; or

(3) enter into any contract, mortgage, loan or other agreement that expressly prohibits or restricts (a) the General Partner or the Partnership from performing its specific obligations under Section 15.1 hereof in full or (b) a Limited Partner from exercising its rights under Section 15.1 hereof to effect a Redemption in full, except, in either case, with the Consent of each Limited Partner affected by the prohibition or restriction.

B. Except as provided in Section 7.3.C hereof, the General Partner shall not, without the prior Consent of the Partners, amend, modify or terminate this Agreement. Further, no amendment may alter the restrictions on the General Partner's authority set forth elsewhere in this Agreement (including, without limitation, this Section 7.3) without the Consent specified therein and no amendment may alter Section 11.2 hereof without the Consent of the Limited Partners.

C. Notwithstanding Section 7.3.B and 14.2 hereof but subject to Section 16.10 and the rights of any Holder of any Partnership Interest set forth in a Partnership Unit Designation, the General Partner shall have the power, without the Consent of the Partners, to amend this Agreement as may be required to facilitate or implement any of the following purposes:

(1) to add to the obligations of the General Partner or surrender any right or power granted to the General Partner or any Affiliate of the General Partner for the benefit of the Limited Partners;

(2) to reflect the admission, substitution or withdrawal of Partners, the Transfer of any Partnership Interest, the termination of the Partnership in accordance with this Agreement, or the adjustment of outstanding LTIP Units as contemplated by Section 16.3, and to amend Exhibit A in connection with such admission, substitution, withdrawal, Transfer or adjustment;

(3) to reflect a change that is of an inconsequential nature or does not adversely affect the Limited Partners in any material respect, or to cure any ambiguity, correct or supplement any provision in this Agreement not inconsistent with law or with other provisions, or make other changes with respect to matters arising under this Agreement that will not be inconsistent with law or with the provisions of this Agreement;

(4) to set forth or amend the designations, preferences, conversion or other rights, voting powers, restrictions, limitations as to distributions, qualifications or terms or conditions of redemption of the Holders of any additional Partnership Interests issued pursuant to Article 4;

(5) to satisfy any requirements, conditions or guidelines contained in any order, directive, opinion, ruling or regulation of a Federal or state agency or contained in Federal or state law;

(6) (a) to reflect such changes as are reasonably necessary for the General Partner to maintain its status as a REIT or to satisfy the REIT Requirements, or (b) to reflect the Transfer of all or any part of a Partnership Interest among the General Partner and any Disregarded Entity with respect to the General Partner;

(7) to modify either or both of the manner in which items of Net Income or Net Loss are allocated pursuant to Article 6 or the manner in which Capital Accounts are adjusted, computed, or maintained (but in each case only to the extent otherwise provided in this Agreement and as may be permitted under applicable law);

(8) to reflect the issuance of additional Partnership Interests in accordance with Section 4.2; or

(9) to reflect any other modification to this Agreement as is reasonably necessary for the business or operations of the Partnership or the General Partner and which does not violate Section 7.3.D.

D. Notwithstanding Sections 7.3.B, 7.3.C and 14.2 hereof, this Agreement shall not be amended, and no action may be taken by the General Partner, without the Consent of each Partner adversely affected thereby, if such amendment or action would (i) convert a Limited Partner Interest in the Partnership into a General Partner Interest (except as a result of the General Partner acquiring such Partnership Interest), (ii) modify the limited liability of a Limited Partner, (iii) alter the rights of any Partner to receive the distributions to which such Partner is

entitled pursuant to Article 5 or Section 13.2.A(4) hereof, or alter the allocations specified in Article 6 hereof (except, in any case, as permitted pursuant to Sections 4.2, 5.5, 7.3.C and Article 6 hereof), (iv) alter or modify the Redemption rights, Cash Amount or REIT Shares Amount as set forth in Section 15.1 hereof, or amend or modify any related definitions, (v) subject to Section 7.9.D, remove, alter or amend the powers and restrictions related to REIT Requirements or permitting the General Partner to avoid paying tax under Code Sections 857 or 4981 contained in Sections 7.1 and 7.3, or (vi) amend this Section 7.3.D. Any such amendment or action consented to by any Partner shall be effective as to that Partner, notwithstanding the absence of such consent by any other Partner.

Section 7.4 *Reimbursement of the General Partner*.

A. The General Partner shall not be compensated for its services as General Partner of the Partnership except as provided in this Agreement (including the provisions of Articles 5 and 6 hereof regarding distributions, payments and allocations to which the General Partner may be entitled in its capacity as the General Partner).

B. Subject to Sections 7.4.D and 15.12 hereof, the Partnership shall be responsible for and shall pay all expenses relating to the Partnership's and the General Partner's organization and the ownership of each of their assets and operations. The General Partner is hereby authorized to pay compensation for accounting, administrative, legal, technical, management and other services rendered to the Partnership. The Partnership shall be liable for, and shall reimburse the General Partner, on a monthly basis, or such other basis as the General Partner may determine in its sole and absolute discretion, for all sums expended in connection with the Partnership's business, including, without limitation, (i) expenses relating to the ownership of interests in and management and operation of the Partnership, (ii) compensation of officers and employees, including, without limitation, payments under future compensation plans, of the General Partner, or the Partnership that may provide for stock units, or phantom stock, pursuant to which employees of the General Partner, or the Partnership will receive payments based upon dividends on or the value of REIT Shares, (iii) director fees and expenses of the General Partner or its Affiliates, (iv) any expenses (other than the purchase price) incurred by the General Partner in connection with the redemption or other repurchase of REIT Shares or Capital Shares, and (v) all costs and expenses of the General Partner being a public company, including, without limitation, costs of filings with the SEC, reports and other distributions to its stockholders; *provided*, *however*, that the amount of any reimbursement shall be reduced by any interest earned by the General Partner with respect to bank accounts or other instruments or accounts held by it on behalf of the Partnership as permitted pursuant to Section 7.5 hereof. The Partners acknowledge that all such expenses of the General Partner are deemed to be for the benefit of the Partnership. Such reimbursements shall be in addition to any reimbursement of the General Partner as a result of indemnification pursuant to Section 7.7 hereof.

C. If the General Partner shall elect to purchase from its stockholders REIT Shares for the purpose of delivering such REIT Shares to satisfy an obligation under any dividend reinvestment program adopted by the General Partner, any employee stock purchase plan adopted by the General Partner or any similar obligation or arrangement undertaken by the General Partner in the future, in lieu of the treatment specified in Section 4.7.B., the purchase price paid by the General Partner for such REIT Shares shall be considered expenses of the

Partnership and shall be advanced to the General Partner or reimbursed to the General Partner, subject to the condition that: (1) if such REIT Shares subsequently are sold by the General Partner, the General Partner shall pay or cause to be paid to the Partnership any proceeds received by the General Partner for such REIT Shares (which sales proceeds shall include the amount of dividends reinvested under any dividend reinvestment or similar program; *provided*, that a transfer of REIT Shares for Partnership Common Units pursuant to Section 15.1 would not be considered a sale for such purposes); and (2) if such REIT Shares are not retransferred by the General Partner within 30 days after the purchase thereof, or the General Partner otherwise determines not to retransfer such REIT Shares, the Partnership shall redeem a number of Partnership Common Units determined in accordance with Section 4.7.B, as adjusted, to the extent the General Partner determines is necessary or advisable in its sole and absolute discretion, (x) pursuant to Section 7.5 (in the event the General Partner acquires material assets, other than on behalf of the Partnership) and (y) for stock dividends and distributions, stock splits and subdivisions, reverse stock splits and combinations, distributions of rights, warrants or options, and distributions of evidences of indebtedness or assets relating to assets not received by the General Partner pursuant to a pro rata distribution by the Partnership (in which case such advancement or reimbursement of expenses shall be treated as having been made as a distribution in redemption of such number of Partnership Units held by the General Partner).

D. To the extent practicable, Partnership expenses shall be billed directly to and paid by the Partnership and, subject to Section 15.12 hereof, if and to the extent any reimbursements to the General Partner or any of its Affiliates by the Partnership pursuant to this Section 7.4 constitute gross income to such Person (as opposed to the repayment of advances made by such Person on behalf of the Partnership), such amounts shall be treated as "guaranteed payments" within the meaning of Code Section 707(c) and shall not be treated as distributions for purposes of computing the Partners' Capital Accounts.

Section 7.5 *Outside Activities of the General Partner*. The General Partner shall not directly or indirectly enter into or conduct any business, other than in connection with, (a) the ownership, acquisition and disposition of Partnership Interests, (b) the management of the business and affairs of the Partnership, (c) the operation of the General Partner as a reporting company with a class (or classes) of securities registered under the Exchange Act, (d) its operations as a REIT, (e) the offering, sale, syndication, private placement or public offering of stock, bonds, securities or other interests, (f) financing or refinancing of any type related to the Partnership or its assets or activities, and (g) such activities as are incidental thereto; *provided*, *however*, that, except as otherwise provided herein, any funds raised by the General Partner pursuant to the preceding clauses (e) and (f) shall be made available to the Partnership, whether as Capital Contributions, loans or otherwise, as appropriate, and, *provided*, *further* that the General Partner may, in its sole and absolute discretion, from time to time hold or acquire assets in its own name or otherwise other than through the Partnership so long as the General Partner takes commercially reasonable measures to ensure that the economic benefits and burdens of such Property are otherwise vested in the Partnership, through assignment, mortgage loan or otherwise or, if it is not commercially reasonable to vest such economic interests in the Partnership, the Partners shall negotiate in good faith to amend this Agreement, including, without limitation, the definition of "Adjustment Factor," to reflect such activities and the direct ownership of assets by the General Partner. Nothing contained herein shall be deemed to prohibit the General Partner from executing guarantees of Partnership debt. The General Partner and all

Disregarded Entities with respect to the General Partner, taken as a group, shall not own any assets or take title to assets (other than temporarily in connection with an acquisition prior to contributing such assets to the Partnership) other than (i) interests in Disregarded Entities with respect to the General Partner, (ii) Partnership Interests as the General Partner, (iii) an interest (not to exceed 1% of capital and profits) in any Subsidiary of the Partnership that the General Partner holds to maintain such Subsidiary's status as a partnership for Federal income tax purposes or otherwise, and (iv) such cash and cash equivalents, bank accounts or similar instruments or accounts as such group deems reasonably necessary, taking into account Section 7.1.D hereof and the requirements necessary for the General Partner to qualify as a REIT and for the General Partner to carry out its responsibilities contemplated under this Agreement and the Charter. Any Limited Partner Interests acquired by the General Partner, whether pursuant to the exercise by a Limited Partner of its right to Redemption, or otherwise, shall be automatically converted into a General Partner Interest comprised of an identical number of Partnership Units with the same terms as the class or series so acquired. Any Affiliates of the General Partner may acquire Limited Partner Interests and shall, except as expressly provided in this Agreement, be entitled to exercise all rights of a Limited Partner relating to such Limited Partner Interests.

Section 7.6 *Transactions with Affiliates*.

A. The Partnership may lend or contribute funds to, and borrow funds from, Persons in which the Partnership has an equity investment, and such Persons may borrow funds from, and lend or contribute funds to, the Partnership, on terms and conditions established in the sole and absolute discretion of the General Partner. The foregoing authority shall not create any right or benefit in favor of any Person.

B. Except as provided in Section 7.5 hereof, the Partnership may transfer assets to joint ventures, limited liability companies, partnerships, corporations, business trusts or other business entities in which it is or thereby becomes a participant upon such terms and subject to such conditions consistent with this Agreement and applicable law.

C. The General Partner and its Affiliates may sell, transfer or convey any property to, or purchase any property from, the Partnership, directly or indirectly, on terms and conditions established by the General Partner in its sole and absolute discretion.

D. The General Partner, in its sole and absolute discretion and without the approval of the Partners or any of them or any other Persons, may propose and adopt (on behalf of the Partnership) employee benefit plans (including without limitation plans that contemplate the issuance of LTIP Units) funded by the Partnership for the benefit of employees of the General Partner, the Partnership, Subsidiaries of the Partnership or any Affiliate of any of them in respect of services performed, directly or indirectly, for the benefit of the General Partner, the Partnership or any of the Partnership's Subsidiaries.

Section 7.7 *Indemnification*.

A. To the fullest extent permitted by applicable law, the Partnership shall indemnify each Indemnitee from and against any and all losses, claims, damages, liabilities, joint or several,

expenses (including, without limitation, attorney's fees and other legal fees and expenses), judgments, fines, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative, that relate to the operations of the Partnership ("*Actions*") as set forth in this Agreement in which such Indemnitee may be involved, or is threatened to be involved, as a party or otherwise; *provided*, *however*, that the Partnership shall not indemnify an Indemnitee (i) if the act or omission of the Indemnitee was material to the matter giving rise to the Action and either was committed in bad faith or was the result of active and deliberate dishonesty; (ii) in the case of any criminal proceeding, if the Indemnitee had reasonable cause to believe that the act or omission was unlawful; or (iii) for any transaction for which such Indemnitee actually received an improper personal benefit in violation or breach of any provision of this Agreement; and *provided*, *further*, that no payments pursuant to this Agreement shall be made by the Partnership to indemnify or advance funds to any Indemnitee (x) with respect to any Action initiated or brought voluntarily by such Indemnitee (and not by way of defense) unless (I) approved or authorized by the General Partner or (II) incurred to establish or enforce such Indemnitee's right to indemnification under this Agreement, and (y) in connection with one or more Actions or claims brought by the Partnership or involving such Indemnitee if such Indemnitee is found liable to the Partnership on any portion of any claim in any such Action.

Without limitation, the foregoing indemnity shall extend to any liability of any Indemnitee, pursuant to a loan guaranty or otherwise, for any indebtedness of the Partnership or any Subsidiary of the Partnership (including, without limitation, any indebtedness which the Partnership or any Subsidiary of the Partnership has assumed or taken subject to), and the General Partner is hereby authorized and empowered, on behalf of the Partnership, to enter into one or more indemnity agreements consistent with the provisions of this Section 7.7 in favor of any Indemnitee having or potentially having liability for any such indebtedness. It is the intention of this Section 7.7.A that the Partnership indemnify each Indemnitee to the fullest extent permitted by law and this Agreement. The termination of any proceeding by judgment, order or settlement does not create a presumption that the Indemnitee did not meet the requisite standard of conduct set forth in this Section 7.7.A. The termination of any proceeding by conviction of an Indemnitee or upon a plea of *nolo contendere* or its equivalent by an Indemnitee, or an entry of an order of probation against an Indemnitee prior to judgment, does not create a presumption that such Indemnitee acted in a manner contrary to that specified in this Section 7.7.A with respect to the subject matter of such proceeding. Any indemnification pursuant to this Section 7.7 shall be made only out of the assets of the Partnership, and neither the General Partner nor any other Holder shall have any obligation to contribute to the capital of the Partnership or otherwise provide funds to enable the Partnership to fund its obligations under this Section 7.7.

B. To the fullest extent permitted by law, expenses incurred by an Indemnitee who is a party to a proceeding or otherwise subject to or the focus of or is involved in any Action shall be paid or reimbursed by the Partnership as incurred by the Indemnitee in advance of the final disposition of the Action upon receipt by the Partnership of (i) a written affirmation by the Indemnitee of the Indemnitee's good faith belief that the standard of conduct necessary for indemnification by the Partnership as authorized in Section 7.7.A has been met, and (ii) a written undertaking by or on behalf of the Indemnitee to repay the amount if it shall ultimately be determined that the standard of conduct has not been met.

C. The indemnification provided by this Section 7.7 shall be in addition to any other rights to which an Indemnitee or any other Person may be entitled under any agreement, pursuant to any vote of the Partners, as a matter of law or otherwise, and shall continue as to an Indemnitee who has ceased to serve in such capacity and shall inure to the benefit of the heirs, successors, assigns and administrators of the Indemnitee unless otherwise provided in a written agreement with such Indemnitee or in the writing pursuant to which such Indemnitee is indemnified.

D. The Partnership may, but shall not be obligated to, purchase and maintain insurance, on behalf of any of the Indemnitees and such other Persons as the General Partner shall determine, against any liability that may be asserted against or expenses that may be incurred by such Person in connection with the Partnership's activities, regardless of whether the Partnership would have the power to indemnify such Person against such liability under the provisions of this Agreement.

E. Any liabilities which an Indemnitee incurs as a result of acting on behalf of the Partnership or the General Partner (whether as a fiduciary or otherwise) in connection with the operation, administration or maintenance of an employee benefit plan or any related trust or funding mechanism (whether such liabilities are in the form of excise taxes assessed by the IRS, penalties assessed by the U.S. Department of Labor, restitutions to such a plan or trust or other funding mechanism or to a participant or beneficiary of such plan, trust or other funding mechanism, or otherwise) shall be treated as liabilities or judgments or fines under this Section 7.7, unless such liabilities arise as a result of (i) an act or omission of such Indemnitee that was material to the matter giving rise to the Action and either was committed in bad faith or was the result of active and deliberate dishonesty; (ii) in the case of any criminal proceeding, an act or omission that such Indemnitee had reasonable cause to believe was unlawful, or (iii) any transaction in which such Indemnitee actually received an improper personal benefit in violation or breach of any provision of this Agreement.

F. In no event may an Indemnitee subject any of the Holders to personal liability by reason of the indemnification provisions set forth in this Agreement.

G. An Indemnitee shall not be denied indemnification in whole or in part under this Section 7.7 because the Indemnitee had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement.

H. The provisions of this Section 7.7 are for the benefit of the Indemnitees, their heirs, successors, assigns and administrators and shall not be deemed to create any rights for the benefit of any other Persons. Any amendment, modification or repeal of this Section 7.7 or any provision hereof shall be prospective only and shall not in any way affect the limitations on the Partnership's liability to any Indemnitee under this Section 7.7 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

I. It is the intent of the parties that any amounts paid by the Partnership to the General Partner pursuant to this Section 7.7 shall be treated as "guaranteed payments" within the meaning of Code Section 707(c) and shall not be treated as distributions for purposes of computing the Partners' Capital Accounts.

Section 7.8 *Liability of the General Partner*.

A. The Limited Partners agree that: (i) the General Partner is acting for the benefit of the Partnership, the Limited Partners and the General Partner's stockholders collectively; (ii) in the event of a conflict between the interests of the Partnership or any Partner, on the one hand, and the separate interests of the General Partner or its stockholders, on the other hand, the General Partner is under no obligation not to give priority to the separate interests of the General Partner or the stockholders of the General Partner, and any action or failure to act on the part of the General Partner or its directors that gives priority to the separate interests of the General Partner or its stockholders that does not result in a violation of the contract rights of the Limited Partners under this Agreement does not violate the duty of loyalty owed by the General Partner to the Partnership and/or the Partners; and (iii) the General Partner shall not be liable to the Partnership or to any Partner for monetary damages for losses sustained, liabilities incurred or benefits not derived by the Partnership or any Limited Partner in connection with such decisions, except for liability for the General Partner's intentional harm or gross negligence.

B. Subject to its obligations and duties as General Partner set forth in this Agreement and applicable law, the General Partner may exercise any of the powers granted to it by this Agreement and perform any of the duties imposed upon it hereunder either directly or by or through its employees or agents. The General Partner shall not be responsible to the Partnership or any Partner for any misconduct or negligence on the part of any such employee or agent appointed by it in good faith.

C. Any obligation or liability whatsoever of the General Partner which may arise at any time under this Agreement or any other instrument, transaction, or undertaking contemplated hereby shall be satisfied, if at all, out of the assets of the General Partner or the Partnership only. No such obligation or liability shall be personally binding upon, nor shall resort for the enforcement thereof be had to, any of the General Partner's directors, stockholders, officers, employees, or agents, regardless of whether such obligation or liability is in the nature of contract, tort or otherwise. Notwithstanding anything to the contrary set forth in this Agreement, none of the directors or officers of the General Partner shall be liable or accountable in damages or otherwise to the Partnership, any Partners, or any Assignees for losses sustained, liabilities incurred or benefits not derived as a result of errors in judgment or mistakes of fact or law or of any act or omission.

D. Any amendment, modification or repeal of this Section 7.8 or any provision hereof shall be prospective only and shall not in any way affect the limitations on the General Partner's and its officers' and directors' liability to the Partnership and the Limited Partners under this Section 7.8 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

E. Notwithstanding anything herein to the contrary, except for liability for intentional harm or gross negligence on the part of such Partner or pursuant to any express indemnities given to the Partnership by any Partner pursuant to any other written instrument, no Partner shall have any personal liability whatsoever, to the Partnership or to the other Partners, or for the debts or liabilities of the Partnership or the Partnership's obligations hereunder, and the full recourse of the other Partner(s) shall be limited to the interest of that Partner in the Partnership. Without limitation of the foregoing, and except for liability for intentional harm or gross negligence on the part of any Partner, or pursuant to any such express indemnity, no property or assets of such Partner, other than its interest in the Partnership, shall be subject to levy, execution or other enforcement procedures for the satisfaction of any judgment (or other judicial process) in favor of any other Partner(s) and arising out of, or in connection with, this Agreement. This Agreement is executed by the officers of the General Partner solely as officers of the same and not in their own individual capacities.

F. To the extent that, at law or in equity, the General Partner has duties (including fiduciary duties) and liabilities relating thereto to the Partnership or the Limited Partners, the General Partner shall not be liable to the Partnership or to any other Partner for its good faith reliance on the provisions of this Agreement. The provisions of this Agreement, to the extent that they restrict or modify the duties and liabilities of the General Partner under the Act or otherwise existing at law or in equity, are agreed by the Partners to replace such other duties and liabilities of such General Partner.

G. Whenever in this Agreement the General Partner is permitted or required to make a decision (i) in its "sole and absolute discretion," "sole discretion" or "discretion" or under a grant of similar authority or latitude, the General Partner shall be entitled to consider only such interests and factors as it desires, including its own interests, and shall have no duty or obligation to give any consideration to any interest or factors affecting the Partnership or the Partners or any of them, or (ii) in its "good faith" or under another expressed standard, the General Partner shall act under such express standard and shall not be subject to any other or different standards imposed by this Agreement or any other agreement contemplated herein or by relevant provisions of law or in equity or otherwise. If any question should arise with respect to the operation of the Partnership, which is not otherwise specifically provided for in this Agreement or the Act, or with respect to the interpretation of this Agreement, the General Partner is hereby authorized to make a final determination with respect to any such question and to interpret this Agreement in such a manner as it shall deem, in its sole discretion, to be fair and equitable, and its determination and interpretations so made shall be final and binding on all parties. The General Partner's "sole and absolute discretion," "sole discretion" and "discretion" under this Agreement shall be exercised consistently with the General Partner's fiduciary duties and obligation of good faith and fair dealing under the Act.

Section 7.9 *Other Matters Concerning the General Partner*.

A. The General Partner may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture or other paper or document believed by it in good faith to be genuine and to have been signed or presented by the proper party or parties.

B. The General Partner may consult with legal counsel, accountants, appraisers, management consultants, investment bankers, architects, engineers, environmental consultants and other consultants and advisers selected by it, and any act taken or omitted to be taken in reliance upon the opinion of such Persons as to matters that the General Partner reasonably believes to be within such Person's professional or expert competence shall be conclusively presumed to have been done or omitted in good faith and in accordance with such opinion.

C. The General Partner shall have the right, in respect of any of its powers or obligations hereunder, to act through any of its duly authorized officers or agents or a duly appointed attorney or attorneys-in-fact. Each such officer, agent or attorney shall, to the extent authorized by the General Partner, have full power and authority to do and perform all and every act and duty that is permitted or required to be done by the General Partner hereunder.

D. Notwithstanding any other provision of this Agreement or the Act, any action of the General Partner on behalf of the Partnership or any decision of the General Partner to refrain from acting on behalf of the Partnership, undertaken in the good faith belief that such action or omission is necessary or advisable in order (i) to protect the ability of the General Partner to continue to qualify as a REIT, (ii) for the General Partner otherwise to satisfy the REIT Requirements, (iii) for the General Partner to avoid incurring any taxes under Code Section 857 or Code Section 4981, or (iv) for any General Partner Affiliate to continue to qualify as a "qualified REIT subsidiary" (within the meaning of Code Section 856(i)(2)), is expressly authorized under this Agreement and is deemed approved by all of the Limited Partners.

Section 7.10 *Title to Partnership Assets*. Title to Partnership assets, whether real, personal or mixed and whether tangible or intangible, shall be deemed to be owned by the Partnership as an entity, and no Partner, individually or collectively with other Partners or Persons, shall have any ownership interest in such Partnership assets or any portion thereof. Title to any or all of the Partnership assets may be held in the name of the Partnership, the General Partner or one or more nominees, as the General Partner may determine, including Affiliates of the General Partner. The General Partner hereby declares and warrants that any Partnership assets for which legal title is held in the name of the General Partner or any nominee or Affiliate of the General Partner shall be held by the General Partner or such nominee or Affiliate for the use and benefit of the Partnership in accordance with the provisions of this Agreement. All Partnership assets shall be recorded as the property of the Partnership in its books and records, irrespective of the name in which legal title to such Partnership assets is held.

Section 7.11 *Reliance by Third Parties*. Notwithstanding anything to the contrary in this Agreement, any Person dealing with the Partnership shall be entitled to assume that the General Partner has full power and authority, without the consent or approval of any other Partner, or Person, to encumber, sell or otherwise use in any manner any and all assets of the Partnership and to enter into any contracts on behalf of the Partnership, and take any and all actions on behalf of the Partnership, and such Person shall be entitled to deal with the General Partner as if it were the Partnership's sole party in interest, both legally and beneficially. Each Limited Partner hereby waives any and all defenses or other remedies that may be available against such Person to contest, negate or disaffirm any action of the General Partner in connection with any such dealing. In no event shall any Person dealing with the General Partner or its representatives be obligated to ascertain that the terms of this Agreement have been

complied with or to inquire into the necessity or expediency of any act or action of the General Partner or its representatives. Each and every certificate, document or other instrument executed on behalf of the Partnership by the General Partner or its representatives shall be conclusive evidence in favor of any and every Person relying thereon or claiming thereunder that (i) at the time of the execution and delivery of such certificate, document or instrument, this Agreement was in full force and effect, (ii) the Person executing and delivering such certificate, document or instrument was duly authorized and empowered to do so for and on behalf of the Partnership and (iii) such certificate, document or instrument was duly executed and delivered in accordance with the terms and provisions of this Agreement and is binding upon the Partnership.

ARTICLE 8
RIGHTS AND OBLIGATIONS OF LIMITED PARTNERS

Section 8.1 *Limitation of Liability*. No Limited Partner shall have any liability under this Agreement except for intentional harm or gross negligence on the part of such Limited Partner or as expressly provided in this Agreement (including, without limitation, Section 10.4 hereof) or under the Act.

Section 8.2 *Management of Business*. Subject to the rights and powers of the General Partner hereunder, no Limited Partner or Assignee (other than the General Partner, any of its Affiliates or any officer, director, member, employee, partner, agent or trustee of the General Partner, the Partnership or any of their Affiliates, in their capacity as such) shall take part in the operations, management or control (within the meaning of the Act) of the Partnership's business, transact any business in the Partnership's name or have the power to sign documents for or otherwise bind the Partnership. The transaction of any such business by the General Partner, any of its Affiliates or any officer, director, member, employee, partner, agent, representative, or trustee of the General Partner, the Partnership or any of their Affiliates, in their capacity as such, shall not affect, impair or eliminate the limitations on the liability of the Limited Partners or Assignees under this Agreement.

Section 8.3 *Outside Activities of Limited Partners*. Subject to any agreements entered into pursuant to Section 7.6 hereof and any other agreements entered into by a Limited Partner or any of its Affiliates with the General Partner, the Partnership or a Subsidiary (including, without limitation, any employment agreement), any Limited Partner and any Assignee, officer, director, employee, agent, trustee, Affiliate, member or stockholder of any Limited Partner shall be entitled to and may have business interests and engage in business activities in addition to those relating to the Partnership, including business interests and activities that are in direct or indirect competition with the Partnership or that are enhanced by the activities of the Partnership. Neither the Partnership nor any Partner shall have any rights by virtue of this Agreement in any business ventures of any Limited Partner or Assignee. Subject to such agreements, none of the Limited Partners nor any other Person shall have any rights by virtue of this Agreement or the partnership relationship established hereby in any business ventures of any other Person (other than the General Partner), and such Person shall have no obligation pursuant to this Agreement, subject to Section 7.6 hereof and any other agreements entered into by a Limited Partner or its Affiliates with the General Partner, the Partnership or a Subsidiary, to offer any interest in any such business ventures to the Partnership, any Limited Partner, or any such other Person, even if such opportunity is of a character that, if presented to the Partnership, any Limited Partner or such other Person, could be taken by such Person.

Section 8.4 *Return of Capital*. Except pursuant to the rights of Redemption set forth in Section 15.1 hereof or in any Partnership Unit Designation, no Limited Partner shall be entitled to the withdrawal or return of its Capital Contribution, except to the extent of distributions made pursuant to this Agreement or upon termination of the Partnership as provided herein. Except to the extent provided in Article 5 and Article 6 hereof or otherwise expressly provided in this Agreement or in any Partnership Unit Designation, no Limited Partner or Assignee shall have priority over any other Limited Partner or Assignee either as to the return of Capital Contributions or as to profits, losses or distributions.

Section 8.5 *Rights of Limited Partners Relating to the Partnership*.

A. In addition to other rights provided by this Agreement or by the Act, and except as limited by Section 8.5.C hereof, the General Partner shall deliver to each Limited Partner a copy of any information mailed or electronically delivered to all of the common stockholders of the General Partner as soon as practicable after such mailing.

B. The Partnership shall notify any Limited Partner that is a Qualifying Party, on request, of the then current Adjustment Factor and any change made to the Adjustment Factor shall be set forth in the quarterly report required by Section 9.3.B hereof immediately following the date such change becomes effective.

C. Notwithstanding any other provision of this Section 8.5, the General Partner may keep confidential from the Limited Partners (or any of them), for such period of time as the General Partner determines in its sole and absolute discretion to be reasonable, any information that (i) the General Partner believes to be in the nature of trade secrets or other information the disclosure of which the General Partner in good faith believes is not in the best interests of the Partnership or the General Partner or (ii) the Partnership or the General Partner is required by law or by agreement to keep confidential.

Section 8.6 *Partnership Right to Call Limited Partner Interests*. Notwithstanding any other provision of this Agreement, on and after the date on which the aggregate Percentage Interests of the Limited Partners are less than one percent (1%), the Partnership shall have the right, but not the obligation, from time to time and at any time to redeem any and all outstanding Limited Partner Interests by treating any Limited Partner as a Tendering Party who has delivered a Notice of Redemption pursuant to Section 15.1 hereof for the amount of Partnership Common Units to be specified by the General Partner, in its sole and absolute discretion, by notice to such Limited Partner that the Partnership has elected to exercise its rights under this Section 8.6. Such notice given by the General Partner to a Limited Partner pursuant to this Section 8.6 shall be treated as if it were a Notice of Redemption delivered to the General Partner by such Limited Partner. For purposes of this Section 8.6, (a) any Limited Partner (whether or not otherwise a Qualifying Party) may, in the General Partner's sole and absolute discretion, be treated as a Qualifying Party that is a Tendering Party and (b) the provisions of Sections 15.1.F(2) and 15.1.F(3) hereof shall not apply, but the remainder of Section 15.1 hereof shall apply, mutatis mutandis.

Section 8.7 *Rights as Objecting Partner*. No Limited Partner and no Holder of a Partnership Interest shall be entitled to exercise any of the rights of an objecting stockholder provided for under Title 3, Subtitle 2 of the Maryland General Corporation Law or any successor statute in connection with a merger of the Partnership.

ARTICLE 9
BOOKS, RECORDS, ACCOUNTING AND REPORTS

Section 9.1 *Records and Accounting*.

A. The General Partner shall keep or cause to be kept at the principal place of business of the Partnership those records and documents, if any, required to be maintained by the Act and any other books and records deemed by the General Partner to be appropriate with respect to the Partnership's business, including, without limitation, all books and records necessary to provide to the Limited Partners any information, lists and copies of documents required to be provided pursuant to Section 8.5.A, Section 9.3 or Article 13 hereof. Any records maintained by or on behalf of the Partnership in the regular course of its business may be kept on any information storage device, provided that the records so maintained are convertible into clearly legible written form within a reasonable period of time.

B. The books of the Partnership shall be maintained, for financial and tax reporting purposes, on an accrual basis in accordance with generally accepted accounting principles, or on such other basis as the General Partner determines to be necessary or appropriate. To the extent permitted by sound accounting practices and principles, the Partnership and the General Partner may operate with integrated or consolidated accounting records, operations and principles.

Section 9.2 *Partnership Year*. For purposes of this Agreement, "Partnership Year" means the fiscal year of the Partnership, which shall be the same as the tax year of the Partnership. The tax year shall be the calendar year unless otherwise required by the Code.

Section 9.3 *Reports*.

A. As soon as practicable, but in no event later than one hundred five (105) days after the close of each Partnership Year, the General Partner shall cause to be mailed to each Limited Partner of record as of the close of the Partnership Year, financial statements of the Partnership, or of the General Partner if such statements are prepared solely on a consolidated basis with the General Partner, for such Partnership Year, presented in accordance with generally accepted accounting principles, such statements to be audited by a nationally recognized firm of independent public accountants selected by the General Partner.

B. As soon as practicable, but in no event later than sixty (60) days after the close of each calendar quarter (except the last calendar quarter of each year), the General Partner shall cause to be mailed to each Limited Partner of record as of the last day of the calendar quarter, a report containing unaudited financial statements of the Partnership for such calendar quarter, or of the General Partner if such statements are prepared solely on a consolidated basis with the General Partner, and such other information as may be required by applicable law or regulation or as the General Partner determines to be appropriate.

C. The General Partner shall have satisfied its obligations under Section 9.3.A and Section 9.3.B by posting or making available the reports required by this Section 9.3 on the website maintained from time to time by the Partnership or the General Partner, provided that such reports are able to be printed or downloaded from such website.

D. At the request of any Limited Partner, the General Partner shall provide access to the books, records and workpapers upon which the reports required by this Section 9.3 are based, to the extent required by the Act.

ARTICLE 10
TAX MATTERS

Section 10.1 *Preparation of Tax Returns*. The General Partner shall arrange for the preparation and timely filing of all returns with respect to Partnership income, gains, deductions, losses and other items required of the Partnership for Federal and state income tax purposes and shall use all reasonable efforts to furnish, within ninety (90) days of the close of each taxable year, the tax information reasonably required by Limited Partners for Federal and state income tax and any other tax reporting purposes. The Limited Partners shall promptly provide the General Partner with such information relating to the Contributed Properties as is readily available to the Limited Partners, including tax basis and other relevant information, as may be reasonably requested by the General Partner from time to time.

Section 10.2 *Tax Elections*. Except as otherwise provided herein, the General Partner shall, in its sole and absolute discretion, determine whether to make any available election pursuant to the Code, including, but not limited to, the election under Code Section 754. The General Partner shall have the right to seek to revoke any such election (including, without limitation, any election under Code Section 754) upon the General Partner's determination in its sole and absolute discretion that such revocation is in the best interests of the Partners.

Section 10.3 *Tax Matters Partner*.

A. The General Partner shall be the "tax matters partner" of the Partnership for federal income tax purposes. The tax matters partner shall receive no compensation for its services. All third-party costs and expenses incurred by the tax matters partner in performing its duties as such (including legal and accounting fees and expenses) shall be borne by the Partnership in addition to any reimbursement pursuant to Section 7.4 hereof. Nothing herein shall be construed to restrict the Partnership from engaging an accounting firm to assist the tax matters partner in discharging its duties hereunder.

B. The tax matters partner is authorized, but not required:

(1) to enter into any settlement with the IRS with respect to any administrative or judicial proceedings for the adjustment of Partnership items required to be taken into account by a Partner for income tax purposes (such administrative proceedings being referred to as a "tax audit" and such judicial proceedings being referred to as "judicial review"), and in the settlement agreement the tax matters partner may expressly state that such agreement shall bind all Partners, except that such settlement agreement shall not bind any Partner (i) who (within the time prescribed pursuant to the Code and Regulations) files a

statement with the IRS providing that the tax matters partner shall not have the authority to enter into a settlement agreement on behalf of such Partner (as the case may be) or (ii) who is a "notice partner" (as defined in Code Section 6231) or a member of a "notice group" (as defined in Code Section 6223(b)(2));

(2) in the event that a notice of a final administrative adjustment at the Partnership level of any item required to be taken into account by a Partner for tax purposes (a "*Final Adjustment*") is mailed to the tax matters partner, to seek judicial review of such Final Adjustment, including the filing of a petition for readjustment with the United States Tax Court or the United States Claims Court, or the filing of a complaint for refund with the District Court of the United States for the district in which the Partnership's principal place of business is located;

(3) to intervene in any action brought by any other Partner for judicial review of a final adjustment;

(4) to file a request for an administrative adjustment with the IRS at any time and, if any part of such request is not allowed by the IRS, to file an appropriate pleading (petition or complaint) for judicial review with respect to such request;

(5) to enter into an agreement with the IRS to extend the period for assessing any tax that is attributable to any item required to be taken into account by a Partner for tax purposes, or an item affected by such item; and

(6) to take any other action on behalf of the Partners or any of them in connection with any tax audit or judicial review proceeding to the extent permitted by applicable law or regulations.

The taking of any action and the incurring of any expense by the tax matters partner in connection with any such proceeding, except to the extent required by law, is a matter in the sole and absolute discretion of the tax matters partner and the provisions relating to indemnification of the General Partner set forth in Section 7.7 hereof shall be fully applicable to the tax matters partner in its capacity as such.

Section 10.4 *Withholding*. Each Limited Partner hereby authorizes the Partnership to withhold from or pay on behalf of or with respect to such Limited Partner any amount of Federal, state, local or foreign taxes that the General Partner determines the Partnership is required to withhold or pay with respect to any amount distributable or allocable to such Limited Partner pursuant to this Agreement, including, without limitation, any taxes required to be withheld or paid by the Partnership pursuant to Code Section 1441, Code Section 1442, Code Section 1445 or Code Section 1446. Any amount withheld with respect to a Limited Partner pursuant to this Section 10.4 shall be treated as paid or distributed, as applicable, to such Limited Partner for all purposes under this Agreement. Any amount paid on behalf of or with respect to a Limited Partner, in excess of any such withheld amount, shall constitute a loan by the Partnership to such Limited Partner, which loan shall be repaid by such Limited Partner within thirty (30) days after the affected Limited Partner receives written notice from the General Partner that such payment must be made, provided that the Limited Partner shall not be required to repay such deemed loan

if either (i) the Partnership withholds such payment from a distribution that would otherwise be made to the Limited Partner or (ii) the General Partner determines, in its sole and absolute discretion, that such payment may be satisfied out of the Available Cash of the Partnership that would, but for such payment, be distributed to the Limited Partner. Any amounts payable by a Limited Partner hereunder shall bear interest at the base rate on corporate loans at large United States money center commercial banks, as published from time to time in the Wall Street Journal (but not higher than the maximum lawful rate) from the date such amount is due (i.e., thirty (30) days after the Limited Partner receives written notice of such amount) until such amount is paid in full.

Section 10.5 *Organizational Expenses*. The General Partner may cause the Partnership to elect to deduct expenses, if any, incurred by it in organizing the Partnership ratably over a 180-month period as provided in Section 709 of the Code.

ARTICLE 11
PARTNER TRANSFERS AND WITHDRAWALS

Section 11.1 *Transfer*.

A. No part of the interest of a Partner shall be subject to the claims of any creditor, to any spouse for alimony or support, or to legal process, and may not be voluntarily or involuntarily alienated or encumbered except as may be specifically provided for in this Agreement.

B. No Partnership Interest shall be Transferred, in whole or in part, except in accordance with the terms and conditions set forth in this Article 11. Any Transfer or purported Transfer of a Partnership Interest not made in accordance with this Article 11 shall be null and void *ab initio*.

C. No Transfer of any Partnership Interest may be made to a lender to the Partnership or any Person who is related (within the meaning of Section 1.752-4(b) of the Regulations) to any lender to the Partnership whose loan constitutes a Nonrecourse Liability, without the Consent of the General Partner; *provided, however*, that, as a condition to such Consent, the lender may be required to enter into an arrangement with the Partnership and the General Partner to redeem or exchange for the REIT Shares Amount any Partnership Units in which a security interest is held by such lender simultaneously with the time at which such lender would be deemed to be a partner in the Partnership for purposes of allocating liabilities to such lender under Section 752 of the Code (provided that, for purpose of calculating the REIT Shares Amount in this Section 11.1.C, "*Tendered Units*" shall mean all such Partnership Units in which a security interest is held by such lender).

Section 11.2 *Transfer of General Partner's Partnership Interest*.

A. Except as provided in Section 11.2.B or Section 11.2.C, and subject to the rights of any Holder of any Partnership Interest set forth in a Partnership Unit Designation, the General Partner may not Transfer all or any portion of its Partnership Interest (whether by sale, disposition, statutory merger or consolidation, liquidation or otherwise) without the Consent of the Limited Partners. It is a condition to any Transfer of a Partnership Interest of a General

Partner otherwise permitted hereunder (including any Transfer permitted pursuant to Section 11.2.B or Section 11.2.C) that: (i) coincident with such Transfer, the transferee is admitted as a General Partner pursuant to Section 12.1 hereof; (ii) the transferee assumes, by operation of law or express agreement, all of the obligations of the transferor General Partner under this Agreement with respect to such Transferred Partnership Interest; and (iii) the transferee has executed such instruments as may be necessary to effectuate such admission and to confirm the agreement of such transferee to be bound by all the terms and provisions of this Agreement with respect to the Partnership Interest so acquired and the admission of such transferee as a General Partner.

B. *Certain Transactions of the General Partner*. Except as provided in Section 11.2.D and subject to the rights of any Holder of any Partnership Interest set forth in a Partnership Unit Designation, the General Partner may, without the Consent of the Limited Partners, Transfer all of its Partnership Interest in connection with (a) a merger, consolidation or other combination of its assets with another entity, (b) a sale of all or substantially all of its assets not in the ordinary course of the Partnership's business or (c) a reclassification, recapitalization or change of any outstanding shares of the General Partner's stock or other outstanding equity interests (each, a "*Termination Transaction*") if:

(i) in connection with such Termination Transaction, all of the Limited Partners will receive, or will have the right to elect to receive, for each Partnership Common Unit an amount of cash, securities or other property equal to the product of the Adjustment Factor and the greatest amount of cash, securities or other property paid to a holder of one REIT Share in consideration of one REIT Share pursuant to the terms of such Termination Transaction; *provided*, that if, in connection with such Termination Transaction, a purchase, tender or exchange offer shall have been made to and accepted by the holders of the outstanding REIT Shares, each holder of Partnership Common Units shall receive, or shall have the right to elect to receive, the greatest amount of cash, securities or other property which such holder of Partnership Common Units would have received had it exercised its right to Redemption pursuant to Article 15 hereof and received REIT Shares in exchange for its Partnership Common Units immediately prior to the expiration of such purchase, tender or exchange offer and had thereupon accepted such purchase, tender or exchange offer and then such Termination Transaction shall have been consummated; or

(ii) all of the following conditions are met: (w) substantially all of the assets directly or indirectly owned by the surviving entity are owned directly or indirectly by the Partnership or another limited partnership or limited liability company which is the survivor of a merger, consolidation or combination of assets with the Partnership (in each case, the "*Surviving Partnership*"); (x) the Limited Partners that held Partnership Common Units immediately prior to the consummation of such Termination Transaction own a percentage interest of the Surviving Partnership based on the relative fair market value of the net assets of the Partnership and the other net assets of the Surviving Partnership immediately prior to the consummation of such transaction; (y) the rights, preferences and privileges in the Surviving Partnership of such Limited Partners are at least as favorable as those in effect with respect to Partnership Common Units immediately prior to the consummation of such transaction and as those applicable to any

other limited partners or non-managing members of the Surviving Partnership; and (z) the rights of such Limited Partners include at least one of the following: (a) the right to redeem their interests in the Surviving Partnership for the consideration available to such persons pursuant to Section 11.2.B(i) or (b) the right to redeem their interests in the Surviving Partnership for cash on terms substantially equivalent to those in effect with respect to their Partnership Common Units immediately prior to the consummation of such transaction, or, if the ultimate controlling person of the Surviving Partnership has publicly traded common equity securities, such common equity securities, with an exchange ratio based on the determination of relative fair market value of such securities and the REIT Shares.

C. Notwithstanding the other provisions of this Article 11 (other than Section 11.6.D hereof), the General Partner may Transfer all of its Partnership Interests at any time to any Person that is, at the time of such Transfer, an Affiliate of the General Partner that is controlled by the General Partner, including any "qualified REIT subsidiary" (within the meaning of Code Section 856(i)(2)), without the Consent of any Limited Partners. The provisions of Section 11.2.B, 11.3, 11.4.A and 11.5 hereof shall not apply to any Transfer permitted by this Section 11.2.C.

D. Until the later to occur of (i) the death of Ernest S. Rady and (ii) the death of Evelyn S. Rady, the General Partner shall not, without prior Partnership Approval, consummate any transaction that would result in a direct or indirect transfer of all or any portion of the General Partner's Partnership Interest if such direct or indirect transfer would be effected through (a) a Termination Transaction or (b) the issuance of REIT Shares, in each case in connection with which the General Partner seeks to obtain or would be required to obtain approval of its common stockholders (each, a "*General Partner Interest Transfer*").

E. Except in connection with Transfers permitted in this Article 11 and as otherwise provided in Section 12.1 in connection with the Transfer of the General Partner's entire Partnership Interest, the General Partner may not voluntarily withdraw as a general partner of the Partnership without the Consent of the Limited Partners.

Section 11.3 *Limited Partners' Rights to Transfer*.

A. *General*. Prior to the end of the first Fourteen-Month Period and except as provided in Section 11.1.C hereof, no Limited Partner shall Transfer all or any portion of its Partnership Interest to any transferee without the Consent of the General Partner; *provided*, *however*, that any Limited Partner may, at any time, without the consent or approval of the General Partner, (i) Transfer all or part of its Partnership Interest to any Family Member (including a Transfer by a Family Member that is an inter vivos or testamentary trust (whether revocable or irrevocable) to a Family Member that is a beneficiary of such trust), any Charity, any Controlled Entity or any Affiliate, or (ii) pledge (a "*Pledge*") all or any portion of its Partnership Interest to a lending institution as collateral or security for a bona fide loan or other extension of credit, and Transfer such pledged Partnership Interest to such lending institution in connection with the exercise of remedies under such loan or extension of credit (any Transfer or Pledge permitted by this proviso is hereinafter referred to as a "*Permitted Transfer*"). After such first Fourteen-Month Period, each Limited Partner, and each transferee of Partnership Units or

Assignee pursuant to a Permitted Transfer, shall have the right to Transfer all or any portion of its Partnership Interest to any Person, without the Consent of the General Partner but subject to the provisions of Section 11.4 hereof and to satisfaction of each of the following conditions:

(1) *General Partner Right of First Refusal*. The transferor Limited Partner (or the Partner's estate in the event of the Partner's death) shall give written notice of the proposed Transfer to the General Partner, which notice shall state (i) the identity and address of the proposed transferee and (ii) the amount and type of consideration proposed to be received for the Transferred Partnership Units. The General Partner shall have ten (10) Business Days upon which to give the transferor Limited Partner notice of its election to acquire the Partnership Units on the terms set forth in such notice. If it so elects, it shall purchase the Partnership Units on such terms within ten (10) Business Days after giving notice of such election; *provided*, *however*, that in the event that the proposed terms involve a purchase for cash, the General Partner may at its election deliver in lieu of all or any portion of such cash a note from the General Partner payable to the transferor Limited Partner at a date as soon as reasonably practicable, but in no event later than one hundred eighty (180) days after such purchase, and bearing interest at an annual rate equal to the total dividends declared with respect to one (1) REIT Share for the four (4) preceding fiscal quarters of the General Partner, divided by the Value as of the closing of such purchase; and *provided*, *further*, that such closing may be deferred to the extent necessary to effect compliance with the Hart-Scott-Rodino Act, if applicable, and any other applicable requirements of law. If it does not so elect, the transferor Limited Partner may Transfer such Partnership Units to a third party, on terms no more favorable to the transferee than the proposed terms, subject to the other conditions of this Section 11.3.

(2) *Qualified Transferee*. Any Transfer of a Partnership Interest shall be made only to a single Qualified Transferee; *provided*, *however*, that, for such purposes, all Qualified Transferees that are Affiliates, or that comprise investment accounts or funds managed by a single Qualified Transferee and its Affiliates, shall be considered together to be a single Qualified Transferee; and *provided*, *further*, that each Transfer meeting the minimum Transfer restriction of Section 11.3.A(4) hereof may be to a separate Qualified Transferee.

(3) *Opinion of Counsel*. The transferor Limited Partner shall deliver or cause to be delivered to the General Partner an opinion of counsel reasonably satisfactory to it to the effect that the proposed Transfer may be effected without registration under the Securities Act and will not otherwise violate the registration provisions of the Securities Act and the regulations promulgated thereunder or violate any state securities laws or regulations applicable to the Partnership or the Partnership Interests Transferred; *provided*, *however*, that the General Partner may, in its sole discretion, waive this condition upon the request of the transferor Limited Partner. If, in the opinion of such counsel, such Transfer would require the filing of a registration statement under the Securities Act or would otherwise violate any Federal or state securities laws or regulations applicable to the Partnership or the Partnership Units, the General Partner may prohibit any Transfer otherwise permitted under this Section 11.3 by a Limited Partner of Partnership Interests.

(4) *Minimum Transfer Restriction*. Any Transferring Partner must Transfer not less than the lesser of (i) five hundred (500) Partnership Units or (ii) all of the remaining Partnership

Units owned by such Transferring Partner, unless, in each case, otherwise agreed to by the General Partner; *provided*, *however*, that, for purposes of determining compliance with the foregoing restriction, all Partnership Units owned by Affiliates of a Limited Partner shall be considered to be owned by such Limited Partner.

(5) *Exception for Permitted Transfers*. The conditions of Sections 11.3.A(1) through 11.3.A(4) hereof shall not apply in the case of a Permitted Transfer.

It is a condition to any Transfer otherwise permitted hereunder (whether or not such Transfer is effected during or after the first Fourteen-Month Period) that the transferee assumes by operation of law or express agreement all of the obligations of the transferor Limited Partner under this Agreement with respect to such Transferred Partnership Interest, and no such Transfer (other than pursuant to a statutory merger or consolidation wherein all obligations and liabilities of the transferor Partner are assumed by a successor corporation by operation of law) shall relieve the transferor Partner of its obligations under this Agreement without the Consent of the General Partner. Notwithstanding the foregoing, any transferee of any Transferred Partnership Interest shall be subject to any restrictions on ownership and transfer of stock of the General Partner contained in the Charter that may limit or restrict such transferee's ability to exercise its Redemption rights, including, without limitation, the Ownership Limit. Any transferee, whether or not admitted as a Substituted Limited Partner, shall take subject to the obligations of the transferor hereunder. Unless admitted as a Substituted Limited Partner, no transferee, whether by a voluntary Transfer, by operation of law or otherwise, shall have any rights hereunder, other than the rights of an Assignee as provided in Section 11.5 hereof.

B. *Incapacity*. If a Limited Partner is subject to Incapacity, the executor, administrator, trustee, committee, guardian, conservator or receiver of such Limited Partner's estate shall have all the rights of a Limited Partner, but not more rights than those enjoyed by other Limited Partners, for the purpose of settling or managing the estate, and such power as the Incapacitated Limited Partner possessed to Transfer all or any part of its interest in the Partnership. The Incapacity of a Limited Partner, in and of itself, shall not dissolve or terminate the Partnership.

C. *Adverse Tax Consequences*. Notwithstanding anything to the contrary in this Agreement, the General Partner shall have the authority (but shall not be required) to take any steps it determines are necessary or appropriate in its sole and absolute discretion to prevent the Partnership from being taxable as a corporation for Federal income tax purposes. In addition, except with the Consent of the General Partner, no Transfer by a Limited Partner of its Partnership Interests (including any Redemption, any conversion of LTIP Units into Partnership Common Units, any other acquisition of Partnership Units by the General Partner or any acquisition of Partnership Units by the Partnership) may be made to or by any Person if such Transfer could (i) result in the Partnership being treated as an association taxable as a corporation; (ii) result in a termination of the Partnership under Code Section 708; (iii) be treated as effectuated through an "established securities market" or a "secondary market (or the substantial equivalent thereof)" within the meaning of Code Section 7704 and the Regulations promulgated thereunder, (iv) result in the Partnership being unable to qualify for one or more of the "safe harbors" set forth in Regulations Section 1.7704-1 (or such other guidance subsequently published by the IRS setting forth safe harbors under which interests will not be

treated as "readily tradable on a secondary market (or the substantial equivalent thereof)" within the meaning of Section 7704 of the Code) (the "*Safe Harbors*") or (v) based on the advice of counsel to the Partnership or the General Partner, adversely affect the ability of the General Partner to continue to qualify as a REIT or subject the General Partner to any additional taxes under Code Section 857 or Code Section 4981.

Section 11.4 *Admission of Substituted Limited Partners*.

A. No Limited Partner shall have the right to substitute a transferee (including any transferees pursuant to Transfers permitted by Section 11.3 hereof) as a Limited Partner in its place. A transferee of a Limited Partner Interest may be admitted as a Substituted Limited Partner only with the Consent of the General Partner. The failure or refusal by the General Partner to permit a transferee of any such interests to become a Substituted Limited Partner shall not give rise to any cause of action against the Partnership or the General Partner. Subject to the foregoing, an Assignee shall not be admitted as a Substituted Limited Partner until and unless it furnishes to the General Partner (i) evidence of acceptance, in form and substance satisfactory to the General Partner, of all the terms, conditions and applicable obligations of this Agreement, (ii) a counterpart signature page to this Agreement executed by such Assignee and (iii) such other documents and instruments as may be required or advisable, in the sole and absolute discretion of the General Partner, to effect such Assignee's admission as a Substituted Limited Partner.

B. Concurrently with, and as evidence of, the admission of a Substituted Limited Partner, the General Partner shall amend Exhibit A and the books and records of the Partnership to reflect the name, address and number and class and/or series of Partnership Units of such Substituted Limited Partner and to eliminate or adjust, if necessary, the name, address and number of Partnership Units of the predecessor of such Substituted Limited Partner.

C. A transferee who has been admitted as a Substituted Limited Partner in accordance with this Article 11 shall have all the rights and powers and be subject to all the restrictions and liabilities of a Limited Partner under this Agreement.

Section 11.5 *Assignees*. If the General Partner does not Consent to the admission of any permitted transferee under Section 11.3 hereof as a Substituted Limited Partner, as described in Section 11.4 hereof, or in the event that any Partnership Interest is deemed to have been Transferred notwithstanding the restrictions set forth in this Article 11, such transferee shall be considered an Assignee for purposes of this Agreement. An Assignee shall be entitled to all the rights of an assignee of a limited partnership interest under the Act, including the right to receive distributions from the Partnership and the share of Net Income, Net Losses and other items of income, gain, loss, deduction and credit of the Partnership attributable to the Partnership Interest assigned to such transferee and the rights to Transfer the Partnership Interest provided in this Article 11, but shall not be deemed to be a holder of a Partnership Interest for any other purpose under this Agreement (other than as expressly provided in Section 15.1 hereof with respect to a Qualifying Party that becomes a Tendering Party), and shall not be entitled to effect a Consent or vote with respect to such Partnership Interest on any matter presented to the Partners for approval (such right to Consent or vote, to the extent provided in this Agreement or under the Act, fully remaining with the transferor Limited Partner). In the event that any such transferee

desires to make a further Transfer of any such Partnership Interest, such transferee shall be subject to all the provisions of this Article 11 to the same extent and in the same manner as any Limited Partner desiring to make a Transfer of a Limited Partner Interest.

Section 11.6 *General Provisions*.

A. No Limited Partner may withdraw from the Partnership other than as a result of: (i) a permitted Transfer of all of such Limited Partner's Partnership Units in accordance with this Article 11 with respect to which the transferee becomes a Substituted Limited Partner; (ii) pursuant to a redemption (or acquisition by the General Partner) of all of its Partnership Units pursuant to a Redemption under Section 15.1 hereof and/or pursuant to any Partnership Unit Designation or (iii) the acquisition by the General Partner of all of such Limited Partner's Partnership Interest, whether or not pursuant to Section 15.1.B hereof.

B. Any Limited Partner who shall Transfer all of its Partnership Units in a Transfer (i) permitted pursuant to this Article 11 where such transferee was admitted as a Substituted Limited Partner, (ii) pursuant to the exercise of its rights to effect a redemption of all of its Partnership Units pursuant to a Redemption under Section 15.1 hereof and/or pursuant to any Partnership Unit Designation or (iii) to the General Partner, whether or not pursuant to Section 15.1.B hereof, shall cease to be a Limited Partner.

C. If any Partnership Unit is Transferred in compliance with the provisions of this Article 11, or is redeemed by the Partnership, or acquired by the General Partner pursuant to Section 15.1 hereof, on any day other than the first day of a Partnership Year, then Net Income, Net Losses, each item thereof and all other items of income, gain, loss, deduction and credit attributable to such Partnership Unit for such Partnership Year shall be allocated to the transferor Partner or the Tendering Party (as the case may be) and, in the case of a Transfer other than a Redemption, to the transferee Partner, by taking into account their varying interests during the Partnership Year in accordance with Code Section 706(d), using the "interim closing of the books" method or another permissible method selected by the General Partner in its sole and absolute discretion. Solely for purposes of making such allocations, unless the General Partner decides in its sole and absolute discretion to use another method permitted under the Code, each of such items for the calendar month in which a Transfer occurs shall be allocated to the transferee Partner and none of such items for the calendar month in which a Transfer or a Redemption occurs shall be allocated to the transferor Partner, or the Tendering Party (as the case may be) if such Transfer occurs on or before the fifteenth (15th) day of the month, otherwise such items shall be allocated to the transferor. All distributions of Available Cash attributable to such Partnership Unit with respect to which the Partnership Record Date is before the date of such Transfer, assignment or Redemption shall be made to the transferor Partner or the Tendering Party (as the case may be) and, in the case of a Transfer other than a Redemption, all distributions of Available Cash thereafter attributable to such Partnership Unit shall be made to the transferee Partner.

D. In addition to any other restrictions on Transfer herein contained, in no event may any Transfer of a Partnership Interest by any Partner (including any Redemption, any conversion of LTIP Units into Partnership Common Units, any acquisition of Partnership Units by the General Partner or any other acquisition of Partnership Units by the Partnership) be made: (i) to

any person or entity who lacks the legal right, power or capacity to own a Partnership Interest; (ii) in violation of applicable law; (iii) except with the Consent of the General Partner, of any component portion of a Partnership Interest, such as the Capital Account, or rights to distributions, separate and apart from all other components of a Partnership Interest; (iv) in the event that such Transfer could cause either the General Partner or any General Partner Affiliate to cease to comply with the REIT Requirements or to cease to qualify as a "qualified REIT subsidiary" (within the meaning of Code Section 856(i)(2)); (v) except with the Consent of the General Partner, if such Transfer could, based on the advice of counsel to the Partnership or the General Partner, cause a termination of the Partnership for Federal or state income tax purposes (except as a result of the Redemption (or acquisition by the General Partner) of all Partnership Common Units held by all Limited Partners); (vi) if such Transfer could, based on the advice of legal counsel to the Partnership or the General Partner, cause the Partnership to cease to be classified as a partnership for federal income tax purposes (except as a result of the Redemption (or acquisition by the General Partner) of all Partnership Common Units held by all Limited Partners); (vii) if such Transfer would cause the Partnership to become, with respect to any employee benefit plan subject to Title I of ERISA, a "party-in-interest" (as defined in ERISA Section 3(14)) or a "disqualified person" (as defined in Code Section 4975(c)); (viii) if such Transfer could, based on the advice of legal counsel to the Partnership or the General Partner, cause any portion of the assets of the Partnership to constitute assets of any employee benefit plan pursuant to Department of Labor Regulations Section 2510.3-101; (ix) if such Transfer requires the registration of such Partnership Interest pursuant to any applicable Federal or state securities laws; (x) except with the Consent of the General Partner, if such Transfer (1) could be treated as effectuated through an "established securities market" or a "secondary market" (or the substantial equivalent thereof) within the meaning of Section 7704 of the Code and the Regulations promulgated thereunder, (2) could cause the Partnership to become a "publicly traded partnership," as such term is defined in Sections 469(k)(2) or 7704(b) of the Code, (3) could be in violation of Section 3.4.C(iii), or (4) could cause the Partnership to fail one or more of the Safe Harbors; (xi) if such Transfer causes the Partnership (as opposed to the General Partner) to become a reporting company under the Exchange Act; or (xii) if such Transfer subjects the Partnership to regulation under the Investment Company Act of 1940, the Investment Advisors Act of 1940 or ERISA, each as amended. The General Partner shall, in its sole discretion, be permitted to take all action necessary to prevent the Partnership from being classified as a "publicly traded partnership" under Code Section 7704.

E. Transfers pursuant to this Article 11 may only be made on the first day of a fiscal quarter of the Partnership, unless the General Partner otherwise Consents.

ARTICLE 12
ADMISSION OF PARTNERS

Section 12.1 *Admission of Successor General Partner*. A successor to all of the General Partner's General Partner Interest pursuant to a Transfer permitted by Section 11.2 hereof who is proposed to be admitted as a successor General Partner shall be admitted to the Partnership as the General Partner, effective immediately upon such Transfer. Upon any such Transfer and the admission of any such transferee as a successor General Partner in accordance with this Section 12.1, the transferor General Partner shall be relieved of its obligations under this Agreement and shall cease to be a general partner of the Partnership without any separate

Consent of the Limited Partners or the consent or approval of any other Partners. Any such successor General Partner shall carry on the business and affairs of the Partnership without dissolution. In each case, the admission shall be subject to the successor General Partner executing and delivering to the Partnership an acceptance of all of the terms and conditions of this Agreement and such other documents or instruments as may be required to effect the admission of such Person as a General Partner. Upon any such Transfer, the transferee shall become the successor General Partner for all purposes herein, and shall be vested with the powers and rights of the transferor General Partner, and shall be liable for all obligations and responsible for all duties of the General Partner. Concurrently with, and as evidence of, the admission of a successor General Partner, the General Partner shall amend Exhibit A and the books and records of the Partnership to reflect the name, address and number and classes and/or series of Partnership Units of such successor General Partner.

Section 12.2 *Admission of Additional Limited Partners*.

A. After the admission to the Partnership of the Original Limited Partners, a Person (other than an existing Partner) who makes a Capital Contribution to the Partnership in exchange for Partnership Units and in accordance with this Agreement or is issued LTIP Units in exchange for no consideration in accordance with Section 4.2.B hereof shall be admitted to the Partnership as an Additional Limited Partner only upon furnishing to the General Partner (i) evidence of acceptance, in form and substance satisfactory to the General Partner, of all of the terms and conditions of this Agreement, including, without limitation, the power of attorney granted in Section 2.4 hereof, (ii) a counterpart signature page to this Agreement executed by such Person and (iii) such other documents or instruments as may be required in the sole and absolute discretion of the General Partner in order to effect such Person's admission as an Additional Limited Partner. Concurrently with, and as evidence of, the admission of an Additional Limited Partner, the General Partner shall amend Exhibit A and the books and records of the Partnership to reflect the name, address and number and classes and/or series of Partnership Units of such Additional Limited Partner.

B. Notwithstanding anything to the contrary in this Section 12.2, no Person shall be admitted as an Additional Limited Partner without the Consent of the General Partner. The admission of any Person as an Additional Limited Partner shall become effective on the date upon which the name of such Person is recorded on the books and records of the Partnership, following the Consent of the General Partner to such admission and the satisfaction of all the conditions set forth in Section 12.2.A.

C. If any Additional Limited Partner is admitted to the Partnership on any day other than the first day of a Partnership Year, then Net Income, Net Losses, each item thereof and all other items of income, gain, loss, deduction and credit allocable among Holders for such Partnership Year shall be allocated among such Additional Limited Partner and all other Holders by taking into account their varying interests during the Partnership Year in accordance with Code Section 706(d), using the "interim closing of the books" method or another permissible method selected by the General Partner. Solely for purposes of making such allocations, each of such items for the calendar month in which an admission of any Additional Limited Partner occurs shall be allocated among all the Holders including such Additional Limited Partner, in accordance with the principles described in Section 11.6.C hereof. All distributions of Available

Cash with respect to which the Partnership Record Date is before the date of such admission shall be made solely to Partners and Assignees other than the Additional Limited Partner, and all distributions of Available Cash thereafter shall be made to all the Partners and Assignees including such Additional Limited Partner.

D. Any Additional Limited Partner admitted to the Partnership that is an Affiliate of the General Partner shall be deemed to be a "General Partner Affiliate" hereunder and shall be reflected as such on Exhibit A and the books and records of the Partnership.

Section 12.3 *Amendment of Agreement and Certificate of Limited Partnership*. For the admission to the Partnership of any Partner, the General Partner shall take all steps necessary and appropriate under the Act to amend the records of the Partnership and, if necessary, to prepare as soon as practical an amendment of this Agreement (including an amendment of Exhibit A) and, if required by law, shall prepare and file an amendment to the Certificate and may for this purpose exercise the power of attorney granted pursuant to Section 2.4 hereof.

Section 12.4 *Limit on Number of Partners*. Unless otherwise permitted by the General Partner in its sole and absolute discretion, no Person shall be admitted to the Partnership as an Additional Limited Partner if the effect of such admission would be to cause the Partnership to have a number of Partners that would cause the Partnership to become a reporting company under the Exchange Act.

Section 12.5 *Admission*. A Person shall be admitted to the Partnership as a limited partner of the Partnership or a general partner of the Partnership only upon strict compliance, and not upon substantial compliance, with the requirements set forth in this Agreement for admission to the Partnership as a Limited Partner or a General Partner.

ARTICLE 13
DISSOLUTION, LIQUIDATION AND TERMINATION

Section 13.1 *Dissolution*. The Partnership shall not be dissolved by the admission of Substituted Limited Partners or Additional Limited Partners or by the admission of a successor General Partner in accordance with the terms of this Agreement. Upon the withdrawal of the General Partner, any successor General Partner shall continue the business and affairs of the Partnership without dissolution. However, the Partnership shall dissolve, and its affairs shall be wound up, upon the first to occur of any of the following (each a "*Liquidating Event*"):

A. an event of withdrawal, as defined in Section 10-402(2) – (9) of the Act (including, without limitation, bankruptcy), or the withdrawal in violation of this Agreement, of the last remaining General Partner unless, within ninety (90) days after the withdrawal, a Majority in Interest of the Partners remaining agree in writing, in their sole and absolute discretion, to continue the Partnership and to the appointment, effective as of the date of such withdrawal, of a successor General Partner;

B. an election to dissolve the Partnership made by the General Partner in its sole and absolute discretion, with or without the Consent of the Partners;

C. entry of a decree of judicial dissolution of the Partnership pursuant to the provisions of the Act;

D. any sale or other disposition of (other than the attachment of a lien or security interest in) all or substantially all of the assets of the Partnership outside the ordinary course of the Partnership's business or a related series of transactions that, taken together, result in the sale or other disposition of (other than the attachment of a lien or security interest in) all or substantially all of the assets of the Partnership outside the ordinary course of the Partnership's business; or

E. the Redemption or other acquisition by the Partnership or the General Partner of all Partnership Units other than Partnership Units held by the General Partner.

Section 13.2 *Winding Up*.

A. Upon the occurrence of a Liquidating Event, the Partnership shall continue solely for the purposes of winding up its affairs in an orderly manner, liquidating its assets and satisfying the claims of its creditors and the Holders. After the occurrence of a Liquidating Event, no Holder shall take any action that is inconsistent with, or not necessary to or appropriate for, the winding up of the Partnership's business and affairs. The General Partner (or, in the event that there is no remaining General Partner or the General Partner has dissolved, become bankrupt within the meaning of the Act or ceased to operate, any Person elected by a Majority in Interest of the Partners (the General Partner or such other Person being referred to herein as the "*Liquidator*")) shall be responsible for overseeing the winding up and dissolution of the Partnership and shall take full account of the Partnership's liabilities and property, and the Partnership property shall be liquidated as promptly as is consistent with obtaining the fair value thereof, and the proceeds therefrom (which may, to the extent determined by the General Partner, include shares of stock in the General Partner) shall be applied and distributed in the following order:

(1) First, to the satisfaction of all of the Partnership's debts and liabilities to creditors other than the Holders (whether by payment or the making of reasonable provision for payment thereof);

(2) Second, to the satisfaction of all of the Partnership's debts and liabilities to the General Partner (whether by payment or the making of reasonable provision for payment thereof), including, but not limited to, amounts due as reimbursements under Section 7.4 hereof;

(3) Third, to the satisfaction of all of the Partnership's debts and liabilities to the other Holders (whether by payment or the making of reasonable provision for payment thereof); and

(4) Fourth, to the Partners in accordance with their positive Capital Account balances, determined after taking into account all Capital Account adjustments for all prior periods and the Partnership taxable year during which the liquidation occurs (other than those made as a result of the liquidating distribution set forth in this Section 13.2.A(4)).

The General Partner shall not receive any additional compensation for any services performed pursuant to this Article 13 other than reimbursement of its expenses as set forth in Section 7.4.

B. Notwithstanding the provisions of Section 13.2.A hereof that require liquidation of the assets of the Partnership, but subject to the order of priorities set forth therein, if prior to or upon dissolution of the Partnership, the Liquidator determines that an immediate sale of part or all of the Partnership's assets would be impractical or would cause undue loss to the Holders, the Liquidator may, in its sole and absolute discretion, defer for a reasonable time the liquidation of any assets except those necessary to satisfy liabilities of the Partnership (including to those Holders as creditors) and/or distribute to the Holders, in lieu of cash, as tenants in common and in accordance with the provisions of Section 13.2.A hereof, undivided interests in such Partnership assets as the Liquidator deems not suitable for liquidation. Any such distributions in kind shall be made only if, in the good faith judgment of the Liquidator, such distributions in kind are in the best interest of the Holders, and shall be subject to such conditions relating to the disposition and management of such properties as the Liquidator deems reasonable and equitable and to any agreements governing the operation of such properties at such time. The Liquidator shall determine the fair market value of any property distributed in kind using such reasonable method of valuation as it may adopt.

C. If any Holder has a deficit balance in its Capital Account (after giving effect to all contributions, distributions and allocations for all taxable years, including the year during which such liquidation occurs), except as otherwise agreed to by such Holder, such Holder shall have no obligation to make any contribution to the capital of the Partnership with respect to such deficit, and such deficit shall not be considered a debt owed to the Partnership or to any other Person for any purpose whatsoever.

D. In the sole and absolute discretion of the General Partner or the Liquidator, a pro rata portion of the distributions that would otherwise be made to the Holders pursuant to this Article 13 may be:

(1) distributed to a trust established for the benefit of the General Partner and the Holders for the purpose of liquidating Partnership assets, collecting amounts owed to the Partnership, and paying any contingent or unforeseen liabilities or obligations of the Partnership or of the General Partner arising out of or in connection with the Partnership and/or Partnership activities. The assets of any such trust shall be distributed to the Holders, from time to time, in the reasonable discretion of the General Partner, in the same proportions and amounts as would otherwise have been distributed to the Holders pursuant to this Agreement; or

(2) withheld or escrowed to provide a reasonable reserve for Partnership liabilities (contingent or otherwise) and to reflect the unrealized portion of any installment obligations owed to the Partnership, provided that such withheld or escrowed amounts shall be distributed to the Holders in the manner and order of priority set forth in Section 13.2.A hereof as soon as practicable.

Section 13.3 *Deemed Contribution and Distribution*. Notwithstanding any other provision of this Article 13, in the event that the Partnership is liquidated within the meaning of

Regulations Section 1.704-1(b)(2)(ii)(g), but no Liquidating Event has occurred, the Partnership's Property shall not be liquidated, the Partnership's liabilities shall not be paid or discharged and the Partnership's affairs shall not be wound up. Instead, for federal income tax purposes the Partnership shall be deemed to have contributed all of its assets and liabilities to a new partnership in exchange for an interest in the new partnership; and immediately thereafter, distributed Partnership Units to the Partners in the new partnership in accordance with their respective Capital Accounts in liquidation of the Partnership, and the new partnership is deemed to continue the business of the Partnership. Nothing in this Section 13.3 shall be deemed to have constituted a Transfer to an Assignee as a Substituted Limited Partner without compliance with the provisions of Section 11.4 or Section 13.3 hereof.

Section 13.4 *Rights of Holders*. Except as otherwise provided in this Agreement and subject to the rights of any Holder of any Partnership Interest set forth in a Partnership Unit Designation, (a) each Holder shall look solely to the assets of the Partnership for the return of its Capital Contribution, (b) no Holder shall have the right or power to demand or receive property other than cash from the Partnership and (c) no Holder shall have priority over any other Holder as to the return of its Capital Contributions, distributions or allocations.

Section 13.5 *Notice of Dissolution*. In the event that a Liquidating Event occurs or an event occurs that would, but for an election or objection by one or more Partners pursuant to Section 13.1 hereof, result in a dissolution of the Partnership, the General Partner shall, within thirty (30) days thereafter, provide written notice thereof to each Holder and, in the General Partner's sole and absolute discretion or as required by the Act, to all other parties with whom the Partnership regularly conducts business (as determined in the sole and absolute discretion of the General Partner), and the General Partner may, or, if required by the Act, shall, publish notice thereof in a newspaper of general circulation in each place in which the Partnership regularly conducts business (as determined in the sole and absolute discretion of the General Partner).

Section 13.6 *Cancellation of Certificate of Limited Partnership*. Upon the completion of the liquidation of the Partnership cash and property as provided in Section 13.2 hereof, the Partnership shall be terminated, a certificate of cancellation shall be filed with the SDAT, all qualifications of the Partnership as a foreign limited partnership or association in jurisdictions other than the State of Maryland shall be cancelled, and such other actions as may be necessary to terminate the Partnership shall be taken.

Section 13.7 *Reasonable Time for Winding-Up*. A reasonable time shall be allowed for the orderly winding-up of the business and affairs of the Partnership and the liquidation of its assets pursuant to Section 13.2 hereof, in order to minimize any losses otherwise attendant upon such winding-up, and the provisions of this Agreement shall remain in effect between and among the Partners during the period of liquidation; *provided*, *however*, reasonable efforts shall be made to complete such winding-up within twenty-four (24) months after the adoption of a plan of liquidation of the General Partner, as provided in Section 562(b)(2)(B) of the Code, if necessary, in the sole and absolute discretion of the General Partner.

ARTICLE 14
PROCEDURES FOR ACTIONS AND CONSENTS OF PARTNERS; AMENDMENTS; MEETINGS

Section 14.1 *Procedures for Actions and Consents of Partners*. The actions requiring Consent of any Partner or Partners pursuant to this Agreement, including Section 7.3 hereof, or otherwise pursuant to applicable law, are subject to the procedures set forth in this Article 14.

Section 14.2 *Amendments*. Amendments to this Agreement may be proposed by the General Partner or by Limited Partners holding twenty-five percent (25%) or more of the Partnership Interests held by Limited Partners and, except as set forth in Section 7.3.B and Section 7.3.C and subject to Section 7.3.D, Section 16.10 and the rights of any Holder of Partnership Interest set forth in a Partnership Unit Designation, shall be approved by the Consent of the Partners. Following such proposal, the General Partner shall submit to the Partners entitled to vote thereon any proposed amendment that, pursuant to the terms of this Agreement, requires the consent, approval or vote of such Partners. The General Partner shall seek the consent, approval or vote of the Partners entitled to vote thereon on any such proposed amendment in accordance with Section 14.3 hereof.

Section 14.3 *Actions and Consents of the Partners*.

A. Meetings of the Partners may be called only by the General Partner to transact any business that the General Partner determines. The call shall state the nature of the business to be transacted. Notice of any such meeting shall be given to all Partners entitled to act at the meeting not less than seven (7) days nor more than sixty (60) days prior to the date of such meeting. Partners may vote in person or by proxy at such meeting. Unless approval by a different number or proportion of the Partners is required by this Agreement (including without limitation Section 11.2.D), the affirmative vote of Partners holding a majority of the Percentage Interests held by the Partners entitled to act on any proposal shall be sufficient to approve such proposal at a meeting of the Partners. Whenever the vote, consent or approval of Partners is permitted or required under this Agreement, such vote, consent or approval may be given at a meeting of Partners or may be given at a meeting of Partners or in accordance with the procedure prescribed in Section 14.3.B hereof.

B. Any action requiring the Consent of any Partner or group of Partners pursuant to this Agreement or that is required or permitted to be taken at a meeting of the Partners may be taken without a meeting if a consent in writing or by electronic transmission setting forth the action so taken or consented to is given by Partners whose affirmative vote would be sufficient to approve such action or provide such Consent at a meeting of the Partners. Such consent may be in one instrument or in several instruments, and shall have the same force and effect as the affirmative vote of such Partners at a meeting of the Partners. Such consent shall be filed with the General Partner. An action so taken shall be deemed to have been taken at a meeting held on the effective date so certified. For purposes of obtaining a Consent in writing or by electronic transmission to any matter other than Partnership Approval of a General Partner Interest Transfer, the General Partner may require a response within a reasonable specified time, but not less than fifteen (15) days, and failure to respond in such time period shall constitute a Consent that is consistent with the General Partner's recommendation with respect to the proposal; *provided*, *however*, that an action shall become effective at such time as requisite Consents are received even if prior to such specified time.

C. Each Partner entitled to act at a meeting of the Partners may authorize any Person or Persons to act for it by proxy on all matters in which a Partner is entitled to participate, including waiving notice of any meeting, or voting or participating at a meeting. Each proxy must be signed by the Partner or its attorney-in-fact. No proxy shall be valid after the expiration of eleven (11) months from the date thereof unless otherwise provided in the proxy (or there is receipt of a proxy authorizing a later date). Every proxy shall be revocable at the pleasure of the Partner executing it, such revocation to be effective upon the Partnership's receipt of written notice of such revocation from the Partner executing such proxy, unless such proxy states that it is irrevocable and is coupled with an interest.

D. The General Partner may set, in advance, a record date for the purpose of determining the Partners (i) entitled to Consent to any action (other than any General Partner Interest Transfer), (ii) entitled to receive notice of or vote at any meeting of the Partners or (iii) in order to make a determination of Partners for any other proper purpose. Such date, in any case, (x) shall not be prior to the close of business on the day the record date is fixed and shall be not more than ninety (90) days and, in the case of a meeting of the Partners, not less than five (5) days, before the date on which the meeting is to be held or Consent is to be given and (y) shall be, with respect to the determination of the existence of Partnership Approval, the record date established by the General Partner for the approval of its stockholders for the event constituting a General Partner Interest Transfer. If no record date is fixed, the record date for the determination of Partners entitled to notice of or to vote at a meeting of the Partners shall be at the close of business on the day on which the notice of the meeting is sent, and the record date for any other determination of Partners shall be the effective date of such Partner action, distribution or other event. When a determination of the Partners entitled to vote at any meeting of the Partners has been made as provided in this section, such determination shall apply to any adjournment thereof.

E. Each meeting of Partners shall be conducted by the General Partner or such other Person as the General Partner may appoint pursuant to such rules for the conduct of the meeting as the General Partner or such other Person deems appropriate in its sole and absolute discretion. Without limitation, meetings of Partners may be conducted in the same manner as meetings of the General Partner's stockholders and may be held at the same time as, and as part of, the meetings of the General Partner's stockholders.

ARTICLE 15
GENERAL PROVISIONS

Section 15.1 *Redemption Rights of Qualifying Parties*.

A. After the applicable Fourteen-Month Period, a Qualifying Party shall have the right (subject to the terms and conditions set forth herein) to require the Partnership to redeem all or a portion of the Partnership Common Units held by such Tendering Party (Partnership Common Units that have in fact been tendered for redemption being hereafter referred to as "*Tendered Units")* in exchange (a "*Redemption*") for the Cash Amount payable on the Specified Redemption Date. The Partnership may, in the General Partner's sole and absolute discretion,

redeem Tendered Units at the request of the Holder thereof prior to the end of the applicable Fourteen-Month Period (subject to the terms and conditions set forth herein) (a "*Special Redemption*"); *provided*, *however*, that the General Partner first receives a legal opinion to the same effect as the legal opinion described in Section 15.1.G of this Agreement. Any Redemption shall be exercised pursuant to a Notice of Redemption delivered to the General Partner by the Qualifying Party when exercising the Redemption right (the "*Tendering Party*"). The Partnership's obligation to effect a Redemption, however, shall not arise or be binding against the Partnership until the earlier of (i) the date the General Partner notifies the Tendering Party that the General Partner declines to acquire some or all of the Tendered Units under Section 15.1.B hereof following receipt of a Notice of Redemption and (ii) the Business Day following the Cut-Off Date. In the event of a Redemption, the Cash Amount shall be delivered as a certified or bank check payable to the Tendering Party or, in the General Partner's sole and absolute discretion, in immediately available funds, in each case, on or before the tenth (10th) Business Day following the date on which the General Partner receives a Notice of Redemption from the Tendering Party.

B. Notwithstanding the provisions of Section 15.1.A hereof, on or before the close of business on the Cut-Off Date, the General Partner may, in the General Partner's sole and absolute discretion but subject to the Ownership Limit, elect to acquire some or all of the Tendered Units from the Tendering Party in exchange for REIT Shares (the percentage of such Tendered Units to be acquired by the General Partner in exchange for REIT Shares being referred to as the "*Applicable Percentage*"). If the General Partner elects to acquire some or all of the Tendered Units pursuant to this Section 15.1.B, the General Partner shall give written notice thereof to the Tendering Party on or before the close of business on the Cut-Off Date. If the General Partner elects to acquire any of the Tendered Units for REIT Shares, the General Partner shall issue and deliver such REIT Shares to the Tendering Party pursuant to the terms of this Section 15.1.B, in which case (1) the General Partner shall assume directly the obligation with respect thereto and shall satisfy the Tendering Party's exercise of its Redemption right with respect to such Tendered Units and (2) such transaction shall be treated, for federal income tax purposes, as a transfer by the Tendering Party of such Tendered Units to the General Partner in exchange for the REIT Shares Amount. If the General Partner so elects, on the Specified Redemption Date, the Tendering Party shall sell such number of the Tendered Units to the General Partner in exchange for a number of REIT Shares equal to the product of the REIT Shares Amount and the Applicable Percentage. The Tendering Party shall submit (i) such information, certification or affidavit as the General Partner may reasonably require in connection with the application of the Ownership Limit to any such acquisition and (ii) such written representations, investment letters, legal opinions or other instruments necessary, in the General Partner's view, to effect compliance with the Securities Act. In the event of a purchase of the Tendered Units by the General Partner pursuant to this Section 15.1.B, the Tendering Party shall no longer have the right to cause the Partnership to effect a Redemption of such Tendered Units and, upon notice to the Tendering Party by the General Partner given on or before the close of business on the Cut-Off Date that the General Partner has elected to acquire some or all of the Tendered Units pursuant to this Section 15.1.B, the obligation of the Partnership to effect a Redemption of the Tendered Units as to which the General Partner's notice relates shall not accrue or arise. A number of REIT Shares equal to the product of the Applicable Percentage and the REIT Shares Amount, if applicable, shall be delivered by the General Partner as duly authorized, validly issued, fully paid and non-assessable REIT Shares and, if applicable, Rights, free of any pledge, lien, encumbrance or

restriction, other than the Ownership Limit, the Securities Act and relevant state securities or "blue sky" laws. Neither any Tendering Party whose Tendered Units are acquired by the General Partner pursuant to this Section 15.1.B, any Partner, any Assignee nor any other interested Person shall have any right to require or cause the General Partner to register, qualify or list any REIT Shares owned or held by such Person, whether or not such REIT Shares are issued pursuant to this Section 15.1.B, with the SEC, with any state securities commissioner, department or agency, under the Securities Act or the Exchange Act or with any stock exchange; *provided*, *however*, that this limitation shall not be in derogation of any registration or similar rights granted pursuant to any other written agreement between the General Partner and any such Person. Notwithstanding any delay in such delivery, the Tendering Party shall be deemed the owner of such REIT Shares and Rights for all purposes, including, without limitation, rights to vote or consent, receive dividends, and exercise rights, as of the Specified Redemption Date. REIT Shares issued upon an acquisition of the Tendered Units by the General Partner pursuant to this Section 15.1.B may contain such legends regarding restrictions under the Securities Act and applicable state securities laws as the General Partner determines to be necessary or advisable in order to ensure compliance with such laws.

C. Notwithstanding the provisions of Section 15.1.A and 15.1.B hereof, the Tendering Parties shall have no rights under this Agreement that would otherwise be prohibited by the Charter. To the extent that any attempted Redemption or acquisition of the Tendered Units by the General Partner pursuant to Section 15.1.B hereof would be in violation of this Section 15.1.C, it shall be null and void *ab initio*, and the Tendering Party shall not acquire any rights or economic interests in REIT Shares otherwise issuable by the General Partner under Section 15.1.B hereof or cash otherwise payable under Section 15.1.A hereof.

D. If the General Partner does not elect to acquire the Tendered Units pursuant to Section 15.1.B hereof:

(1) The Partnership may elect to raise funds for the payment of the Cash Amount either (a) by requiring that the General Partner contribute to the Partnership funds from the proceeds of a registered public offering by the General Partner of REIT Shares sufficient to purchase the Tendered Units or (b) from any other sources (including, but not limited to, the sale of any Property and the incurrence of additional Debt) available to the Partnership. The General Partner shall make a Capital Contribution of any such amounts to the Partnership for an additional General Partner Interest. Any such contribution shall entitle the General Partner to an equitable Percentage Interest adjustment.

(2) If the Cash Amount is not paid on or before the Specified Redemption Date, interest shall accrue with respect to the Cash Amount from the day after the Specified Redemption Date to and including the date on which the Cash Amount is paid at a rate equal to the base rate on corporate loans at large United States money center commercial banks, as published from time to time in the Wall Street Journal (but not higher than the maximum lawful rate).

E. Notwithstanding the provisions of Section 15.1.B hereof, the General Partner shall not, under any circumstances, elect to acquire any Tendered Units in exchange for REIT Shares if such exchange would be prohibited under the Charter.

F. Notwithstanding anything herein to the contrary (but subject to Section 15.1.C hereof), with respect to any Redemption (or any tender of Partnership Common Units for Redemption if the Tendered Units are acquired by the General Partner pursuant to Section 15.1.B hereof) pursuant to this Section 15.1:

(1) All Partnership Common Units acquired by the General Partner pursuant to Section 15.1.B hereof shall automatically, and without further action required, be converted into and deemed to be a General Partner Interest comprised of the same number of Partnership Common Units.

(2) Subject to the Ownership Limit, no Tendering Party may effect a Redemption for less than one thousand (1,000) Partnership Common Units or, if such Tendering Party holds (as a Limited Partner or, economically, as an Assignee) less than one thousand (1,000) Partnership Common Units, all of the Partnership Common Units held by such Tendering Party, without, in each case, the Consent of the General Partner.

(3) If (i) a Tendering Party surrenders its Tendered Units during the period after the Partnership Record Date with respect to a distribution and before the record date established by the General Partner for a distribution to its stockholders of some or all of its portion of such Partnership distribution, and (ii) the General Partner elects to acquire any of such Tendered Units in exchange for REIT Shares pursuant to Section 15.1.B, such Tendering Party shall pay to the General Partner on the Specified Redemption Date an amount in cash equal to the portion of the Partnership distribution in respect of the Tendered Units exchanged for REIT Shares, insofar as such distribution relates to the same period for which such Tendering Party would receive a distribution in respect of such REIT Shares.

(4) The consummation of such Redemption (or an acquisition of Tendered Units by the General Partner pursuant to Section 15.1.B hereof, as the case may be) shall be subject to the expiration or termination of the applicable waiting period, if any, under the Hart-Scott-Rodino Act.

(5) The Tendering Party shall continue to own (subject, in the case of an Assignee, to the provisions of Section 11.5 hereof) all Partnership Common Units subject to any Redemption, and be treated as a Limited Partner or an Assignee, as applicable, with respect to such Partnership Common Units for all purposes of this Agreement, until such Partnership Common Units are either paid for by the Partnership pursuant to Section 15.1.A hereof or transferred to the General Partner and paid for, by the issuance of the REIT Shares, pursuant to Section 15.1.B hereof on the Specified Redemption Date. Until a Specified Redemption Date and an acquisition of the Tendered Units by the General Partner pursuant to Section 15.1.B hereof, the Tendering Party shall have no rights as a stockholder of the General Partner with respect to the REIT Shares issuable in connection with such acquisition.

G. In connection with an exercise of Redemption rights pursuant to this Section 15.1, except as otherwise Consented to by the General Partner, the Tendering Party shall submit the following to the General Partner, in addition to the Notice of Redemption:

(1) A written affidavit, dated the same date as the Notice of Redemption, (a) disclosing the actual and constructive ownership, as determined for purposes of Code Sections 856(a)(6) and 856(h), of REIT Shares by (i) such Tendering Party and (ii) to the best of their knowledge any Related Party and (b) representing that, after giving effect to the Redemption or an acquisition of the Tendered Units by the General Partner pursuant to Section 15.1.B hereof, neither the Tendering Party nor to the best of their knowledge any Related Party will own REIT Shares in violation of the Ownership Limit;

(2) A written representation that neither the Tendering Party nor to the best of their knowledge any Related Party has any intention to acquire any additional REIT Shares prior to the closing of the Redemption or an acquisition of the Tendered Units by the General Partner pursuant to Section 15.1.B hereof on the Specified Redemption Date; and

(3) An undertaking to certify, at and as a condition to the closing of (i) the Redemption or (ii) the acquisition of the Tendered Units by the General Partner pursuant to Section 15.1.B hereof on the Specified Redemption Date, that either (a) the actual and constructive ownership of REIT Shares by the Tendering Party and to the best of their knowledge any Related Party remain unchanged from that disclosed in the affidavit required by Section 15.1.G(1) or (b) after giving effect to the Redemption or an acquisition of the Tendered Units by the General Partner pursuant to Section 15.1.B hereof, neither the Tendering Party nor to the best of their knowledge any Related Party shall own REIT Shares in violation of the Ownership Limit.

(4) In connection with any Special Redemption, the General Partner shall have the right to receive an opinion of counsel reasonably satisfactory to it to the effect that the proposed Special Redemption will not cause the Partnership or the General Partner to violate any Federal or state securities laws or regulations applicable to the Special Redemption, the issuance and sale of the Tendered Units to the Tendering Party or the issuance and sale of REIT Shares to the Tendering Party pursuant to Section 15.1.B of this Agreement.

H. LTIP Unit Exception. Holders of LTIP Units shall not be entitled to the right of Redemption provided for in Section 15.1 of this Agreement, unless and until such LTIP Units have been converted into Partnership Common Units (or any other class or series of Partnership Units entitled to such right of Redemption) in accordance with their terms.

Section 15.2 *Addresses and Notice*. Any notice, demand, request or report required or permitted to be given or made to a Partner or Assignee under this Agreement shall be in writing and shall be deemed given or made when delivered in person or when sent by first class United States mail or by other means of written or electronic communication (including by telecopy, facsimile, electronic mail or commercial courier service) to the Partner, or Assignee at the address set forth in Exhibit A or Exhibit B (as applicable) or such other address of which the Partner shall notify the General Partner in accordance with this Section 15.2.

Section 15.3 *Titles and Captions*. All article or section titles or captions in this Agreement are for convenience only. They shall not be deemed part of this Agreement and in no way define, limit, extend or describe the scope or intent of any provisions hereof. Except as specifically provided otherwise, references to “Articles” or “Sections” are to Articles and Sections of this Agreement.

Section 15.4 *Pronouns and Plurals*. Whenever the context may require, any pronouns used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa.

Section 15.5 *Further Action*. The parties shall execute and deliver all documents, provide all information and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement.

Section 15.6 *Binding Effect*. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

Section 15.7 *Waiver*.

A. No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver of any such breach or any other covenant, duty, agreement or condition.

B. The restrictions, conditions and other limitations on the rights and benefits of the Limited Partners contained in this Agreement, and the duties, covenants and other requirements of performance or notice by the Limited Partners, are for the benefit of the Partnership and, except for an obligation to pay money to the Partnership, may be waived or relinquished by the General Partner, in its sole and absolute discretion, on behalf of the Partnership in one or more instances from time to time and at any time; *provided*, *however*, that any such waiver or relinquishment may not be made if it would have the effect of (i) creating liability for any other Limited Partner, (ii) causing the Partnership to cease to qualify as a limited partnership, (iii) reducing the amount of cash otherwise distributable to the Limited Partners (other than any such reduction that affects all of the Limited Partners holding the same class or series of Partnership Units on a uniform or pro rata basis, if approved by a Majority in Interest of the Partners holding such class or series of Partnership Units), (iv) resulting in the classification of the Partnership as an association or publicly traded partnership taxable as a corporation or (v) violating the Securities Act, the Exchange Act or any state "blue sky" or other securities laws; and *provided*, *further*, that any waiver relating to compliance with the Ownership Limit or other restrictions in the Charter shall be made and shall be effective only as provided in the Charter.

Section 15.8 *Counterparts*. This Agreement may be executed in counterparts, all of which together shall constitute one agreement binding on all the parties hereto, notwithstanding that all such parties are not signatories to the original or the same counterpart. Each party shall become bound by this Agreement immediately upon affixing its signature hereto.

Section 15.9 *Applicable Law; Consent to Jurisdiction; Waiver of Jury Trial*.

A. This Agreement shall be construed and enforced in accordance with and governed by the laws of the State of Maryland, without regard to the principles of conflicts of law. In the event of a conflict between any provision of this Agreement and any non-mandatory provision of the Act, the provisions of this Agreement shall control and take precedence.

B. Each Partner hereby (i) submits to the non-exclusive jurisdiction of any state or federal court sitting in the State of Maryland (collectively, the "*Maryland Courts*"), with respect to any dispute arising out of this Agreement or any transaction contemplated hereby to the extent such courts would have subject matter jurisdiction with respect to such dispute, (ii) irrevocably waives, and agrees not to assert by way of motion, defense, or otherwise, in any such action, any claim that it is not subject personally to the jurisdiction of any of the Maryland Courts, that its property is exempt or immune from attachment or execution, that the action is brought in an inconvenient forum, or that the venue of the action is improper, (iii) agrees that notice or the service of process in any action, suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby shall be properly served or delivered if delivered to such Partner at such Partner's last known address as set forth in the Partnership's books and records, and (iv) irrevocably waives any and all right to trial by jury in any legal proceeding arising out of or related to this Agreement or the transactions contemplated hereby.

Section 15.10 *Entire Agreement*. This Agreement contains all of the understandings and agreements between and among the Partners with respect to the subject matter of this Agreement and the rights, interests and obligations of the Partners with respect to the Partnership. Notwithstanding the immediately preceding sentence, the Partners hereby acknowledge and agree that the General Partner, without the approval of any Limited Partner, may enter into side letters or similar written agreements with Limited Partners that are not Affiliates of the General Partner, executed contemporaneously with the admission of such Limited Partner to the Partnership, affecting the terms hereof, as negotiated with such Limited Partner and which the General Partner in its sole discretion deems necessary, desirable or appropriate. The parties hereto agree that any terms, conditions or provisions contained in such side letters or similar written agreements with a Limited Partner shall govern with respect to such Limited Partner notwithstanding the provisions of this Agreement.

Section 15.11 *Invalidity of Provisions*. If any provision of this Agreement is or becomes invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

Section 15.12 *Limitation to Preserve REIT Status*. Notwithstanding anything else in this Agreement, to the extent that the amount to be paid, credited, distributed or reimbursed by the Partnership to any REIT Partner or its officers, directors, employees or agents, whether as a reimbursement, fee, expense or indemnity (a "*REIT Payment*"), would constitute gross income to the REIT Partner for purposes of Code Section 856(c)(2) or Code Section 856(c)(3), then, notwithstanding any other provision of this Agreement, the amount of such REIT Payments, as selected by the General Partner in its discretion from among items of potential distribution, reimbursement, fees, expenses and indemnities, shall be reduced for any Partnership Year so that the REIT Payments, as so reduced, for or with respect to such REIT Partner shall not exceed the lesser of:

(i) an amount equal to the excess, if any, of (a) four and nine-tenths percent (4.9%) of the REIT Partner's total gross income (but excluding the amount of any REIT

Payments and amounts excluded from gross income pursuant to Section 856(c)(5)(G) of the Code) for the Partnership Year that is described in subsections (A) through (I) of Code Section 856(c)(2) over (b) the amount of gross income (within the meaning of Code Section 856(c)(2)) derived by the REIT Partner from sources other than those described in subsections (A) through (I) of Code Section 856(c)(2) (but not including the amount of any REIT Payments and amounts excluded from gross income pursuant to Section 856(c)(5)(G) of the Code); or

(ii) an amount equal to the excess, if any, of (a) twenty-four percent (24%) of the REIT Partner's total gross income (but excluding the amount of any REIT Payments and amounts excluded from gross income pursuant to Section 856(c)(5)(G) of the Code) for the Partnership Year that is described in subsections (A) through (I) of Code Section 856(c)(3) over (b) the amount of gross income (within the meaning of Code Section 856(c)(3)) derived by the REIT Partner from sources other than those described in subsections (A) through (I) of Code Section 856(c)(3) (but not including the amount of any REIT Payments and amounts excluded from gross income pursuant to Section 856(c)(5)(G) of the Code);

provided, *however*, that REIT Payments in excess of the amounts set forth in clauses (i) and (ii) above may be made if the General Partner, as a condition precedent, obtains an opinion of tax counsel that the receipt of such excess amounts should not adversely affect the REIT Partner's ability to qualify as a REIT. To the extent that REIT Payments may not be made in a Partnership Year as a consequence of the limitations set forth in this Section 15.12, such REIT Payments shall carry over and shall be treated as arising in the following Partnership Year if such carry over does not adversely affect the REIT Partner's ability to qualify as a REIT, provided, however, that any such REIT Payment shall not be carried over more than three Partnership Years, and any such remaining payments shall no longer be due and payable. The purpose of the limitations contained in this Section 15.12 is to prevent any REIT Partner from failing to qualify as a REIT under the Code by reason of such REIT Partner's share of items, including distributions, reimbursements, fees, expenses or indemnities, receivable directly or indirectly from the Partnership, and this Section 15.12 shall be interpreted and applied to effectuate such purpose.

Section 15.13 *No Partition*. No Partner nor any successor-in-interest to a Partner shall have the right while this Agreement remains in effect to have any property of the Partnership partitioned, or to file a complaint or institute any proceeding at law or in equity to have such property of the Partnership partitioned, and each Partner, on behalf of itself and its successors and assigns hereby waives any such right. It is the intention of the Partners that the rights of the parties hereto and their successors-in-interest to Partnership property, as among themselves, shall be governed by the terms of this Agreement, and that the rights of the Partners and their respective successors-in-interest shall be subject to the limitations and restrictions as set forth in this Agreement.

Section 15.14 *No Third-Party Rights Created Hereby*. The provisions of this Agreement are solely for the purpose of defining the interests of the Holders, inter se; and no other person, firm or entity (i.e., a party who is not a signatory hereto or a permitted successor to such signatory hereto) shall have any right, power, title or interest by way of subrogation or otherwise, in and to the rights, powers, title and provisions of this Agreement. No creditor or other third

party having dealings with the Partnership shall have the right to enforce the right or obligation of any Partner to make Capital Contributions or loans to the Partnership or to pursue any other right or remedy hereunder or at law or in equity. None of the rights or obligations of the Partners herein set forth to make Capital Contributions or loans to the Partnership shall be deemed an asset of the Partnership for any purpose by any creditor or other third party, nor may any such rights or obligations be sold, transferred or assigned by the Partnership or pledged or encumbered by the Partnership to secure any debt or other obligation of the Partnership or any of the Partners.

Section 15.15 *No Rights as Stockholders*. Nothing contained in this Agreement shall be construed as conferring upon the Holders of Partnership Units any rights whatsoever as stockholders of the General Partner, including without limitation any right to receive dividends or other distributions made to stockholders of the General Partner or to vote or to consent or receive notice as stockholders in respect of any meeting of stockholders for the election of directors of the General Partner or any other matter.

ARTICLE 16
LTIP UNITS

Section 16.1 *Designation*. A class of Partnership Units in the Partnership designated as the "*LTIP Units*" is hereby established. The number of LTIP Units that may be issued is not limited by this Agreement.

Section 16.2 *Vesting*.

A. *Vesting, Generally*. LTIP Units may, in the sole discretion of the General Partner, be issued subject to vesting, forfeiture and additional restrictions on Transfer pursuant to the terms of an award, vesting or other similar agreement (a "*Vesting Agreement*"). The terms of any Vesting Agreement may be modified by the General Partner from time to time in its sole discretion, subject to any restrictions on amendment imposed by the relevant Vesting Agreement or by the Plan, if applicable. LTIP Units that were fully vested when issued or that have vested and are no longer subject to forfeiture under the terms of a Vesting Agreement are referred to as "*Vested LTIP Units*"; all other LTIP Units shall be treated as "*Unvested LTIP Units*."

B. *Forfeiture*. Unless otherwise specified in the Vesting Agreement, the Plan or in any other applicable Stock Option Plan or Equity Plan or other compensatory arrangement or incentive program pursuant to which LTIP Units are issued, upon the occurrence of any event specified in such Vesting Agreement, Plan, Stock Option Plan, Equity Plan, arrangement or program as resulting in either the right of the Partnership or the General Partner to repurchase LTIP Units at a specified purchase price or some other forfeiture of any LTIP Units, then if the Partnership or the General Partner exercises such right to repurchase or upon the occurrence of the event causing forfeiture in accordance with the applicable Vesting Agreement, Plan, Stock Option Plan, Equity Plan, arrangement or program, then the relevant LTIP Units shall immediately, and without any further action, be treated as cancelled and no longer outstanding for any purpose. Unless otherwise specified in the applicable Vesting Agreement, Plan, Stock Option Plan, Equity Plan, arrangement or program, no consideration or other payment shall be due with respect to any LTIP Units that have been forfeited, other than any distributions declared

with respect to a Partnership Record Date and with respect to such units prior to the effective date of the forfeiture. Except as otherwise provided in this Agreement (including without limitation Section 6.4.A(ix)) or any agreement relating to the grant of LTIP Units, in connection with any repurchase or forfeiture of such units, the balance of the portion of the Capital Account of the Holder of LTIP Units that is attributable to all of his or her LTIP Units shall be reduced by the amount, if any, by which it exceeds the target balance contemplated by Section 6.2.D, calculated with respect to such Holder's remaining LTIP Units, if any.

Section 16.3 *Adjustments*. The Partnership shall maintain at all times a one-to-one correspondence between LTIP Units and Partnership Common Units for conversion, distribution and other purposes, including without limitation complying with the following procedures; provided, that the foregoing is not intended to alter the special allocations pursuant to Section 6.2.D, differences between distributions to be made with respect to LTIP Units and Partnership Common Units pursuant to Section 13.2 and Section 16.4.B hereof in the event that the Capital Accounts attributable to the LTIP Units are less than those attributable to Partnership Common Units due to insufficient special allocation pursuant to Section 6.2.D or related provisions. If an Adjustment Event occurs, then the General Partner shall take any action reasonably necessary, including any amendment to this Agreement or Exhibit A hereto adjusting the number of outstanding LTIP Units or subdividing or combining outstanding LTIP Units, to maintain a one-for-one conversion and economic equivalence ratio between Partnership Common Units and LTIP Units. The following shall be "*Adjustment Events*": (i) the Partnership makes a distribution on all outstanding Partnership Common Units in Partnership Units, (ii) the Partnership subdivides the outstanding Partnership Common Units into a greater number of units or combines the outstanding Partnership Common Units into a smaller number of units, or (iii) the Partnership issues any Partnership Units in exchange for its outstanding Partnership Common Units by way of a reclassification or recapitalization of its Partnership Common Units. If more than one Adjustment Event occurs, any adjustment to the LTIP Units need be made only once using a single formula that takes into account each and every Adjustment Event as if all Adjustment Events occurred simultaneously. For the avoidance of doubt, the following shall not be Adjustment Events: (x) the issuance of Partnership Units in a financing, reorganization, acquisition or other similar business transaction, (y) the issuance of Partnership Units pursuant to any employee benefit or compensation plan or distribution reinvestment plan, or (z) the issuance of any Partnership Units to the General Partner in respect of a Capital Contribution to the Partnership of proceeds from the sale of securities by the General Partner. If the Partnership takes an action affecting the Partnership Common Units other than actions specifically described above as "Adjustment Events" and in the opinion of the General Partner such action would require action to maintain the one-to-one correspondence described above, the General Partner shall have the right to take such action, to the extent permitted by law, the Plan and by any applicable Stock Option Plan, Equity Plan or other compensatory arrangement or incentive program pursuant to which LTIP Units are issued, in such manner and at such time as the General Partner, in its sole discretion, may determine to be reasonably appropriate under the circumstances. If an amendment is made to this Agreement adjusting the number of outstanding LTIP Units as herein provided, the Partnership shall promptly file in the books and records of the Partnership an officer's certificate setting forth a brief statement of the facts requiring such adjustment, which certificate shall be conclusive evidence of the correctness of such adjustment absent manifest error. Promptly after filing of such certificate, the Partnership shall mail a notice to each LTIP Unit Limited Partner setting forth the adjustment to his or her LTIP Units and the effective date of such adjustment.

Section 16.4 *Distributions*.

A. *Operating Distributions*. Except as otherwise provided in this Agreement, the Plan or any other applicable Stock Option Plan or Equity Plan, any applicable Vesting Agreement or by the General Partner with respect to any particular class or series of LTIP Units, Holders of LTIP Units shall be entitled to receive, if, when and as authorized by the General Partner out of funds or other property legally available for the payment of distributions, regular, special, extraordinary or other distributions (other than distributions upon the occurrence of a Liquidating Event or proceeds from a Terminating Capital Transaction) which may be made from time to time, in an amount per unit equal to the amount of any such distributions that would have been payable to such holders if the LTIP Units had been Partnership Common Units (if applicable, assuming such LTIP Units were held for the entire period to which such distributions relate).

B. *Liquidating Distributions*. Holders of LTIP Units shall also be entitled to receive, if, when and as authorized by the General Partner out of funds or other property legally available for the payment of distributions, distributions upon the occurrence of a Liquidating Event or representing proceeds from a Terminating Capital Transaction in an amount per LTIP Unit equal to the amount of any such distributions payable on one Partnership Common Unit, whether made prior to, on or after the LTIP Unit Distribution Participation Date; provided that the amount of such distributions shall not exceed the positive balances of the Capital Accounts of the holders of such LTIP Units to the extent attributable to the ownership of such LTIP Units.

C. *Distributions Generally*. Distributions on the LTIP Units, if authorized, shall be payable on such dates and in such manner as may be authorized by the General Partner (any such date, an "*LTIP Unit Distribution Participation Date*"); provided that the LTIP Unit Distribution Participation Date shall be the same as the corresponding date relating to the corresponding distribution on the Partnership Common Units. The record date for determining which Holders of LTIP Units are entitled to receive a distributions shall be the corresponding Partnership Record Date.

Section 16.5 *Allocations*. Holders of LTIP Units shall be allocated Net Income and Net Loss in amounts per LTIP Unit equal to the amounts allocated per Partnership Common Unit. The allocations provided by the preceding sentence shall be subject to Sections 6.2.A and 6.2.B and in addition to any special allocations required by Section 6.2.D. The General Partner is authorized in its discretion to delay or accelerate the participation of the LTIP Units in allocations of Net Income and Net Loss under this Section 16.5, or to adjust the allocations made under this Section 16.5, so that the ratio of (i) the total amount of Net Income or Net Loss allocated with respect to each LTIP Unit in the taxable year in which that LTIP Unit's LTIP Unit Distribution Participation Date falls (excluding special allocations under Section 6.2.D), to (ii) the total amount distributed to that LTIP Unit with respect to such period, is more nearly equal to the ratio of (i) the Net Income and Net Loss allocated with respect to the General Partner's Partnership Common Units in such taxable year to (ii) the amounts distributed to the General Partner with respect to such Partnership Common Units and such taxable year.

Section 16.6 *Transfers*. Subject to the terms of any Vesting Agreement, an LTIP Unit Limited Partner shall be entitled to transfer his or her LTIP Units to the same extent, and subject to the same restrictions as Holders of Partnership Common Units are entitled to transfer their Partnership Common Units pursuant to Article 11.

Section 16.7 *Redemption*. The Redemption Right provided to Qualifying Parties under Section 15.1 shall not apply with respect to LTIP Units unless and until they are converted to Partnership Common Units as provided in Section 16.9 below.

Section 16.8 *Legend*. Any certificate evidencing an LTIP Unit shall bear an appropriate legend indicating that additional terms, conditions and restrictions on transfer, including without limitation any Vesting Agreement, apply to the LTIP Unit.

Section 16.9 *Conversion to Partnership Common Units*.

A. A Qualifying Party holding LTIP Units shall have the right (the "*Conversion Right*"), at his or her option, at any time to convert all or a portion of his or her Vested LTIP Units into Partnership Common Units; provided, however, that a Qualifying Party may not exercise the Conversion Right for less than one thousand (1,000) Vested LTIP Units or, if such Qualifying Party holds less than one thousand (1,000) Vested LTIP Units, all of the Vested LTIP Units held by such Qualifying Party. Qualifying Parties shall not have the right to convert Unvested LTIP Units into Partnership Common Units until they become Vested LTIP Units; *provided*, *however*, that when a Qualifying Party is notified of the expected occurrence of an event that will cause his or her Unvested LTIP Units to become Vested LTIP Units, such Qualifying Party may give the Partnership a Conversion Notice conditioned upon and effective as of the time of vesting and such Conversion Notice, unless subsequently revoked by the Qualifying Party, shall be accepted by the Partnership subject to such condition. In all cases, the conversion of any LTIP Units into Partnership Common Units shall be subject to the conditions and procedures set forth in this Section 16.9.

B. A Qualifying Party may convert his or her Vested LTIP Units into an equal number of fully paid and non-assessable Partnership Common Units, giving effect to all adjustments (if any) made pursuant to Section 16.3. Notwithstanding the foregoing, in no event may a Qualifying Party convert a number of Vested LTIP Units that exceeds (x) the Economic Capital Account Balance of such Limited Partner, to the extent attributable to his or her ownership of LTIP Units, divided by (y) the Common Unit Economic Balance, in each case as determined as of the effective date of conversion (the "*Capital Account Limitation*"). In order to exercise his or her Conversion Right, a Qualifying Party shall deliver a notice (a "*Conversion Notice*") in the form attached as Exhibit D to the Partnership (with a copy to the General Partner) not less than 3 nor more than 10 days prior to a date (the "*Conversion Date*") specified in such Conversion Notice; *provided*, *however*, that if the General Partner has not given to the Qualifying Party notice of a proposed or upcoming Transaction (as defined below) at least thirty (30) days prior to the effective date of such Transaction, then the Qualifying Party shall have the right to deliver a Conversion Notice until the earlier of (x) the tenth (10th) day after such notice from the General Partner of a Transaction or (y) the third business day immediately preceding the effective date of such Transaction. A Conversion Notice shall be provided in the manner provided in Section 15.2. Each Qualifying Party seeking to convert Vested LTIP Units

covenants and agrees with the Partnership that all Vested LTIP Units to be converted pursuant to this Section 16.9 shall be free and clear of all liens. Notwithstanding anything herein to the contrary, if the Fourteen-Month Period with respect to the Partnership Common Units into which the Vested LTIP Units are convertible has elapsed, a Qualifying Party may deliver a Notice of Redemption pursuant to Section 15.1.A relating to such Partnership Common Units in advance of the Conversion Date; *provided*, *however*, that the redemption of such Partnership Common Units by the Partnership shall in no event take place until on or after the Conversion Date. For clarity, it is noted that the objective of this paragraph is to put a Qualifying Party in a position where, if he or she so wishes, the Partnership Common Units into which his or her Vested LTIP Units will be converted can be redeemed by the Partnership pursuant to Section 15.1.A simultaneously with such conversion, with the further consequence that, if the General Partner elects to assume the Partnership's redemption obligation with respect to such Partnership Common Units under Section 15.1.B by delivering to such Qualifying Party REIT Shares rather than cash, then such Qualifying Party can have such REIT Shares issued to him or her simultaneously with the conversion of his or her Vested LTIP Units into Partnership Common Units. The General Partner shall cooperate with a Qualifying Party to coordinate the timing of the different events described in the foregoing sentence.

C. The Partnership, at any time at the election of the General Partner, may cause any number of Vested LTIP Units to be converted (a "*Forced Conversion*") into an equal number of Partnership Common Units, giving effect to all adjustments (if any) made pursuant to Section 16.3; *provided*, *however*, that the Partnership may not cause a Forced Conversion of any LTIP Units that would not at the time be eligible for conversion at the option of a Qualifying Party pursuant to Section 16.9.B. In order to exercise its right of Forced Conversion, the Partnership shall deliver a notice (a "*Forced Conversion Notice*") in the form attached hereto as Exhibit E to the applicable Holder of LTIP Units not less than 10 nor more than 60 days prior to the Conversion Date specified in such Forced Conversion Notice. A Forced Conversion Notice shall be provided in the manner provided in Section 15.2.

D. A conversion of Vested LTIP Units for which the Holder thereof has given a Conversion Notice or the Partnership has given a Forced Conversion Notice shall occur automatically after the close of business on the applicable Conversion Date without any action on the part of such Holder of LTIP Units other than the surrender of any certificate or certificates evidencing such Vested LTIP Units, as of which time such Holder of LTIP Units shall be credited on the books and records of the Partnership as of the opening of business on the next day with the number of Partnership Common Units into which such LTIP Units were converted. After the conversion of LTIP Units as aforesaid, the Partnership shall deliver to such Holder of LTIP Units, upon his or her written request, a certificate of the General Partner certifying the number of Partnership Common Units and remaining LTIP Units, if any, held by such person immediately after such conversion. The Assignee of any Limited Partner pursuant to Article 11 hereof may exercise the rights of such Limited Partner pursuant to this Section 16.9 and such Limited Partner shall be bound by the exercise of such rights by the Assignee.

E. For purposes of making future allocations under Section 6.2.D and applying the Capital Account Limitation, the portion of the Economic Capital Account Balance of the applicable Holder of LTIP Units that is treated as attributable to his or her LTIP Units shall be reduced, as of the date of conversion, by the product of the number of LTIP Units converted and the Common Unit Economic Balance.

F. If the Partnership or the General Partner shall be a party to any transaction (including without limitation a merger, consolidation, unit exchange, self tender offer for all or substantially all Partnership Common Units or other business combination or reorganization, or sale of all or substantially all of the Partnership's assets, but excluding any transaction which constitutes an Adjustment Event) in each case as a result of which Partnership Common Units shall be exchanged for or converted into the right, or the Holders shall otherwise be entitled, to receive cash, securities or other property or any combination thereof (each of the foregoing being referred to herein as a "*Transaction*"), then the General Partner shall, immediately prior to the Transaction, exercise its right to cause a Forced Conversion with respect to the maximum number of LTIP Units then eligible for conversion, taking into account any allocations that occur in connection with the Transaction or that would occur in connection with the Transaction if the assets of the Partnership were sold at the Transaction price or, if applicable, at a value determined by the General Partner in good faith using the value attributed to the Partnership Common Units in the context of the Transaction (in which case the Conversion Date shall be the effective date of the Transaction). In anticipation of such Forced Conversion and the consummation of the Transaction, the Partnership shall use commercially reasonable efforts to cause each LTIP Unit Limited Partner to be afforded the right to receive in connection with such Transaction in consideration for the Partnership Common Units into which his or her LTIP Units will be converted the same kind and amount of cash, securities and other property (or any combination thereof) receivable upon the consummation of such Transaction by a Holder of the same number of Partnership Common Units, assuming such Holder is not a Person with which the Partnership consolidated or into which the Partnership merged or which merged into the Partnership or to which such sale or transfer was made, as the case may be (a "*Constituent Person*"), or an affiliate of a Constituent Person. In the event that Holders of Partnership Common Units have the opportunity to elect the form or type of consideration to be received upon consummation of the Transaction, prior to such Transaction the General Partner shall give prompt written notice to each LTIP Unit Limited Partner of such opportunity, and shall use commercially reasonable efforts to afford the LTIP Unit Limited Partner the right to elect, by written notice to the General Partner, the form or type of consideration to be received upon conversion of each LTIP Unit held by such Holder into Partnership Common Units in connection with such Transaction. If a LTIP Unit Limited Partner fails to make such an election, such Holder (and any of its transferees) shall receive upon conversion of each LTIP Unit held by him or her (or by any of his or her transferees) the same kind and amount of consideration that a Holder of Partnership Common Units would receive if such Holder of Partnership Common Units failed to make such an election. Subject to the rights of the Partnership and the General Partner under any Vesting Agreement and the relevant terms of the Plan or any other applicable Stock Option Plan or Equity Plan, the Partnership shall use commercially reasonable effort to cause the terms of any Transaction to be consistent with the provisions of this Section 16.9.F and to enter into an agreement with the successor or purchasing entity, as the case may be, for the benefit of any LTIP Unit Limited Partner whose LTIP Units will not be converted into Partnership Common Units in connection with the Transaction that will (i) contain provisions enabling Qualifying Parties that remain outstanding after such Transaction to convert their LTIP Units into securities as comparable as reasonably possible under the circumstances to the Partnership Common Units and (ii) preserve as far as reasonably possible under the circumstances the distribution, special allocation, conversion, and other rights set forth in the Agreement for the benefit of the LTIP Unit Limited Partners.

Section 16.10 *Voting*. LTIP Unit Limited Partners shall have the same voting rights as Limited Partners holding Partnership Common Units, with the LTIP Unit Limited Partners voting together as a single class with the Partnership Common Units and having one vote per LTIP Unit, and Holders of LTIP Units shall not be entitled to approve, vote on or consent to any other matter.

Section 16.11 *Section 83 Safe Harbor*. Each Partner authorizes the General Partner to elect to apply the safe harbor (the "Section 83 Safe Harbor") set forth in proposed Regulations Section 1.83-3(l) and proposed IRS Revenue Procedure published in Notice 2005-43 (together, the "Proposed Section 83 Safe Harbor Regulation") (under which the fair market value of a Partnership Interest that is Transferred in connection with the performance of services is treated as being equal to the liquidation value of the interest) if such Proposed Section 83 Safe Harbor Regulation or similar Regulations are promulgated as a final or temporary Regulations. If the General Partner determines that the Partnership should make such election, the General Partner is hereby authorized to amend this Agreement without the consent of any other Partner to provide that (i) the Partnership is authorized and directed to elect the Section 83 Safe Harbor, (ii) the Partnership and each of its Partners (including any Person to whom a Partnership Interest, including an LTIP Unit, is Transferred in connection with the performance of services) will comply with all requirements of the Section 83 Safe Harbor with respect to all Partnership Interests Transferred in connection with the performance of services while such election remains in effect and (iii) the Partnership and each of its Partners will take all actions necessary, including providing the Partnership with any required information, to permit the Partnership to comply with the requirements set forth or referred to in the applicable Regulations for such election to be effective until such time (if any) as the General Partner determines, in its sole discretion, that the Partnership should terminate such election. The General Partner is further authorized to amend this Agreement to modify Article 6 to the extent the General Partner determines in its discretion that such modification is necessary or desirable as a result of the issuance of any applicable law, Regulations, notice or ruling relating to the tax treatment of the transfer of a Partnership Interests in connection with the performance of services. Notwithstanding anything to the contrary in this Agreement, each Partner expressly confirms that it will be legally bound by any such amendment.

[Remainder of Page Left Blank Intentionally]

IN WITNESS WHEREOF, this Agreement has been executed as of the date first written above.

GENERAL PARTNER:

AMERICAN ASSETS TRUST, INC.,
a Maryland corporation,

By: /s/ John W. Chamberlain
Name: John W. Chamberlain
Its: Chief Executive Officer and President

LIMITED PARTNERS LISTED ON EXHIBIT A HERETO:

By: American Assets Trust, Inc.,
a Maryland corporation
As attorney-in-fact acting on behalf of the Limited Partners named on Exhibit A hereto

By: /s/ John W. Chamberlain
Name: John W. Chamberlain
Its: Chief Executive Officer and President

As of January 19, 2011

EXHIBIT A

PARTNERS AND PARTNERSHIP UNITS

See attached

EXHIBIT B

EXAMPLES REGARDING ADJUSTMENT FACTOR

For purposes of the following examples, it is assumed that (a) the Adjustment Factor in effect on January 19, 2011 is 1.0 and (b) on January 19, 2011 (the "*Partnership Record Date*" for purposes of these examples), prior to the events described in the examples, there are 100 REIT Shares issued and outstanding.

Example 1

On the Partnership Record Date, the General Partner declares a dividend on its outstanding REIT Shares in REIT Shares. The amount of the dividend is one REIT Share paid in respect of each REIT Share owned. Pursuant to Paragraph (i) of the definition of "Adjustment Factor," the Adjustment Factor shall be adjusted on the Partnership Record Date, effective immediately after the stock dividend is declared, as follows:

1.0 * 200/100 = 2.0

Accordingly, the Adjustment Factor after the stock dividend is declared is 2.0.

Example 2

On the Partnership Record Date, the General Partner distributes options to purchase REIT Shares to all holders of its REIT Shares. The amount of the distribution is one option to acquire one REIT Share in respect of each REIT Share owned. The strike price is $4.00 a share. The Value of a REIT Share on the Partnership Record Date is $5.00 per share. Pursuant to Paragraph (ii) of the definition of "Adjustment Factor," the Adjustment Factor shall be adjusted on the Partnership Record Date, effective immediately after the options are distributed, as follows:

1.0 * (100 + 100)/(100 + [100 * $4.00/$5.00]) = 1.1111

Accordingly, the Adjustment Factor after the options are distributed is 1.1111. If the options expire or become no longer exercisable, then the retroactive adjustment specified in Paragraph (ii) of the definition of "Adjustment Factor" shall apply.

Example 3

On the Partnership Record Date, the General Partner distributes assets to all holders of its REIT Shares. The amount of the distribution is one asset with a fair market value (as determined by the General Partner) of $1.00 in respect of each REIT Share owned. It is also assumed that the assets do not relate to assets received by the General Partner pursuant to a pro rata distribution by the Partnership. The Value of a REIT Share on the Partnership Record Date is $5.00 a share. Pursuant to Paragraph (iii) of the definition of "Adjustment Factor," the Adjustment Factor shall be adjusted on the Partnership Record Date, effective immediately after the assets are distributed, as follows:

1.0 * $5.00/($5.00 - $1.00) = 1.25

Accordingly, the Adjustment Factor after the assets are distributed is 1.25.

EXHIBIT C

NOTICE OF REDEMPTION

To: American Assets Trust, Inc.

_____

_____

_____

The undersigned Limited Partner or Assignee hereby irrevocably tenders for Redemption Partnership Common Units in American Assets Trust, L.P. in accordance with the terms of the Amended and Restated Agreement of Limited Partnership of American Assets Trust, L.P., dated as of January 19, 2011 as amended (the "*Agreement*"), and the Redemption rights referred to therein. The undersigned Limited Partner or Assignee:

(a) undertakes (i) to surrender such Partnership Common Units and any certificate therefor at the closing of the Redemption and (ii) to furnish to the General Partner, prior to the Specified Redemption Date, the documentation, instruments and information required under Section 15.1.G of the Agreement;

(b) directs that the certified check representing the Cash Amount, or the REIT Shares Amount, as applicable, deliverable upon the closing of such Redemption be delivered to the address specified below;

(c) represents, warrants, certifies and agrees that:

(i) the undersigned Limited Partner or Assignee is a Qualifying Party,

(ii) the undersigned Limited Partner or Assignee has, and at the closing of the Redemption will have, good, marketable and unencumbered title to such Partnership Common Units, free and clear of the rights or interests of any other person or entity,

(iii) the undersigned Limited Partner or Assignee has, and at the closing of the Redemption will have, the full right, power and authority to tender and surrender such Partnership Common Units as provided herein, and

(iv) the undersigned Limited Partner or Assignee has obtained the consent or approval of all persons and entities, if any, having the right to consent to or approve such tender and surrender; and

(d) acknowledges that he will continue to own such Partnership Common Units until and unless either (1) such Partnership Common Units are acquired by the General Partner pursuant to Section 15.1.B of the Agreement or (2) such redemption transaction closes.

All capitalized terms used herein and not otherwise defined shall have the same meaning ascribed to them respectively in the Agreement.

Dated: _____

Name of Limited Partner or Assignee:

_____

_____

(Signature of Limited Partner or Assignee)

_____

(Street Address)

_____

(City) (State) (Zip Code)

Signature Medallion Guaranteed by:

_____

Issue Check Payable to:

_____

Please insert social security or identifying number:

_____

EXHIBIT D

**NOTICE OF ELECTION BY PARTNER TO CONVERT
LTIP UNITS INTO PARTNERSHIP COMMON UNITS**

The undersigned Holder of LTIP Units hereby irrevocably (i) elects to convert the number of LTIP Units in American Assets Trust, L.P. (the "*Partnership*") set forth below into Partnership Common Units in accordance with the terms of the Amended and Restated Agreement of Limited Partnership of the Partnership, as amended; and (ii) directs that any cash in lieu of Partnership Common Units that may be deliverable upon such conversion to be deliverable upon such conversion be delivered to the address specified below. The undersigned hereby represents, warrants, and certifies that the undersigned (a) has title to such LTIP Units, free and clear of the rights or interests of any other person or entity other than the Partnership; (b) has the full right, power, and authority to cause the conversion of such LTIP Units as provided herein; and (c) has obtained the consent or approval of all persons or entities, if any, having the right to consent or approve such conversion.

Name of Holder: _____

Please Print Name as Registered with Partnership

Number of LTIP Units to be Converted: _____

Date of this Notice: _____

_____

(Signature of Holder)

_____

(Street Address)

_____

(City) (State) (Zip Code)

Signature Medallion Guaranteed by:

_____

Issue Check Payable to:

_____

Please insert social security or identifying number:

_____

EXHIBIT E

NOTICE OF ELECTION BY PARTNERSHIP TO FORCE CONVERSION OF LTIP UNITS INTO PARTNERSHIP COMMON UNITS

American Assets Trust, L.P. (the "*Partnership*") hereby irrevocably (i) elects to cause the number of LTIP Units held by the Holder set forth below to be converted into Partnership Common Units in accordance with the terms of Amended and Restated Agreement of Limited Partnership of the Partnership, as amended.

Name of Holder: _____

Please Print Name as Registered with Partnership

Number of LTIP Units to be Converted: _____

Date of this Notice: _____

Exhibit 10.2

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT is entered into as of January 19, 2011 by and among American Assets Trust, Inc., a Maryland corporation (the "Company"), and the holders listed on Schedule I hereto (each an "Initial Holder" and, collectively, the "Initial Holders").

RECITALS

WHEREAS, in connection with the initial public offering (the "IPO") of shares of the Company's common stock, par value $.01 per share (the "Common Stock"), the Company and American Assets Trust, L.P., a Maryland limited partnership (the "Operating Partnership"), have concurrently engaged in certain formation transactions (the "Formation Transactions"), pursuant to which the Initial Holders have concurrently received, in exchange for their (or certain related parties') respective interests in the entities participating in the Formation Transactions or in exchange for services rendered, (i) common units of limited partnership interest in the Operating Partnership ("Common OP Units") and/or (ii) shares of Common Stock;

WHEREAS, upon the terms and subject to the conditions contained in the Operating Partnership Agreement (as defined below), Common OP Units will be redeemable for cash or, at the Company's option, exchangeable for shares of Common Stock;

WHEREAS, as a condition to receiving the consent of the Initial Holders to the Formation Transactions, the Company has agreed to grant the Initial Holders and their permitted assignees and transferees the registration rights set forth in Article II hereof.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1. Definitions. In addition to the definitions set forth above, the following terms, as used herein, have the following meanings:

"Affiliate" of any Person means any other Person directly or indirectly controlling or controlled by or under common control with such Person. For the purposes of this definition, "control" when used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agreement" means this Registration Rights Agreement, as it may be amended, supplemented or restated from time to time.

"Business Day" means any day except a Saturday, Sunday or other day on which commercial banks in The City of New York, New York or San Diego, California are authorized by law to close.

"Charter" means the Articles of Amendment and Restatement of the Company as filed with the Secretary of State of the State of Maryland on January 4, 2011, as corrected by the Certificate of Correction filed with the Secretary of the State of Maryland on January 11, 2011, as the same may be amended, modified or restated from time to time.

"Commission" means the Securities and Exchange Commission.

"Company Piggy-Back Registration" has the meaning set forth in Section 2.1(a).

"Effectiveness Period" has the meaning set forth in Section 2.4(b).

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Exchangeable Common OP Units" means Common OP Units which may be redeemable for cash or, at the Company's option, exchangeable for shares of Common Stock pursuant to the Operating Partnership Agreement (without regard to any limitations on the exercise of such exchange right as a result of the Ownership Limit Provisions).

"Holder" means (i) any Initial Holder who is the record or beneficial owner of any Registrable Security or (ii) any assignee or transferee of such Initial Holder (including assignments or transfers of Registrable Securities to such assignees or transferees as a result of the foreclosure on any loans secured by such Registrable Securities) (x) to the extent permitted under the Operating Partnership Agreement or the Charter, as applicable, and (y) provided such assignee or transferee agrees in writing to be bound by all the provisions hereof.

"Indemnified Party" has the meaning set forth in Section 2.10.

"Indemnifying Party" has the meaning set forth in Section 2.10.

"Initial Period" means a period commencing on the date hereof and ending 365 days following the effective date of the first Resale Shelf Registration Statement (except that, if the shares of Common Stock issuable upon exchange of Exchangeable Common OP Units received in the Formation Transactions are not included in that Resale Shelf Registration Statement as a result of Section 2.4(b), the 365 days shall not begin until the later of the effective date of (i) the first Resale Shelf Registration Statement and (ii) the first Issuer Shelf Registration Statement).

"Issuer Shelf Registration Statement" has the meaning set forth in Section 2.4(b).

"Market Value" means, with respect to the Common Stock, the average of the daily market price for the ten (10) consecutive trading days immediately preceding the date of a written request for registration pursuant to Section 2.1(a). The market price for each such

trading day shall be: (i) if the Common Stock is listed or admitted to trading on any securities exchange or the NASDAQ-National Market System, the closing price, regular way, on such day, or if no such sale takes place on such day, the average of the closing bid and asked prices on such day, in either case as reported in the principal consolidated transaction reporting system, (ii) if the Common Stock is not listed or admitted to trading on any securities exchange or the NASDAQ-National Market System, the last reported sale price on such day or, if no sale takes place on such day, the average of the closing bid and asked prices on such day, as reported by a reliable quotation source designated by the Company, or (iii) if the Common Stock is not listed or admitted to trading on any securities exchange or the NASDAQ-National Market System and no such last reported sale price or closing bid and asked prices are available, the average of the reported high bid and low asked prices on such day, as reported by a reliable quotation source designated by the Company, or if there shall be no bid and asked prices on such day, the average of the high bid and low asked prices, as so reported, on the most recent day (not more than (10) days prior to the date in question) for which prices have been so reported; provided that if there are no bid and asked prices reported during the ten (10) days prior to the date in question, the Market Value of the Common Stock shall be determined by the Board of Directors of the Company acting in good faith on the basis of such quotations and other information as it considers, in its reasonable judgment, appropriate.

"Notice and Questionnaire" means a written notice, substantially in the form attached as Exhibit A, delivered by a Holder to the Company (i) notifying the Company of such Holder's desire to include Registrable Securities held by it in a Resale Shelf Registration Statement, (ii) containing all information about such Holder required to be included in such registration statement in accordance with applicable law, including Item 507 of Regulation S-K promulgated under the Securities Act, as amended from time to time, or any similar successor rule thereto, and (iii) pursuant to which such Holder agrees to be bound by the terms and conditions hereof.

"Operating Partnership Agreement" means the Amended and Restated Agreement of Limited Partnership of the Operating Partnership, dated as of January 19, 2011, as the same may be amended, modified or restated from time to time.

"Ownership Limit Provisions" mean the various provisions of the Company's Charter set forth in Article VI thereof restricting the ownership of Common Stock by Persons to specified percentages of the outstanding Common Stock.

"Person" means an individual or a corporation, partnership, limited liability company, association, trust, or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"Rady Demand Registration" has the meaning set forth in Section 2.1(a).

"Rady Demand Registration Statement" has the meaning set forth in Section 2.1(a).

"Rady Holder" means a Holder that is Ernest S. Rady, or his Affiliates, immediate family members, trusts of immediate family members, estates or heirs or successors or assigns or the Ernest Rady Trust U/D/T March 10, 1983, as amended, or its Affiliates, successors or assigns.

"Rady Piggy-Back Registration" shall have the meaning set forth in Section 2.2.

"Registrable Securities" means with respect to any Holder, shares of Common Stock owned, either of record or beneficially, by such Holder that were (a) received by such Holder or an Initial Holder in the Formation Transactions, (b) acquired by such Holder or an Initial Holder directly from the Underwriters or the Company in the IPO, in each case in a transaction disclosed in the registration statement relating to the IPO, (c) issued or issuable upon exchange of Exchangeable Common OP Units received by such Holder or an Initial Holder in the Formation Transactions, (d) solely in the case of any Rady Holder, any Common Stock acquired by such Rady Holder in the open market after the date hereof and prior to the first (1st) anniversary of the date hereof, and, (e) in the case of (a), (b), (c) and (d), any additional shares of Common Stock issued as a dividend or distribution on, in exchange for, or otherwise in respect of, such shares (including as a result of combinations, recapitalizations, mergers, consolidations, reorganizations or otherwise).

As to any particular Registrable Securities, they shall cease to be Registrable Securities at the earliest time as one of the following shall have occurred: (i) a registration statement (including a Resale Shelf Registration Statement) covering such shares has been declared effective by the Commission and all such shares have been disposed of pursuant to such effective registration statement or unless such shares (other than Restricted Shares) were issued pursuant to an effective registration statement (including an Issuer Shelf Registration Statement), (ii) such shares have been publicly sold under Rule 144, (iii) all such shares may be sold in one transaction pursuant to Rule 144 or (iv) such shares have been otherwise transferred in a transaction that constitutes a sale thereof under the Securities Act, the Company has delivered to the Holder's transferee a new certificate or other evidence of ownership for such shares not bearing the Securities Act restricted stock legend and such shares subsequently may be resold or otherwise transferred by such transferee without registration under the Securities Act.

"Registration Expenses" shall have the meaning set forth in Section 2.2.

"Resale Shelf Registration" shall have the meaning set forth in Section 2.4(a).

"Resale Shelf Registration Statement" shall have the meaning set forth in Section 2.4(a).

"Restricted Shares" means shares of Common Stock issued under an Issuer Shelf Registration Statement which if sold by the holder thereof would constitute "restricted securities" as defined under Rule 144.

"Rule 144" means Rule 144 promulgated under the Securities Act, as amended from time to time, or any similar successor rule thereto that may be promulgated by the Commission.

"Rule 415" means Rule 415 promulgated under the Securities Act, as amended from time to time, or any similar successor rule thereto that may be promulgated by the Commission.

"Securities Act" means the Securities Act of 1933, as amended (together with the rules and regulations promulgated thereunder.

"Selling Holder" means a Holder who is selling Registrable Securities pursuant to a registration statement under the Securities Act pursuant to the terms hereof.

"Shelf Registration Statement" means a Resale Shelf Registration Statement and/or an Issuer Shelf Registration Statement.

"Suspension Notice" means any written notice delivered by the Company pursuant to Section 2.14 with respect to the suspension of rights under a Resale Shelf Registration Statement or any prospectus contained therein.

"Underwriter" means a securities dealer who purchases any Registrable Securities as principal and not as part of such dealer's market-making activities.

ARTICLE II
REGISTRATION RIGHTS

Section 2.1. Underwritten Demand Registration.

(a) Commencing on or after the date that is three hundred sixty five (365) days after the consummation date of the IPO and until such time as a Resale Shelf Registration Statement (or to the extent permitted by Section 2.4(b), an Issuer Shelf Registration Statement) has been declared effective, or if at any time on or after the date that is sixteen (16) months after the consummation date of the IPO, a Resale Shelf Registration Statement (or to the extent permitted by Section 2.4(b), an Issuer Shelf Registration Statement) shall not be effective, the majority in interest of the Rady Holder(s) may make written requests to the Company for one or more registrations of underwritten offerings under the Securities Act of all or part of their Common Stock constituting Registrable Securities (a "Rady Demand Registration"). The Company shall prepare and file a registration statement on an appropriate form with respect to any Rady Demand Registration (the "Rady Demand Registration Statement") and shall use its reasonable efforts to cause the Rady Demand Registration Statement to be declared effective by the Commission as promptly as reasonably practicable after the filing thereof. Any request for a Rady Demand Registration will specify the number of shares of Registrable Securities proposed to be sold in the underwritten offering. The Company shall have the opportunity to register such number of shares of Common Stock as it may elect on the Rady Demand Registration Statement and as part of the same underwritten offering in connection with a Rady Demand Registration (a "Company Piggy-Back Registration"). Unless a majority in interest of the Rady Holders participating in such Rady Demand Registration shall consent in writing, no party, other than the Company, shall be permitted to offer securities in connection with any such Rady Demand Registration.

(b) Underwriters. The Company shall select the book-running managing Underwriter in connection with any Rady Demand Registration; provided that such managing Underwriter must be reasonably satisfactory to a majority in interest of the Rady Holders participating in such Rady Demand Registration. The Company may select any additional investment banks and managers to be used in connection with the offering; provided that such additional investment bankers and managers must be reasonably satisfactory to a majority in interest of the Rady Holders participating in such Rady Demand Registration.

Section 2.2. Piggy-Back Registration. If the Company proposes to file a registration statement under the Securities Act with respect to an underwritten offering of Common Stock by the Company for its own account (other than (i) any registration statement filed in connection with a demand registration by a party other than a Rady Holder or (ii) a registration statement on Form S-4 or S-8 (or any substitute form that may be adopted by the Commission) or filed in connection with an exchange offer or offering of securities solely to the Company's existing securityholders), then the Company shall give written notice of such proposed filing to the Rady Holders as soon as practicable (but in no event less than ten (10) days before the anticipated filing date), and such notice shall offer such Rady Holders the opportunity to register such number of shares of Registrable Securities as each such Rady Holder may request (a "Rady Piggy-Back Registration"); provided, that if and so long as a Shelf Registration Statement is on file and effective, then the Company shall have no obligation to effect a Rady Piggy-Back Registration. The Company shall use its commercially reasonable efforts to cause the managing Underwriter(s) of a proposed underwritten offering to permit the Registrable Securities requested to be included in a Rady Piggy-Back Registration to be included on the same terms and conditions as any similar securities of the Company included therein.

Section 2.3. Reduction of Offering. Notwithstanding anything contained in Sections 2.1 and 2.2, if the managing Underwriter(s) of an offering described in Section 2.1 or 2.2 advise in writing the Company and the Rady Holders that the size of the intended offering is such that the success of the offering would be significantly and adversely affected by inclusion of (i) the Registrable Securities requested to be included by the Rady Holders in a Rady Piggy-Back Registration or (ii) the Common Stock requested to be included by the Company in a Rady Demand Registration/Company Piggy-Back Registration, then: (x) in the case of a Rady Demand Registration/ Company Piggy-Back Registration, the amount of the Common Stock to be offered for the account of the Company shall be reduced to the extent necessary to reduce the total amount of securities to be included in such offering to the amount recommended by such managing Underwriter(s), provided, that the amount of securities to be offered by the Company shall not be reduced to less than fifty percent (50%) of the total number of securities to be included in such offering; and (y) in the case of a Rady Piggy-Back Registration, the amount of securities to be offered for the accounts of Rady Holders shall be reduced to the extent necessary to reduce the total amount of securities to be included in such offering to the amount recommended by such managing Underwriter(s), provided, that the amount of securities to be offered by the Rady Holders shall not be reduced to less than thirty percent (30%) of the total number of securities to be included in such offering.

Section 2.4. Shelf Registration.

(a) Subject to Section 2.14, the Company shall prepare and file not later than fourteen (14) months after the consummation date of the IPO, a "shelf" registration statement with respect to the resale of the Registrable Securities ("Resale Shelf Registration") by the Holders thereof on an appropriate form for an offering to be made on a delayed or continuous basis pursuant to Rule 415 (the "Resale Shelf Registration Statement") and permitting registration of such Registrable Securities for resale by such Holders in accordance with the methods of distribution elected by the Holders and set forth in the Resale Shelf Registration Statement. The Company shall use its reasonable efforts to cause the Resale Shelf Registration Statement to be declared effective by the Commission as promptly as reasonably practicable after the filing thereof, and, subject to Sections 2.4(d) and 2.14, to keep such Resale Shelf Registration Statement continuously effective for a period ending when all shares of Common Stock covered by the Resale Shelf Registration Statement are no longer Registrable Securities.

At the time the Resale Shelf Registration Statement is declared effective, each Holder that has delivered a duly completed and executed Notice and Questionnaire to the Company on or prior to the date ten (10) Business Days prior to such time of effectiveness shall be named as a selling securityholder in the Resale Shelf Registration Statement and the related prospectus in such a manner as to permit such Holder to deliver such prospectus to purchasers of Registrable Securities in accordance with applicable law. If required by applicable law, subject to the terms and conditions hereof, after effectiveness of the Resale Shelf Registration Statement, the Company shall file a supplement to such prospectus or amendment to the Resale Shelf Registration Statement not less than once a quarter as necessary to name as selling securityholders therein any Holders that provide to the Company a duly completed and executed Notice and Questionnaire and shall use reasonable efforts to cause any post-effective amendment to such Resale Shelf Registration Statement filed for such purpose to be declared effective by the Commission as promptly as reasonably practicable after the filing thereof.

(b) The Company may, at its option, satisfy its obligation to prepare and file a Resale Shelf Registration Statement pursuant to Section 2.4(a) with respect to shares of Common Stock issuable upon exchange of Exchangeable Common OP Units by preparing and filing with the Commission not later than fourteen (14) months after the consummation date of the IPO a registration statement on an appropriate form for an offering to be made on a delayed or continuous basis pursuant to Rule 415 (an "Issuer Shelf Registration Statement") providing for (i) the issuance by the Company, from time to time, to the Holders of such Exchangeable Common OP Units, of shares of Common Stock registered under the Securities Act (the "Primary Shares") and (ii) to the extent such Primary Shares constitute Restricted Shares, the registered resale thereof by their Holders from time to time in accordance with the methods of distribution elected by the Holders and set forth therein (but except as provided in Section 2.4(c) below, not an underwritten offering). The Company shall use its reasonable efforts to cause the Issuer Shelf Registration Statement to be declared effective by the Commission as promptly as reasonably practicable after filing thereof and, subject to Sections 2.4(d) and 2.14, to keep the Issuer Shelf Registration Statement continuously effective for a period (the "Effectiveness Period") expiring on the date all of the shares of Common Stock covered by such Issuer Shelf Registration Statement have been issued by the Company pursuant thereto or are no longer Registrable Securities. If the Company shall exercise its rights under this Section 2.4(b), Holders (other than Holders of Restricted Shares) shall have

no right to have shares of Common Stock issued or issuable upon exchange of Exchangeable Common OP Units included in a Resale Shelf Registration Statement pursuant to Section 2.4(a).

(c) Underwritten Registered Resales. Any offering under a Resale Shelf Registration Statement or by Holders under an Issuer Shelf Registration Statement shall be underwritten at the written request of Holders of Registrable Securities under such registration statement that hold in the aggregate at least ten percent 10% of the Registrable Securities originally issued in the Formation Transactions (provided, that the Registrable Securities requested to be registered in such underwritten offering shall either (i) have a Market Value of at least $25,000,000 on the date of such request or (ii) shall represent all remaining Registrable Securities held by all Rady Holders and shall have a Market Value of at least $10,000,000 on the date of such request; provided, further, that the Company shall not be obligated to effect more than three (3) underwritten offerings under this Section 2.4(c); and provided, further, that the Company shall not be obligated to effect, or take any action to effect, an underwritten offering (i) within 120 days following the last date on which an underwritten offering was effected pursuant to this Section 2.4(c) or Section 2.1(a) or during any lock-up period required by the Underwriters in any prior underwritten offering conducted by the Company on its own behalf or on behalf of selling stockholders, or (ii) during the period commencing with the date thirty (30) days prior to the Company's good faith estimate of the date of filing of (provided the Company is actively employed in good faith commercially reasonable efforts to file such registration statement), and ending on a date ninety (90) days after the effective date of, a registration statement with respect to an offering by the Company. Any request for an underwritten offering hereunder shall be made to the Company in accordance with the notice provisions of this Agreement.

(d) Subsequent Filing. The Company shall prepare and file such additional registration statements as necessary every three (3) years and use its reasonable efforts to cause such registration statements to be declared effective by the Commission so that a Shelf Registration Statement remains continuously effective, subject to Section 2.14, with respect to resales of Registrable Securities as and for the periods required under Section 2.4(a) or (b), as applicable (such subsequent registration statements to constitute a Resale Shelf Registration Statement or an Issuer Shelf Registration Statement, as the case may be, hereunder).

(e) Selling Holders Become Party to Agreement. Each Holder acknowledges that by participating in its registration rights pursuant to this Agreement, such Holder will be deemed a party to this Agreement and will be bound by its terms, notwithstanding such Holder's failure to deliver a Notice and Questionnaire; provided, that any Holder that has not delivered a duly completed and executed Notice and Questionnaire shall not be entitled to be named as a Selling Holder in, or have the Registrable Securities held by it covered by, a Shelf Registration Statement.

Section 2.5. Reduction of Offering. Notwithstanding anything contained herein, if the managing Underwriter(s) of an offering described in Section 2.4(c) advise in writing the Company and the Holder(s) of the Registrable Securities included in such offering that the size of the intended offering is such that the success of the offering would be significantly adversely

affected by inclusion of all the Registrable Securities requested to be included, then the amount of securities to be offered for the accounts of Holders shall be reduced pro rata (according to the Registrable Securities requested for inclusion) to the extent necessary to reduce the total amount of securities to be included in such offering to the amount recommended by such managing Underwriter(s) but in priority to any securities proposed to be sold by any other holders of securities of the Company with registration rights to participate therein. The Company shall have the opportunity to include such number of securities as it may elect in an offering described in Section 2.4(c); provided, if the managing Underwriter(s) of such offering advise in writing the Company and the Holder(s) of the Registrable Securities requested to be included that the success of the offering would be significantly adversely affected by inclusion of all the securities requested to be included by the Company, then the amount of securities to be offered for the account of the Company shall be reduced to the extent necessary to reduce the total amount of securities to be included in such offering to the amount recommended by such managing Underwriter(s); provided, further, the amount of securities to be offered by the Company shall not be reduced to less than fifty percent (50%) of the total number of securities to be included in such offering.

Section 2.6. Registration Procedures; Filings; Information. Subject to Section 2.14 hereof, in connection with any Resale Shelf Registration Statement under Section 2.4(a), the Company will use its reasonable efforts to effect the registration of the Registrable Securities covered thereby in accordance with the intended method of disposition thereof as quickly as practicable, and, in connection with any Issuer Shelf Registration Statement under Section 2.4(b), the Company will use its reasonable efforts to effect the registration of the Primary Shares (including for resale, to the extent provided in clause (ii) of Section 2.4(b)) as quickly as reasonably practicable. In connection with any Shelf Registration Statement:

(a) The Company will no later than two (2) Business Days prior to filing a Resale Shelf Registration Statement (or an Issuer Shelf Registration Statement providing for resales pursuant to clause (ii) of Section 2.4(b)) or prospectus or any amendment or supplement thereto, furnish to each Selling Holder and each Underwriter, if any, of the Registrable Securities covered by such registration statement copies of such registration statement as proposed to be filed, and thereafter furnish to such Selling Holder and Underwriter, if any, such number of conformed copies of such registration statement, each amendment and supplement thereto (in each case including all exhibits thereto and documents incorporated by reference therein), the prospectus included in such registration statement (including each preliminary prospectus) and such other documents as such Selling Holder or Underwriter may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such Selling Holder.

(b) After the filing of a Resale Shelf Registration Statement (or an Issuer Shelf Registration Statement providing for resales pursuant to clause (ii) of Section 2.4(b)), the Company will promptly notify each Selling Holder of Registrable Securities covered by such registration statement of any stop order issued or threatened by the Commission and take all reasonable actions required to prevent the entry of such stop order or to remove it if entered.

(c) The Company will use its reasonable efforts to (i) register or qualify the Registrable Securities under such other securities or "blue sky" laws of such jurisdictions in the United States (where an exemption does not apply) as any Selling Holder or managing Underwriter(s), if any, reasonably (in light of such Selling Holder's intended plan of distribution) requests and (ii) cause such Registrable Securities to be registered with or approved by such other governmental agencies or authorities as may be necessary by virtue of the business and operations of the Company and do any and all other acts and things that may be reasonably necessary or advisable to enable such Selling Holder to consummate the disposition of the Registrable Securities owned by such Selling Holder; provided that the Company will not be required to (A) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this paragraph (c), (B) subject itself to general taxation in any such jurisdiction or (C) consent to general service of process in any such jurisdiction. The Company will promptly notify each Selling Holder of the receipt by the Company of any notification with respect to the suspension of the qualification of any Registrable Securities for sale under the securities or "blue sky" laws of any jurisdiction or the initiation of any proceeding for such purpose.

(d) The Company will immediately notify each Selling Holder of such Registrable Securities, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of (i) the Company's receipt of any notification of the suspension of the qualification of any Registrable Securities covered by a Resale Shelf Registration Statement (or an Issuer Shelf Registration Statement providing for resales pursuant to clause (ii) of Section 2.4(b)) for sale in any jurisdiction; or (ii) the occurrence of an event requiring the preparation of a supplement or amendment to such prospectus so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading and promptly make available to each Selling Holder any such supplement or amendment.

(e) The Company will otherwise use its reasonable efforts to comply with all applicable rules and regulations of the Commission, and make available to its securityholders, as soon as reasonably practicable, an earnings statement covering a period of twelve (12) months, beginning within three (3) months after the effective date of the registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 of the Commission promulgated thereunder (or any successor rule or regulation hereafter adopted by the Commission).

(f) In the case of an underwritten offering pursuant to a Resale Shelf Registration Statement (or an Issuer Shelf Registration Statement providing for resales pursuant to clause (ii) of Section 2.4(b)), the Company will enter into and perform its obligations under customary agreements (including an underwriting agreement, if any, in customary form) and take such other actions as are reasonably required in order to expedite or facilitate the disposition of the Registrable Securities (including, to the extent reasonably requested by the lead or managing Underwriters, sending appropriate officers of the Company to attend "road shows" scheduled in reasonable number and at reasonable times in connection with any such underwritten offering, and obtaining customary comfort letters and legal opinions) subject to such underwritten offering.

(g) In the case of an underwritten offering pursuant to a Resale Shelf Registration Statement, the Company will make available for inspection by any Selling Holder of Registrable Securities subject to such underwritten offering, any Underwriter participating in any disposition of such Registrable Securities and any attorney, accountant or other professional retained by any such Selling Holder or Underwriter, all financial and other records, pertinent corporate documents and properties of the Company as shall be reasonably necessary to enable them to exercise their due diligence responsibility, and cause the Company's officers, directors and employees to supply all information reasonably requested by any inspectors in connection with such registration statement, subject to entry by each such Person of a customary confidentiality agreement in a form reasonably acceptable to the Company.

(h) The Company will use its reasonable efforts to cause all Registrable Securities covered by such Resale Shelf Registration Statement or Primary Shares covered by such Issuer Shelf Registration Statement to be listed on each securities exchange on which similar securities issued by the Company are then listed.

(i) In addition to the Notice and Questionnaire, the Company may require each Selling Holder of Registrable Securities to promptly furnish in writing to the Company such information regarding such Selling Holder, the Registrable Securities held by it and the intended method of distribution of the Registrable Securities as the Company may from time to time reasonably request and such other information as may be legally required in connection with such registration. No Holder may include Registrable Securities in any registration statement pursuant to this Agreement unless and until such Holder has furnished to the Company such information. Each Holder further agrees to furnish as soon as reasonably practicable to the Company all information required to be disclosed in order to make information previously furnished to the Company by such Holder not materially misleading.

(j) Each Selling Holder agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 2.6(b) or 2.6(d) or upon receipt of a Suspension Notice, such Selling Holder will forthwith discontinue disposition of Registrable Securities pursuant to the registration statement covering such Registrable Securities until such Selling Holder's receipt of written notice from the Company that such disposition may be made and, in the case of clause (ii) of Section 2.6(d) or, if applicable, Section 2.14, copies of any supplemented or amended prospectus contemplated by clause (ii) of Section 2.6(d) or, if applicable, prepared under Section 2.14, and, if so directed by the Company, such Selling Holder will deliver to the Company all copies, other than permanent file copies then in such Selling Holder's possession, of the most recent prospectus covering such Registrable Securities at the time of receipt of such notice. Each Selling Holder of Registrable Securities agrees that it will immediately notify the Company at any time when a prospectus relating to the registration of such Registrable Securities is required to be delivered under the Securities Act of the happening of an event as a result of which information previously furnished by such Selling Holder to the Company in writing for inclusion in such prospectus contains an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances in which they were made.

Section 2.7. Registration Expenses. In connection with any registration statement required to be filed hereunder, the Company shall pay the following registration expenses incurred in connection with the registration hereunder (the "Registration Expenses"), regardless whether such registration statement is declared effective by the Commission: (i) all registration and filing fees, (ii) fees and expenses of compliance with securities or "blue sky" laws (including reasonable fees and disbursements of counsel in connection with blue sky qualifications of the Registrable Securities), (iii) printing expenses, (iv) internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), (v) the fees and expenses incurred in connection with the listing of the Registrable Securities, (vi) reasonable fees and disbursements of counsel for the Company and customary fees and expenses for independent certified public accountants retained by the Company, including in connection with the preparation of comfort letters, and any transfer agent and registrar fees, and (vii) the reasonable fees and expenses of any special experts retained by the Company in connection with such registration. The Company shall have no obligation to pay any fees, discounts or commissions attributable to the sale of Registrable Securities, or any out-of-pocket expenses of the Holders (or the agents who manage their accounts) or any transfer taxes relating to the registration or sale of the Registrable Securities.

Section 2.8. Indemnification by the Company. The Company agrees to indemnify and hold harmless each Selling Holder of Registrable Securities, its officers, directors, agents, partners, members, employees, managers, advisors, sub-advisors, attorneys, representatives and Affiliates, and each Person, if any, who controls such Selling Holder within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act from and against, as incurred, any and all losses, claims, damages and liabilities (or actions in respect thereof) that arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in any registration statement, preliminary prospectus, prospectus, or free writing prospectus relating to the Registrable Securities (in each case, as amended or supplemented if the Company shall have furnished any amendments or supplements thereto), or that arise out of or are based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, except insofar as such losses, claims, damages or liabilities arise out of or are based upon any such untrue statement or omission or alleged untrue statement or omission included in reliance upon and in conformity with information furnished in writing to the Company by such Selling Holder or on such Selling Holder's behalf expressly for inclusion therein.

Section 2.9. Indemnification by Holders of Registrable Securities. Each Selling Holder agrees, severally but not jointly or jointly and severally, to indemnify and hold harmless the Company, its officers, directors, agents, employees, attorneys, representatives and Affiliates, and each Person, if any, who controls the Company within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the foregoing indemnity from the Company to such Selling Holder, but only with respect to information relating to such Selling Holder included in reliance upon and in conformity with information furnished in writing by such Selling Holder or on such Selling Holder's behalf expressly for use in any registration

statement, preliminary prospectus, prospectus or free writing prospectus relating to the Registrable Securities, or any amendment or supplement thereto. In case any action or proceeding shall be brought against the Company or its officers, directors or agents or any such controlling person, in respect of which indemnity may be sought against such Selling Holder, such Selling Holder shall have the rights and duties given to the Company, and the Company or its officers, directors or agents or such controlling person shall have the rights and duties given to such Selling Holder, by Section 2.10; provided, however, that the total obligations of such Selling Holder under this Agreement (including, but not limited to, obligations arising under Section 2.11 herein) will be limited to an amount equal to the net proceeds actually received by such Selling Holder (after deducting any discounts and commissions) from the disposition of Registrable Securities pursuant to such registration statement.

Section 2.10. Conduct of Indemnification Proceedings. In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to Section 2.8 or 2.9, such person (an "Indemnified Party") shall promptly notify the person against whom such indemnity may be sought (an "Indemnifying Party") in writing and the Indemnifying Party shall assume the defense thereof, including the employment of counsel reasonably satisfactory to such Indemnified Party, and shall assume the payment of all fees and expenses; provided, however, that the failure of any Indemnified Party to give such notice will not relieve such Indemnifying Party of any obligations under Section 2.8 or 2.9, except to the extent such Indemnifying Party is materially prejudiced by such failure. In any such proceeding, any Indemnified Party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless (i) the Indemnifying Party and the Indemnified Party shall have mutually agreed to the retention of such counsel or (ii) representation of the Indemnified Party by the counsel retained by the Indemnifying Party would be inappropriate due to actual or potential differing interests between the Indemnified Party and the Indemnified Party. It is understood that the Indemnifying Party shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the reasonable fees and expenses of more than one separate firm of attorneys (in addition to any local counsel) at any time for all such Indemnified Parties, and that all such fees and expenses shall be reimbursed as they are incurred. In the case of any such separate firm for the Indemnified Parties, such firm shall be designated in writing by (i) in the case of Persons indemnified pursuant to Section 2.8 hereof, the Selling Holders which owned a majority of the Registrable Securities sold under the applicable registration statement and (ii) in the case of Persons indemnified pursuant to Section 2.9, the Company. The Indemnifying Party shall not be liable for any settlement of any proceeding effected without its written consent, which consent shall not be unreasonably withheld, but if settled with such consent, or if there be a final judgment for the plaintiff, the Indemnifying Party shall indemnify and hold harmless such Indemnified Parties from and against any loss or liability (to the extent stated above) by reason of such settlement or judgment. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, which consent shall not be unreasonably withheld, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Party is or could have been a party and indemnity could have been sought hereunder by such Indemnified Party, unless such settlement includes an unconditional release of such Indemnified Party from all liability arising out of such proceeding without any admission of liability by such Indemnified Party.

Section 2.11. Contribution. If the indemnification provided for in Section 2.8 or 2.9 hereof is held by a court of competent jurisdiction to be unavailable to an Indemnified Party or insufficient in respect of any losses, claims, damages or liabilities that otherwise would have been covered by Section 2.8 or 2.9 hereof, then each such Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages or liabilities in such proportion as is appropriate to reflect the relative fault of the Company, on the one hand, and of each Selling Holder, on the other hand, in connection with such statements or omissions which resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative fault of the Company on the one hand and of each Selling Holder on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by such party.

The Company and the Selling Holders agree that it would not be just and equitable if contribution pursuant to this Section 2.11 were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an Indemnified Party as a result of the losses, claims, damages or liabilities referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 2.11, no Selling Holder shall be required to contribute any amount which in the aggregate exceeds the amount by which the net proceeds actually received by such Selling Holder from the sale of its securities to the public exceeds the amount of any damages which such Selling Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Selling Holder's obligations to contribute pursuant to this Section 2.11, if any, are several in proportion to the proceeds of the offering actually received by such Selling Holder bears to the total proceeds of the offering received by all the Selling Holders and not joint.

Section 2.12. Rule 144. The Company covenants that it will (a) make and keep public information regarding the Company available as those terms are defined in Rule 144, (b) file in a timely manner any reports and documents required to be filed by it under the Securities Act and the Exchange Act, (c) furnish to any Holder forthwith upon request (i) a written statement by the Company as to its compliance with the reporting requirements of Rule 144 (at any time more than ninety (90) days after the effective date of the registration statement for the Company's initial public offering), the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements), and (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company, and (d) take such further action as any Holder may reasonably request, all to the extent required from time to time to enable Holders to sell Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by Rule 144.

Section 2.13. Participation in Underwritten Offerings. No Person may participate in any underwritten offerings hereunder unless such Person (a) agrees to sell such Person's securities on the basis provided in any underwriting arrangements approved by the Persons entitled hereunder to approve such arrangements and (b) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements and these registration rights provided for in this Article II.

Section 2.14. Suspension of Use of Registration Statement.

(a) If the Board of Directors of the Company determines in its good faith judgment that the filing of a Rady Demand Registration Statement or Resale Shelf Registration Statement under Section 2.1(a) or Section 2.4(a) or the use of any related prospectus would be materially detrimental to the Company because such action would require the disclosure of material information that the Company has a bona fide business purpose for preserving as confidential or the disclosure of which would materially impede the Company's ability to consummate a significant transaction, and that the Company is not otherwise required by applicable securities laws or regulations to disclose, upon written notice of such determination by the Company to the Holders which shall be signed by the Chief Executive Officer, President or any Executive Vice President of the Company certifying thereto, the rights of the Holders to offer, sell or distribute any Registrable Securities pursuant to a Resale Shelf Registration or to require the Company to take action with respect to the registration or sale of any Registrable Securities pursuant to a Resale Shelf Registration Statement shall be suspended until the earliest of (i) the date upon which the Company notifies the Holders in writing that suspension of such rights for the grounds set forth in this Section 2.14(a) is no longer necessary and they may resume use of the applicable prospectus, (ii) the date upon which copies of the applicable supplemented or amended prospectus is distributed to the Holders, and (iii) (x) up to thirty (30) consecutive days after the notice to the Holders if that notice is given during the Initial Period or (y) ninety (90) consecutive days after the notice to the Holders if that notice is given after the Initial Period; provided, that the Company shall not be entitled to exercise any such right more than two (2) times in any twelve (12) month period or less than thirty (30) days from the termination of the prior such suspension period; and provided further, that such exercise shall not prevent the Holders from being entitled to at least three hundred twenty (320) days of effective registration with respect to such registration statement during each Initial Period and thereafter two hundred ten (210) days of effective registration with respect to such registration statement in any 365-day period. The Company agrees to give the notice under (i) above as promptly as practicable following the date that such suspension of rights is no longer necessary.

(b) If all reports required to be filed by the Company pursuant to the Exchange Act have not been filed by the required date without regard to any extension, or if the consummation of any business combination by the Company has occurred or is probable for purposes of Rule 3-05 or Article 11 of Regulation S-X promulgated under the Securities Act or any similar successor rule, upon written notice thereof by the Company to the Holders, the rights of the Holders to offer, sell or distribute any Registrable Securities pursuant to a Rady Demand Registration Statement or Resale Shelf Registration Statement or to require the Company to take action with respect to the registration or sale of any Registrable Securities

pursuant to a Rady Demand Registration Statement or Resale Shelf Registration Statement shall be suspended until the date on which the Company has filed such reports or obtained and filed the financial information required by Rule 3-05 or Article 11 of Regulation S-X to be included or incorporated by reference, as applicable, in a Rady Demand Registration Statement or Resale Shelf Registration Statement, and the Company shall use commercially reasonable efforts to file the required reports or obtain and file the financial information required to be included or incorporated by reference, as applicable, as promptly as commercially practicable, and shall notify the Holders as promptly as practicable when such suspension is no longer required.

Section 2.15. Additional Shares. The Company, at its option, may register under a Shelf Registration Statement and any filings with any state securities commissions filed pursuant to this Agreement, any number of unissued shares of Common Stock or any shares of Common Stock owned by any other stockholder or stockholders of the Company; provided that in no event shall the inclusion of such shares on a registration statement reduce the amount offered for the account of the Holders in any underwritten offering at the request of the Holders pursuant to Section 2.1(a) or Section 2.4(c).

ARTICLE III
MISCELLANEOUS

Section 3.1. Remedies. In addition to being entitled to exercise all rights provided herein and granted by law, including recovery of damages, the Holders shall be entitled to specific performance of the rights under this Agreement. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Agreement and hereby agrees to waive the defense in any action for specific performance that a remedy at law would be adequate.

Section 3.2. Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, in each case without the written consent of the Company and the Holders against whom enforcement is sought. No failure or delay by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon any breach thereof shall constitute waiver of any such breach or any other covenant, duty, agreement or condition.

Section 3.3. Notices. All notices and other communications in connection with this Agreement shall be made in writing by hand delivery, registered first-class mail, telecopier, or air courier guaranteeing overnight delivery:

(1) if to any Holder, initially to the address indicated in such Holder’s Notice and Questionnaire or, if no Notice and Questionnaire has been delivered, c/o American Assets Trust, Inc., 11455 El Camino Real, Suite 200, San Diego, California 92130, Attention: Chief Executive Officer, or to such other address and to such other Persons as any Holder may hereafter specify in writing; and

(2) if to the Company, initially at 11455 El Camino Real, Suite 200, San Diego, California 92130, Attention: Chief Executive Officer, or to such other address as the Company may hereafter specify in writing.

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; when received if deposited in the mail, postage prepaid, if mailed; when receipt acknowledged, if telecopied; and on the next Business Day, if timely delivered to an air courier guaranteeing overnight delivery.

Section 3.4. Successors and Assigns; Assignment of Registration Rights. This Agreement shall inure to the benefit of and be binding upon the successors, assigns and transferees of each of the parties. Any Holder may assign its rights under this Agreement without the consent of the Company in connection with a transfer of such Holder's Registrable Securities; provided, that the Holder notifies the Company of such proposed transfer and assignment and the transferee or assignee of such rights assumes in writing the obligations of such Holder under this Agreement.

Section 3.5. Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Each party shall become bound by this Agreement immediately upon affixing its signature hereto.

Section 3.6. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of California.

Section 3.7. Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

Section 3.8. Entire Agreement. This Agreement is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein with respect to the registration rights granted by the Company with respect to the Registrable Securities. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

Section 3.9. Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

Section 3.10. Termination. The obligations of the parties hereunder shall terminate with respect to a Holder when it no longer holds Registrable Securities and with respect to the Company upon the end of the Effectiveness Period with respect to any Issuer Shelf Registration Statement and with respect to a Resale Shelf Registration Statement when there are no longer Registrable Securities with respect to such Resale Shelf Registration Statement, except, in each case, for any obligations under Sections 2.4(d), 2.7, 2.8, 2.9, 2.10, 2.11 and Article III.

Section 3.11. Waiver of Jury Trial. The parties hereto (including any Initial Holder and any subsequent Holder) irrevocably waive any right to trial by jury.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first written above.

AMERICAN ASSETS TRUST, INC.

By: /s/ John W. Chamberlain
Name: John W. Chamberlain
Title: Chief Executive Officer and President

HOLDERS LISTED ON SCHEDULE I HERETO

AMERICAN ASSETS TRUST, INC.

By: /s/ John W. Chamberlain
Name: John W. Chamberlain
Title: Chief Executive Officer and President
As Attorney-in-Fact acting on behalf of each of the Holders named on Schedule I hereto

Schedule I

See Attached.

Exhibit A

Form of Notice and Questionnaire

The undersigned beneficial holder of shares of common stock, par value $.01 per share ("Common Stock"), of American Assets Trust, Inc. (the "Company") and/or units of limited partnership interests ("OP Units" and, together with the Common Stock, the "Registrable Securities") of American Assets Trust, L.P. (the "Operating Partnership"), understands that the Company has filed or intends to file with the Securities and Exchange Commission (the "SEC") one or more registration statements (collectively, the "Resale Shelf Registration Statement") for the registration and resale under Rule 415 of the Securities Act of 1933, as amended (the "Securities Act"), of the Registrable Securities in accordance with the terms of the Registration Rights Agreement (the "Registration Rights Agreement"), dated January 19, 2011, among the Company and the holders listed on Schedule I thereto. A copy of the Registration Rights Agreement is available from the Company upon request at the address set forth below. All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Registration Rights Agreement.

Each beneficial owner of Registrable Securities is entitled to the benefits of the Registration Rights Agreement. In order to sell or otherwise dispose of any Registrable Securities pursuant to the Resale Shelf Registration Statement, a beneficial owner of Registrable Securities generally will be required to be named as a selling security holder in the related prospectus, deliver a prospectus to purchasers of Registrable Securities and be bound by those provisions of the Registration Rights Agreement applicable to such beneficial owner (including certain indemnification provisions as described below). **To be included in the Resale Shelf Registration Statement, this Notice and Questionnaire must be completed, executed and delivered to the Company at the address set forth herein on or prior to the tenth business day before the effectiveness of the Resale Shelf Registration Statement.** We will give notice of the filing and effectiveness of the initial Resale Shelf Registration Statement by issuing a press release and by mailing a notice to the holders at their addresses set forth in the register of the registrar.

Beneficial owners that do not complete this Notice and Questionnaire and deliver it to the Company as provided below will not be named as selling security holders in the prospectus and therefore will not be permitted to sell any Registrable Securities pursuant to the Resale Shelf Registration Statement. Beneficial owners are encouraged to complete and deliver this Notice and Questionnaire prior to the effectiveness of the initial Resale Shelf Registration Statement so that such beneficial owners may be named as selling security holders in the related prospectus at the time of effectiveness. Upon receipt of a completed Notice and Questionnaire from a beneficial owner following the effectiveness of the initial Resale Shelf Registration Statement, in accordance with the Registration Rights Agreement, the Company will file such amendments to the initial Resale Shelf Registration Statement or additional shelf registration statements or supplements to the related prospectus as are necessary to permit such holder to deliver such prospectus to purchasers of Registrable Securities.

Certain legal consequences arise from being named as selling security holders in the Resale Shelf Registration Statement and the related prospectus. Accordingly, holders and beneficial owners of Registrable Securities are advised to consult their own securities law counsel regarding the consequences of being named or not being named as a selling security holder in the Resale Shelf Registration Statement and the related prospectus.

NOTICE

The undersigned beneficial owner (the "Selling Security Holder") of Registrable Securities hereby elects to include in the prospectus forming a part of the Resale Shelf Registration Statement the Registrable Securities beneficially owned by it and listed below in Item 3 (unless otherwise specified under Item 3). The undersigned, by signing and returning this Notice and Questionnaire, understands that it will be bound by the terms and conditions of this Notice and Questionnaire and the Registration Rights Agreement.

Pursuant to the Registration Rights Agreement, the undersigned has agreed to indemnify and hold harmless the Company and its directors, officers and each person, if any, who controls the Company within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, from and against certain losses arising in connection with statements concerning the undersigned made in the Resale Shelf Registration Statement or the related prospectus in reliance upon the information provided in this Notice and Questionnaire.

The undersigned hereby provides the following information to the Company and represents and warrants to the Company that such information is accurate and complete:

QUESTIONNAIRE

1. (a) Full Legal Name of Selling Security Holder:

_____

(b) Full Legal Name of registered holder (if not the same as (a) above) through which Registrable Securities listed in Item (3) below are held:

_____

(c) Full Legal Name of DTC Participant (if applicable and if not the same as (b) above) through which Registrable Securities listed in Item (3) below are held:

_____

(d) List below the individual or individuals who exercise voting and/or dispositive powers with respect to the Registrable Securities listed in Item (3) below:

_____

2. Address for Notices to Selling Security Holder:

Telephone: _____

Fax: _____

E-mail address: _____

Contact Person: _____

3. Beneficial Ownership of Registrable Securities:

Type of Registrable Securities beneficially owned, and number of shares of Common Stock and/or Common OP Units, as the case may be, beneficially owned:

_____

4. Beneficial Ownership of Securities of the Company Owned by the Selling Security Holder:

Except as set forth below in this Item (4), the undersigned is not the beneficial or registered owner of any securities of the Company, other than the Registrable Securities listed above in Item (3).

Type and amount of other securities beneficially owned by the Selling Security Holder:

_____

5. Relationship with the Company

Except as set forth below, neither the undersigned nor any of its affiliates, officers, directors or principal equity holders (5% or more) has held any position or office or has had any other material relationship with the Company (or its predecessors or affiliates) during the past three years.

State any exceptions here:

_____

_____

6. Plan of Distribution

Except as set forth below, the undersigned (including its donees or pledgees) intends to distribute the Registrable Securities listed above in Item (3) pursuant to the Resale Shelf Registration Statement only as follows and will not be offering any of such Registrable Securities pursuant to an agreement, arrangement or understanding entered into with a

broker or dealer prior to the effective date of the Resale Shelf Registration Statement. Such Registrable Securities may be sold from time to time directly by the undersigned or, alternatively, through underwriters or broker-dealers or agents. If the Registrable Securities are sold through underwriters or broker-dealers, the Selling Security Holder will be responsible for underwriting discounts or commissions or agent's commissions. Such Registrable Securities may be sold in one or more transactions at fixed prices, at prevailing market prices at the time of sale, at varying prices determined at the time of sale, or at negotiated prices. Such sales may be effected in transactions (which may involve crosses or block transactions)

(i) on any national securities exchange or quotation service on which the Registrable Securities may be listed or quoted at the time of sale;

(ii) in the over-the-counter market;

(iii) in transactions otherwise than on such exchanges or services or in the over-the-counter market; or

(iv) through the writing of options.

In connection with sales of the Registrable Securities or otherwise, the undersigned may enter into hedging transactions with broker-dealers, which may in turn engage in short sales of the Registrable Securities and deliver Registrable Securities to close out such short positions, or loan or pledge Registrable Securities to broker-dealers that in turn may sell such securities.

State any exceptions here:

_____

_____

Note: In no event may such method(s) of distribution take the form of an underwritten offering of the Registrable Securities without the prior written agreement of the Company.

ACKNOWLEDGEMENTS

The undersigned acknowledges that it understands its obligation to comply with the provisions of the Securities Exchange Act of 1934, as amended, and the rules thereunder relating to stock manipulation, particularly Regulation M thereunder (or any successor rules or regulations), in connection with any offering of Registrable Securities pursuant to the Registration Rights Agreement. The undersigned agrees that neither it nor any person acting on its behalf will engage in any transaction in violation of such provisions.

The Selling Security Holder hereby acknowledges its obligations under the Registration Rights Agreement to indemnify and hold harmless certain persons set forth therein. Pursuant to the Registration Rights Agreement, the Company has agreed under certain circumstances to indemnify the Selling Security Holders against certain liabilities.

In accordance with the undersigned's obligation under the Registration Rights Agreement to provide such information as may be required by law for inclusion in the Resale Shelf Registration Statement, the undersigned agrees to promptly notify the Company of any inaccuracies or changes in the information provided herein that may occur subsequent to the date hereof at any time while the Resale Shelf Registration Statement remains effective. All notices hereunder and pursuant to the Registration Rights Agreement shall be made in writing at the address set forth below.

In the event that the undersigned transfers all or any portion of the Registrable Securities listed in Item 3 above after the date on which such information is provided to the Company, the undersigned agrees to notify the transferee(s) at the time of transfer of its rights and obligations under this Notice and Questionnaire and the Registration Rights Agreement.

By signing this Notice and Questionnaire, the undersigned consents to the disclosure of the information contained herein in its answers to Items (1) through (6) above and the inclusion of such information in the Resale Shelf Registration Statement and the related prospectus. The undersigned understands that such information will be relied upon by the Company in connection with the preparation or amendment of the Resale Shelf Registration Statement and the related prospectus.

Once this Notice and Questionnaire is executed by the Selling Security Holder and received by the Company, the terms of this Notice and Questionnaire and the representations and warranties contained herein shall be binding on, shall insure to the benefit of and shall be enforceable by the respective successors, heirs, personal representatives and assigns of the Company and the Selling Security Holder with respect to the Registrable Securities beneficially owned by such Selling Security Holder and listed in Item 3 above.

This Notice and Questionnaire shall be governed by, and construed in accordance with, the laws of the State of California.

IN WITNESS WHEREOF, the undersigned, by authority duly given, has caused this Notice and Questionnaire to be executed and delivered either in person or by its duly authorized agent.

Beneficial Owner

By _____
Name:
Title:

Dated:

Please return the completed and executed Notice and Questionnaire to:

American Assets Trust, Inc.
11455 El Camino Real, Suite 200
San Diego, CA 92130
Tel: (858) 350-2600
Fax: (858) 350-2620
Attention: Chief Financial Officer

Exhibit 10.3

TAX PROTECTION AGREEMENT

This TAX PROTECTION AGREEMENT (this "Agreement") is entered into as of January 19, 2011, by and among American Assets Trust, Inc., a Maryland corporation (the "REIT"), American Assets Trust, L.P., a Maryland limited partnership (the "Operating Partnership"), each Protected Partner identified as a signatory on Schedule I, as amended from time to time, each Guaranty Partner identified as a signatory on Schedule II, as amended from time to time, and each Non-Qualified Liability Partner identified as a signatory on Schedule III, as amended from time to time.

RECITALS

WHEREAS, the REIT desires to consolidate the ownership of a portfolio of properties currently owned, directly or indirectly, by certain entities, as set forth in the Formation Transaction Documentation.

WHEREAS, the Formation Transactions relate to the proposed initial public offering of the common stock of the REIT, par value $.01 per share, following which the REIT will operate as a self-administered and self-managed real estate investment trust within the meaning of Section 856 of the Code (as defined below); and

WHEREAS, as a condition to engaging in the Formation Transactions, and as an inducement to do so, the parties hereto are entering into this Agreement;

NOW, THEREFORE, in consideration of the promises and mutual agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINED TERMS

For purposes of this Agreement the following terms shall apply:

Section 1.1 "50% Termination" has the meaning set forth in Section 1.40.

Section 1.2 "Affiliate" means, with respect to any Person, any Person directly or indirectly controlling or controlled by or under common control with such Person. For the purposes of this definition, "control" when used with respect to any Person means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

Section 1.3 "Agreement" has the meaning set forth in the preamble.

Section 1.4 "Approved Liability" means either:

(a) A liability of the Operating Partnership (or of an entity whose separate existence from the Operating Partnership is disregarded for Federal income tax purposes) with respect to which all of the following requirements are satisfied:

(i) the liability is secured by real property or other assets (the "Collateral") owned directly or indirectly by the Operating Partnership (or by an entity whose separate existence from the Operating Partnership is disregarded for Federal income tax purposes);

(ii) on the date on which the Operating Partnership designated such liability as a Approved Liability, the fair market value (as reasonably determined in good faith by the Operating Partnership) of the Collateral was at least 140% times the outstanding principal amount (and any accrued and unpaid interest) of the liability and any other Approved Liabilities secured by such Collateral at such time, *provided* that if interest on such liability is not required to be paid at least annually or if the documents evidencing such liability permit the borrower to borrow additional amounts that are secured by the Collateral, the outstanding principal amount of such liability shall include the maximum amount that could be so added to the principal amount of such liability without a default, *provided*, *however*, if notwithstanding the Operating Partnership's commercially reasonable efforts, it is unable to make available the Guarantee Opportunities required by this Agreement, 130% shall be substituted for 140% as set forth above;

(iii) the liability constitutes "qualified nonrecourse financing" as defined in Section 465(b)(6) of the Code with respect to the Protected Partners;

(iv) other than guaranties by the Guaranty Partners, no other person has executed any guaranties with respect to such liability; and

(v) the Collateral does not provide security for another liability (other than another Approved Liability) that ranks senior to, or *pari passu* with, the liability described in clause (i) above.

For purposes of determining whether clause (ii) has been satisfied in situations where one or more potential Approved Liabilities are secured by more than one item of Collateral, the Operating Partnership shall allocate such liabilities among such items of Collateral in proportion to their relative fair market values (as reasonably determined in good faith by the Operating Partnership);

(b) A liability of the Operating Partnership that

(i) is not secured by any of the assets of the Operating Partnership and is a general, recourse obligation of the Operating Partnership, and

(ii) is not provided by a lender that has an interest in the Operating Partnership or is related to the Operating Partnership within the meaning of Section 465(b)(3)(C) or the Code;

(c) Solely with respect to the Non-Qualified Liability Amount for each Non-Qualified Liability Partner, the applicable Non-Qualified Liabilities; or

(d) Any other indebtedness approved by the Partners' Representative (or his successor or designee) in his sole and absolute discretion.

Section 1.5 "Closing Date" has the meaning assigned to it in the applicable Pre-Formation Transaction Documentation.

Section 1.6 "Code" means the Internal Revenue Code of 1986, as amended.

Section 1.7 "Collateral" has the meaning set forth in the definition of "Approved Liability."

Section 1.8 "Debt Gross Up Amount" has the meaning set forth in definition of "Make Whole Amount."

Section 1.9 "Debt Notification Event" means, with respect to an Approved Liability, any transaction in which such liability shall be refinanced, otherwise repaid (excluding for this purpose, scheduled payments of principal occurring prior to the maturity date of such liability), or guarantied by any of the REIT, the Operating Partnership, or one or more of their Affiliates, or guarantied by one or more partners of the Operating Partnership.

Section 1.10 "Exchange" has the meaning set forth in Section 2.1(b).

Section 1.11 "Formation Transaction Documentation" means all of the agreements and plans of merger and contribution agreements, substantially in the forms accompanying the Request for Consent and Private Placement Memorandum dated July 31, 2010, pursuant to which all or a portion of the equity interests in certain specified entities are to be acquired by the REIT or the Operating Partnership, directly or indirectly, as part of the Formation Transactions.

Section 1.12 "Formation Transactions" means the transactions contemplated by this Agreement and the other Formation Transaction Documentation.

Section 1.13 "Fundamental Transaction" means a merger, consolidation or other combination of the Operating Partnership with or into any other entity, a transfer of all or substantially all of the assets of the Operating Partnership, any reclassification, recapitalization or change of the outstanding equity interests of the Operating Partnership, or a conversion of the Operating Partnership into another form of entity.

Section 1.14 "Gross Up Amount" has the meaning set forth in definition of "Make Whole Amount."

Section 1.15 "Guarantied Liability" means any Approved Liability or Non-Qualified Liability that is guarantied, in whole or in part, by one or more Guaranty Partners or Non-Qualified Liability Partner, as applicable, in accordance with this Agreement.

Section 1.16 "Guaranty Partner" means: (i) each signatory on Schedule II attached hereto, as amended from time to time; (ii) any person who holds OP Units and who acquired such OP Units from another Guaranty Partner in a transaction in which such person's adjusted basis in such OP Units, as determined for Federal income tax purposes, is determined, in whole or in part, by reference to the adjusted basis of the other Guaranty Partner in such OP Units; and (iii) with respect to a Guaranty Partner that is Pass Through Entity, and solely for purposes of computing the amount to be paid under Section 2.4 with respect to such Guaranty Partner, any person who (y) holds an interest in such Guaranty Partner, either directly or through one or more Pass Through Entities, and (z) is required to include all or a portion of the income of such Guaranty Partner in its own gross income.

Section 1.17 "Guaranty Permissible Liability" means a liability with respect to which the lender permits a guaranty.

Section 1.18 "Guaranty Opportunity" has the meaning set forth in Section 2.4(b).

Section 1.19 "Make Whole Amount" means: (a) with respect to any Protected Partner that recognizes gain under Section 704(c) of the Code as a result of a Tax Protection Period Transfer, *the sum of* (i) *the product of* (x) the income and gain recognized by such Protected Partner under Section 704(c) of the Code in respect of such Tax Protection Period Transfer (taking into account any adjustments under Section 743 of the Code to which such Protected Partner is entitled) *multiplied by* (y) the Make Whole Tax Rate, *plus* (ii) an amount equal to the combined Federal, applicable state and local income taxes (calculated using the Make Whole Tax Rate) imposed on a Protected Partner as a result of the receipt by a Protected Partner of a payment under Section 2.2 (the "Gross Up Amount"); *provided*, *however*, that the Gross Up Amount shall be computed without regard to any losses, credit, or other tax attributes that a Protected Partner might have that would reduce its actual tax liability; and (b) with respect to any Guaranty Partner or Non-Qualified Liability Partner that recognizes gain as a result of a breach by the Operating Partnership of the provisions of Section 2.4 or Section 2.5 hereof, *the sum of* (i) *the product of* (x) the income and gain recognized by such Guaranty Partner or Non-Qualified Liability Partner by reason of such breach, *multiplied by* (y) the Make Whole Tax Rate, *plus* (ii) an amount equal to the combined Federal, applicable state and local income taxes (calculated using the Make Whole Tax Rate) imposed on a Guaranty Partner or Non-Qualified Liability Partner as a result of the receipt by a Guaranty Partner or Non-Qualified Liability Partner of a payment under Section 2.4 or Section 2.5 (the "Debt Gross Up Amount"); *provided*, *however*, that the Debt Gross Up Amount shall be computed without regard to any losses, credit, or other tax attributes that a Guaranty Partner or Non-Qualified Liability Partner might have that would reduce its actual tax liability. For purposes of calculating the amount of Section 704(c) gain that is allocated to a Protected Partner, (i) subject to clause (ii) below, any "reverse Section 704(c) gain" allocated to such partner pursuant to Treasury Regulations § 1.704-3(a)(6) shall not be taken into account, and (ii) if, as a result of adjustments to the Gross Asset Value (as defined in the OP Agreement) of the Protected Properties pursuant to clause (b) of the definition of Gross Asset Value as set forth in the OP Agreement, all or a portion of the gain recognized by the Operating Partnership that would have been Section 704(c) gain without regard to such adjustments becomes or is treated as "reverse Section 704(c) gain" or Section 704(b) gain under Section 704 of the Code, then such gain shall continue to be treated as Section 704(c) gain;

provided that the total amount of 704(c) gain and income taken into account for purpose of calculating the Make Whole Amount shall not exceed the initial Section 704(c) gain amount as of the Closing Date (whether or not equal to the estimated amount set forth on Exhibit B).

Section 1.20 "Make Whole Tax Rate" means, with respect to a Protected Partner who is entitled to receive a payment under Section 2.2 and with respect to a Guaranty Partner or Non-Qualified Liability Partner who is entitled to receive payment under Section 2.4 or Section 2.5, the highest combined statutory Federal, state and local tax rate in respect of the income or gain that gave rise to such payment, taking into account the character of the income and gain in the hands of such Protected Partner, Guaranty Partner or Non-Qualified Liability Partner, as applicable (reduced, in the case of Federal taxes, by the deduction allowed for income taxes paid to a state or locality), for the taxable year in which the event that gave rise to such payment under Section 2.2, Section 2.4 or Section 2.5 occurred. Notwithstanding the foregoing, if a Protected Partner, Guaranty Partner or Non-Qualified Liability Partner demonstrates to the reasonable satisfaction of the Operating Partnership that such Protected Partner, Guaranty Partner or Non-Qualified Liability Partner, as applicable, is not entitled to a Federal income tax deduction for all or a portion of the income taxes paid to a state or locality, the Make Whole Tax Rate applicable to such Protected Partner, Guaranty Partner or Non-Qualified Liability Partner shall be reduced only by the deduction, if any, the Protected Partner, Guaranty Partner or Non-Qualified Liability Partner is entitled to take for such taxes.

Section 1.21 "Non-Qualified Liability" means each of the liabilities set forth on Exhibit D.

Section 1.22 "Non-Qualified Liability Amount" means the amount shown in the column labeled "Non-Qualified Liability Amount" for each Non-Qualified Liability listed below each Non-Qualified Liability Partner's name in Exhibit E.

Section 1.23 "Non-Qualified Liability Period" means the period commencing on the Closing Date and ending on the second anniversary of the Closing Date.

Section 1.24 "Non-Qualified Liability Partner" means: (i) each signatory on Schedule III attached hereto, as amended from time to time; and (ii) any person who holds OP Units and who acquired such OP Units from another Non-Qualified Liability Partner in a transaction in which such person's adjusted basis in such OP Units, as determined for Federal income tax purposes, is determined, in whole or in part, by reference to the adjusted basis of the other Guaranty Partner in such OP Units.

Section 1.25 "OP Agreement" means the Agreement of Limited Partnership of American Assets Trust, L.P., as amended from time to time.

Section 1.26 "OP Units" means common units of partnership interest in the Operating Partnership.

Section 1.27 "Operating Partnership" has the meaning set forth in the preamble.

Section 1.28 "Partners' Representative" means Ernest Rady and his executors, administrators or permitted assigns.

Section 1.29 "Pass Through Entity" means a partnership, grantor trust, or S corporation for Federal income tax purposes.

Section 1.30 "Permitted Disposition" means a sale, exchange or other disposition of OP Units (i) by a Protected Partner or Guaranty Partner: (a) to such Protected Partner's or Guaranty Partner's children, spouse or issue; (b) to a trust for such Protected Partner or Guaranty Partner or such Protected Partner's or Guaranty Partner's children, spouse or issue; (c) in the case of a trust which is a Protected Partner or Guaranty Partner, to its beneficiaries, or any of them, whether current or remainder beneficiaries; (d) to a revocable *inter vivos* trust of which such Protected Partner or Guaranty Partner is a trustee; (e) in the case of any partnership or limited liability company which is a Protected Partner or Guaranty Partner, to its partners or members; and/or (f) in the case of any corporation which is a Protected Partner or Guaranty Partner, to its shareholders, and (ii) by a party described in clauses (a), (b), (c) or (d) to a partnership, limited liability company or corporation of which the only partners, members or shareholders, as applicable, are parties described in clauses (a), (b), (c) or (d); *provided*, that for purposes of the definition of Tax Protection Period, such Protected Partner or Guaranty Partner shall be treated as continuing to own any OP Units which were subject to a Permitted Disposition unless and until there has been a sale, exchange or other disposition of such OP Units by a permitted transferee which is not another Permitted Disposition.

Section 1.31 "Person" means an individual or a corporation, partnership, trust, unincorporated organization, association, limited liability company or other entity.

Section 1.32 "Protected Partner" means: (i) each signatory on Schedule I attached hereto, as amended from time to time; (ii) any person who holds OP Units and who acquired such OP Units from another Protected Partner in a transaction in which such person's adjusted basis in such OP Units, as determined for Federal income tax purposes, is determined, in whole or in part, by reference to the adjusted basis of the other Protected Partner in such OP Units; and (iii) with respect to a Protected Partner that is Pass Through Entity, and solely for purposes of computing the amount to be paid under Section 2.2 with respect to such Protected Partner, any person who (y) holds an interest in such Protected Partner, either directly or through one or more Pass Through Entities, and (z) is required to include all or a portion of the income of such Protected Partner in its own gross income.

Section 1.33 "Protected Property" means each property identified on Exhibit A hereto and each property acquired in Exchange for a Protected Property as set forth in Section 2.1(b).

Section 1.34 "Representation, Warranty and Indemnity Agreement" means that certain Representation, Warranty and Indemnity Agreement, made and entered into as of September 13, 2010, by and amount the REIT, the Operating Partnership and Ernest Rady Trust U/D/T March 10, 1983, as amended.

Section 1.35 "Required Liability Amount" means, with respect to each Guaranty Partner, 110% of such Guaranty Partner's estimated "negative tax capital account" as of the Closing Date, a current estimate of which is set forth on Exhibit C hereto for each such Guaranty Partner.

Section 1.36 "REIT" has the meaning set forth in the preamble.

Section 1.38 "Section 2.4 Notice" has the meaning set forth in Section 2.4(c).

Section 1.39 "Section 2.5 Notice" has the meaning set forth in Section 2.5(c).

Section 1.40 "Tax Protection Period" means the period commencing on the Closing Date and ending on the seventh (7th) anniversary of the Closing Date; *provided*, *however*, that such period shall end with respect to any Protected Partner or Guaranty Partner to the extent that such Partner owns less than fifty percent (50%) of the OP Units originally received by the Protected Partner or Guaranty Partner in the Formation Transactions, disregarding the sale, exchange or other disposition of any such OP Units sold, exchanged or otherwise disposed of by the Protected Partner or Guaranty Partner in a Permitted Disposition (such an event, a "50% Termination"); *provided further, however*, that notwithstanding the forgoing, the Tax Protection Period will terminate for all Protected Partners and Guaranty Partners upon the later of the death of Ernest Rady and the death of his wife.

Section 1.41 "Tax Protection Period Transfer" has the meaning set forth in Section 2.1(a).

Section 1.42 "Transfer" means any direct or indirect sale, exchange, transfer or other disposition, whether voluntary or involuntary.

Section 1.43 "Treasury Regulations" means the income tax regulations under the Code, whether such regulations are in proposed, temporary or final form, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

ARTICLE II

TAX PROTECTIONS

Section 2.1 Taxable Transfers.

(a) Unless the Partners' Representative expressly consents in writing to a Tax Protection Period Transfer (for the avoidance of doubt, no vote in favor of a Tax Protection Period Transfer by the Partners' Representative or any of its Affiliates or by a Protected Partner, in each case in its capacity as owner shares of the REIT or OP Units, shall constitute consent), during the Tax Protection Period, the Operating Partnership shall indemnify the Protected Partners as set forth in Section 2.2 if the Operating Partnership or any entity in which the Operating Partnership holds a direct or indirect interest shall cause or permit (i) any Transfer of all or any portion of a Protected Property (including any interest therein or in the entity owning, directly or indirectly, the Protected Property) in a transaction that would result in the recognition of taxable income or gain by any Protected Partner under Section 704(c) of the Code, or (ii) any Fundamental Transaction that would result in the recognition of taxable income or gain to any Protected Partner (a Fundamental Transaction and a Transfer, collectively a "Tax Protection Period Transfer").

(b) Section 2.1(a) shall not apply to any Tax Protection Period Transfer of a Protected Property (including any interest therein or in the entity owning, directly or indirectly, the Protected Property): (i) in a transaction in which no gain is required to be recognized by a Protected Partner (an "Exchange"), including a transaction qualifying under Section 1031 or Section 721 (or any successor statutes) of the Code; *provided*, *however*, that any property acquired by the Operating Partnership in the Exchange shall remain subject to the provisions of this Article II in place of the exchanged Protected Property for the remainder of the Tax Protection Period; (ii) as a result of the condemnation or other taking of any Protected Property by a governmental entity in an eminent domain proceeding or otherwise, provided that the Operating Partnership shall use commercially reasonable efforts to structure such disposition as either a tax-free like-kind exchange under Section 1031 or a tax-free reinvestment of proceeds under Section 1033, provided that in no event shall the Operating Partnership be obligated to acquire or invest in any property that it otherwise would not have acquired or invested in.

(c) For any taxable Transfer of all or any portion of any property of the Operating Partnership which is not a Tax Protection Period Transfer, the Operating Partnership shall use commercially reasonable efforts to cooperate with the Limited Partners to minimize any taxes payable by the Limited Partners in connection with any such Transfers.

Section 2.2 Indemnification for Taxable Transfers.

(a) In the event of a Tax Protection Period Transfer described in Section 2.1(a), each Protected Partner shall, within 30 days after the closing of such Tax Protection Period Transfer, receive from the Operating Partnership an amount of cash equal to the estimated Make Whole Amount applicable to such Tax Protection Period Transfer. If it is later determined that the true Make Whole Amount applicable to a Protected Partner exceeds the estimated Make Whole Amount applicable to such Protected Partner, then the Operating Partnership shall pay such excess to such Protected Partner within 90 days after the closing of the Tax Protection Period Transfer, and if such estimated Make Whole Amount exceeds the true Make Whole Amount, then such Protected Partner shall promptly refund such excess to the Operating Partnership, but only to the extent such excess was actually received by such Protected Partner.

(b) Notwithstanding any provision of this Agreement to the contrary, the sole and exclusive rights and remedies of any Protected Partner under Section 2.1(a) shall be a claim against the Operating Partnership for the Make Whole Amount as set forth in this Section 2.2, and no Protected Partner shall be entitled to pursue a claim for specific performance of the covenants set forth in Section 2.1(a) or bring a claim against any person that acquires a Protected Property from the Operating Partnership in violation of Section 2.1(a).

Section 2.3 Section 704(c) Gains. A good faith estimate of the initial amount of Section 704(c) gain allocable to each Protected Partner as of the Closing Date of each OP Merger is set forth on Exhibit B hereto. The parties acknowledge that the initial amount of such Section 704(c) gain may be adjusted over time as required by Section 704(c) of the Code and the Regulations promulgated thereunder.

Section 2.4 Approved Liability Maintenance and Allocation.

(a) During the Tax Protection Period, the Operating Partnership shall: (1) maintain on a continuous basis an amount of Approved Liabilities at least equal to the Required Liability Amount; and (2) provide the Partners' Representative, promptly upon request, with a description of the nature and amount of any Approved Liabilities that are available to be guarantied by the Guaranty Partners pursuant to Section 2.4(b) of this Agreement. For the avoidance of doubt, and notwithstanding any other provision of this Agreement, the Operating Partnership shall not be required to maintain any amount of Approved Liabilities in excess of the aggregate Required Liability Amount of all Guaranty Partners.

(b) (i) During the Tax Protection Period, the Operating Partnership shall provide each Guaranty Partner with the opportunity to execute a guaranty, substantially in the form attached hereto as Exhibit F or otherwise in a form and manner that is reasonably acceptable to the Partners' Representative, of one or more Approved Liabilities that are Guaranty Permissible Liabilities in an amount up to such Guaranty Partner's Required Liability Amount (each such opportunity and each opportunity required by Section 2.4(c), Section 2.5(b), and Section 2.5(c), a "Guaranty Opportunity"), and (ii) after the Tax Protection Period, and for so long as a Guaranty Partner has not had a 50% Termination, the Operating Partnership shall use commercially reasonable efforts to make Guaranty Opportunities available to each Guaranty Partner, provided that in the case of this clause (ii), the Operating Partnership shall not be required to incur any indebtedness that it would not otherwise have incurred, as determined by the Operating Partnership in its reasonable discretion; *provided*, *however*, that in the case of clauses (i) and (ii) the aggregate amount of all guaranties required to be made available by the Operating Partnership for execution by all Guaranty Partners need not exceed the aggregate Required Liability Amount of all Guaranty Partners. The Operating Partnership shall have the discretion to identify the Approved Liability or Approved Liabilities that shall be made available for guaranty by each Guaranty Partner. Each Guaranty Partner and its indirect owners may allocate the Guaranty Opportunity afforded to such Guaranty Partner in any manner they choose. The Operating Partnership agrees to file its tax returns allocating any debt subject to a Guaranty to the applicable Guaranty Partners. Each Guaranty Partner shall bear the costs incurred by it in connection with the execution of any guaranty to which it is a party. To the extent a Guaranty Partner executes a guaranty, the Operating Partnership shall deliver a copy of such guaranty to the lender under the Guarantied Liability promptly after receiving such copy from the relevant Guaranty Partner.

(c) During the Tax Protection Period, the Operating Partnership shall not allow a Debt Notification Event to occur unless the Operating Partnership provides at least thirty (30) days' written notice (a "Section 2.4 Notice") to each Guaranty Partner that may be affected thereby. The Section 2.4 Notice shall describe the Debt Notification Event and designate one or more Approved Liabilities that may be guarantied by the Guaranty Partners pursuant to Section 2.4(b) of this Agreement in an amount equal to the amount of the refinanced or repaid Approved Liability that was guarantied by such Guaranty Partner immediately prior to the date of the refinancing or repayment. Any Guaranty Partner that desires to execute a guaranty following the receipt of a Section 2.4 Notice shall provide the Operating Partnership with notice thereof within fifteen (15) days after the date of the Section 2.4 Notice.

(d) Provided the Operating Partnership satisfies its obligations under Section 2.4(a), (b) and (c) of this Agreement, it shall have no liability to a Guaranty Partner

under Section 2.4(e) for breach of Section 2.4, whether or not such Guaranty Partner accepts its Guaranty Opportunity. Furthermore, the Operating Partnership makes no representation or warranty to any Guaranty Partner concerning the treatment or effect of any guaranty under Federal, state, local, or foreign tax law, and bears no responsibility for any tax liability of any Guaranty Partner or Affiliate thereof that is attributable to a reallocation, by a taxing authority, of debt subject to a guaranty (other than a reallocation that results from any act or omission taken by the Operating Partnership or one of its Affiliates in violation of this Section 2.4 or an act or omission that is indemnifiable under Section 2.4(e) of this Agreement).

(e) If the Operating Partnership shall fail to comply with any provision of this Section 2.4, the Operating Partnership shall pay, within thirty (30) days of such failure, a Make Whole Payment to each Guaranty Partner who recognizes income or gain as a result of such failure equal to the estimated Make Whole Amount applicable to such failure. If it is determined that the true Make Whole Amount applicable to a Guaranty Partner exceeds the estimated Make Whole Amount applicable to such Guaranty Partner, then the Operating Partnership shall pay such excess to such Guaranty Partner within thirty (30) days after the date of such determination, and if such estimated Make Whole Amount exceeds the true Make Whole Amount, then such Guaranty Partner shall pay such excess to the Operating Partnership within thirty (30) days after the date of such determination, but only to the extent such excess was actually received by such Guaranty Partner.

(f) Notwithstanding any provision of this Agreement to the contrary, the sole and exclusive rights and remedies of any Guaranty Partner for a breach or violation of the covenants set forth in Section 2.4 shall be a claim a claim against the Operating Partnership for the Make Whole Amount as set forth in Section 2.4(e), and no Guaranty Partner shall be entitled to pursue a claim for specific performance of the covenants set forth in Section 2.4.

(g) Notwithstanding any provision of this Section 2.4 to the contrary, to the extent a Guaranty Partner is also a Non-Qualified Liability Partner that has guaranteed Non-Qualified Liabilities pursuant to Section 2.5, the amount of such guaranteed liabilities shall be treated as the Operating Partnership's satisfaction of that amount of its obligation to provide a Guaranty Opportunity under this Section 2.4, and such liabilities shall be treated as an Approved Liability for purposes of this Section 2.4, including for purposes of determining whether a Section 2.4 Notice and substitute Approved Liability are required.

Section 2.5 Non-Qualified Liability Maintenance and Allocation.

(a) During the Non-Qualified Liability Period, the Operating Partnership shall not repay any Non-Qualified Liability (excluding any scheduled payments of principal occurring pursuant to the terms of such Non-Qualified Liability) which has been guarantied by a Non-Qualified Liability Partner pursuant to Section 2.5(b) unless: (i) the Operating Partnership repays such Non-Qualified Liability with proceeds generated by its incurrence of other liabilities which each such Non-Qualified Liability Partner is offered an opportunity to guaranty; or (ii) the Partners' Representative consents in writing to such repayment.

(b) During the Non-Qualified Liability Period, the Operating Partnership shall use commercially reasonable efforts to provide each Non-Qualified Liability Partner with the opportunity to execute a guaranty, substantially in the form attached hereto as Exhibit F or otherwise in a form and manner that is reasonably acceptable to the Partners' Representative, of each Non-Qualified Liability listed below such Non-Qualified Liability Partner's name in Exhibit E in an amount up to such Non-Qualified Liability Partner's Non-Qualified Liability Amount. Each Non-Qualified Liability Partner and its indirect owners may allocate the Guaranty Opportunity afforded to such Non-Qualified Liability Partner in any manner they choose. The Operating Partnership agrees to file its tax returns allocating any Guarantied Liability to the applicable Non-Qualified Liability Partners. Each Non-Qualified Liability Partner shall bear the costs incurred by it in connection with the execution of any guaranty to which it is a party. To the extent a Non-Qualified Liability Partner executes a guaranty, the Operating Partnership shall deliver a copy of such guaranty to the lender under the Guarantied Liability promptly after receiving such copy from the relevant Non-Qualified Liability Partner.

(c) During the Non-Qualified Liability Period, if the Operating Partnership intends to repay any Non-Qualified Liability with proceeds generated by its incurrence of other liabilities as provided in Section 2.5(a)(i), the Operating Partnership shall provide at least thirty (30) days' written notice (a "Section 2.5 Notice") to each Non-Qualified Liability Partner that may be affected thereby. The Section 2.5 Notice shall describe which Non-Qualified Liability is being repaid and the nature and amount of the liability, if any, being incurred to repay such Non-Qualified Liability. The Operating Partnership shall use commercially reasonable efforts to make available to each affected Non-Qualified Liability Partner the opportunity to guaranty any such newly-incurred liability in the same manner as provided in Section 2.5(b) in an amount equal to the amount of the repaid Non-Qualified Liability that was guarantied by such Non-Qualified Liability Partner immediately prior to the date of the repayment. Any Non-Qualified Liability Partner that desires to execute a guaranty following the receipt of a Section 2.5 Notice shall provide the Operating Partnership with notice thereof within fifteen (15) days after the date of the Section 2.5 Notice.

(d) Provided the Operating Partnership satisfies its obligations under Section 2.5(a), (b) and (c) of this Agreement, it shall have no liability to any Non-Qualified Liability Partner for breach of Section 2.5, whether or not such Non-Qualified Liability Partner accepts its Guaranty Opportunity. For the avoidance of doubt, and notwithstanding any other provision of this Agreement, the Operating Partnership shall have no liability to any Non-Qualified Liability Partner if the Operating Partnership is unable, despite its commercially reasonable efforts, to provide each Non-Qualified Liability Partner with the opportunity to guaranty a Non-Qualified Liability. Furthermore, the Operating Partnership makes no representation or warranty to any Non-Qualified Liability Partner concerning the treatment or effect of any guaranty under Federal, state, local, or foreign tax law, and bears no responsibility for any tax liability of any Non-Qualified Liability Partner or Affiliate thereof that is attributable to a reallocation, by a taxing authority, of debt subject to a guaranty (other than a reallocation that results from any act or omission taken by the Operating Partnership or one of its Affiliates in violation of this Section 2.5).

(e) If the Operating Partnership shall fail to comply with any provision of this Section 2.5, the Operating Partnership shall pay, within thirty (30) days of such failure, a Make Whole Payment to each Non-Qualified Liability Partner who recognizes income or gain as a result of such failure equal to the estimated Make Whole Amount applicable to such failure. If it is determined that the true Make Whole Amount applicable to a Non-Qualified Liability Partner exceeds the estimated Make Whole Amount applicable to such Non-Qualified Liability Partner, then the Operating Partnership shall pay such excess to such Non-Qualified Liability Partner within thirty (30) days after the date of such determination, and if such estimated Make Whole Amount exceeds the true Make Whole Amount, then such Non-Qualified Liability Partner shall pay such excess to the Operating Partnership within thirty (30) days after the date of such determination, but only to the extent such excess was actually received by such Non-Qualified Liability Partner.

(f) Notwithstanding any provision of this Agreement to the contrary, no Non-Qualified Liability Partner shall be entitled to pursue a claim for specific performance of the covenants set forth in Section 2.5.

Section 2.7 Dispute Resolution. Any controversy, dispute, or claim of any nature arising out of, in connection with, or in relation to the interpretation, performance, enforcement or breach of this Agreement (and any closing document executed in connection herewith) shall be governed by Section 5.08 of the Representation, Warranty and Indemnity Agreement.

ARTICLE III

GENERAL PROVISIONS

Section 3.1 Notices. All notices, demands, declarations, consents, directions, approvals, instructions, requests and other communications required or permitted by the terms of this Agreement shall be given in the same manner as in the OP Agreement.

Section 3.2 Titles and Captions. All Article or Section titles or captions in this Agreement are for convenience only. They shall not be deemed part of this Agreement and in no way define, limit, extend or describe the scope or intent of any provisions hereof. Except as specifically provided otherwise, references to “Articles” and “Sections” are to Articles and Sections of this Agreement.

Section 3.3 Pronouns and Plurals. Whenever the context may require, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa.

Section 3.4 Further Action. The parties shall execute and deliver all documents, provide all information and take or refrain form taking action as may be necessary or appropriate to achieve the purposes of this Agreement.

Section 3.5 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

Section 3.6 Creditors. Other than as expressly set forth herein, none of the provisions of this Agreement shall be for the benefit of, or shall be enforceable by, any creditor of the Operating Partnership.

Section 3.7 Waiver. No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver of any such breach or any covenant, duty, agreement or condition.

Section 3.8 Counterparts. This Agreement may be executed in counterparts, all of which together shall constitute one agreement binding on all of the parties hereto, notwithstanding that all such parties are not signatories to the original or the same counterpart. Each party shall become bound by this Agreement immediately upon affixing its signature hereto.

Section 3.9 Applicable Law. This Agreement shall be construed and enforced in accordance with and governed by the laws of the State of California, without regard to the principles of conflicts of law.

Section 3.10 Invalidity of Provisions. If any provision of this Agreement is or becomes invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of other remaining provisions contained herein shall not be affected thereby.

Section 3.11 Entire Agreement. This Agreement contains the entire understanding and agreement among the Partners with respect to the subject matter hereof and amends, restates and supersedes the OP Agreement and any other prior written or oral understandings or agreements among them with respect thereto.

Section 3.12 No Rights as Stockholders. Nothing contained in this Agreement shall be construed as conferring upon the holders of the OP Units any rights whatsoever as stockholders of the REIT, including, without limitation, any right to receive dividends or other distributions made to stockholders of the REIT or to vote or to consent or to receive notice as stockholders in respect of any meeting of stockholders for the election of directors of the REIT or any other matter.

[Remainder of Page Left Blank Intentionally]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

REIT:

AMERICAN ASSETS TRUST, INC.,
a Maryland corporation

By: /s/ John W. Chamberlain
Name: John W. Chamberlain
Title: Chief Executive Officer and President

OPERATING PARTNERSHIP:

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

By: AMERICAN ASSETS TRUST, INC.
a Maryland corporation,
Its General Partner

By: /s/ John W. Chamberlain
Name: John W. Chamberlain
Title : Chief Executive Officer and President

SCHEDULE I

PROTECTED PARTNERS

See attached.

SCHEDULE II

GUARANTY PARTNERS

See attached.

SCHEDULE III

NON-QUALIFIED LIABILITY PARTNERS

See attached.

EXHIBIT A

PROTECTED PROPERTIES

Property Name

Carmel Country Plaza
Carmel Mountain Plaza
Del Monte Center
ICW Plaza
Loma Palisades
Lomas Santa Fe Plaza
Waikele Center

EXHIBIT B

ESTIMATED ALLOCATIONS OF SECTION 704(c) GAIN

See attached.

EXHIBIT C

REQUIRED LIABILITY AMOUNT

See attached.

EXHIBIT D

NON-QUALIFIED LIABILITIES

See attached.

EXHIBIT E

NON-QUALIFIED LIABILITY AMOUNT

See attached.

EXHIBIT F

FORM OF GUARANTY

See attached.

Exhibit 10.4

TRANSITION SERVICES AGREEMENT

This Transition Services Agreement (this "Agreement") is entered as of January 19, 2011 by and among American Assets, Inc., a California corporation ("AAI"), and American Assets Trust, L.P., a Maryland limited partnership ("AAT"). AAI and AAT are sometimes referred to individually, each as a "Party" and, collectively, as the "Parties".

RECITALS

In consideration of the mutual promises and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Parties do hereby agree as follows:

AGREEMENT

Section 1. Services.

(a) During the Term (as defined in Section 4 hereof), each of AAI and AAT shall provide to the other such services as the other shall reasonably request (the "Services"). Such Services shall be provided at reasonable times and upon reasonable notice, as mutually agreed to by the parties.

Section 2. Fees.

(a) Any Party providing Services hereunder shall provide such Services to the other Party at its fully-loaded cost. In addition, the recipient of the Services shall reimburse the provider of the Services for any other actual and reasonable out-of-pocket costs or expenses incurred by the provider of the Services in connection with providing such Services.

(b) Not more than thirty (30) days following the end of each calendar month during the Term, if any costs or out-of-pocket expenses have been incurred and not previously reimbursed, the Party which has not then received such reimbursement shall invoice the other Party for the Services performed under this Agreement during the preceding calendar month. All such invoices shall be paid in full within thirty (30) days after receipt thereof. The recipient of Services shall pay all federal, state, and local taxes based upon or arising out of such Services having been rendered under this Agreement.

Section 3. Limitation on Damages. **IN NO EVENT SHALL EITHER PARTY AND/OR ITS AFFILIATES OR ANY OF THEIR DIRECTORS, OFFICERS, EMPLOYEES, AGENTS OR SUBCONTRACTORS BE LIABLE REGARDLESS OF THE FORM OF ACTION OR LEGAL THEORY FOR INDIRECT, SPECIAL, PUNITIVE, EXEMPLARY, INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY KIND RELATED TO THE PERFORMANCE OR NON-PERFORMANCE OF THIS AGREEMENT INCLUDING WITHOUT LIMITATION LOST PROFITS, LOSS OF DATA (OTHER THAN LIABILITY FOR THE COST OF REENTRY OF SUCH DATA) OR BUSINESS INTERRUPTION.**

Section 4. Effective Time; Service Period.

(a) This Agreement shall become effective, without further action by any Party, upon the consummation of the initial public offering of American Assets Trust, Inc (the "Effective Time"). This Agreement shall continue indefinitely, provided that either Party may terminate this Agreement upon thirty (30) days advanced written notice to the other Party. (the "Term"). Further, either Party may terminate this Agreement immediately upon written notice to the other upon the material breach or failure by the other to perform its obligations hereunder (including any nonpayment referred to in Section 2 above), which material breach or failure is not cured within ten (10) days after written notice of such breach or failure is given by the non-breaching Party to the breaching Party, or, in the case of nonpayment, which nonpayment is not cured within fifteen (5) Business Days after written notice is given.

(b) The provisions of Sections 2, 3, 4(b), 5 and 6 shall survive any termination of this Agreement or any Services provided hereunder.

Section 5. Indemnification. Each Party receiving Services hereunder hereby agrees to indemnify, protect and hold the Party providing such Services, its Affiliates and their respective employees, agents, officers, directors and representatives (each, an "Indemnified Party) harmless from and against any and all claims, liabilities, damages, including costs or expenses related thereto and reasonable attorneys' fees, incurred by any Indemnified Party as a result of the Party providing such Services or any of its Affiliates providing the Services hereunder, except for losses directly resulting from the gross negligence or willful misconduct of an Indemnified Party. For purposes of this Agreement, the term "Affiliates" shall mean, with respect to any person, another person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with such Person.

Section 6. Miscellaneous.

(a) Notice. Any notices or other communications required or permitted under, or otherwise in connection with this Agreement, shall be in writing and shall be deemed to have been duly given: (i) when delivered in person, (ii) upon confirmation of receipt when transmitted by facsimile transmission or e-mail (but only if followed by transmittal by national overnight courier or hand for delivery on the next Business Day), (iii) on receipt after dispatch by registered or certified mail, postage prepaid, addressed, or (iv) on the next Business Day if transmitted by national overnight courier, in each case as follows:

If to AAI:
American Assets, Inc.
11455 El Camino Real, Suite 200
San Diego, California 92130
Tel: (858) 350-2600
Fax: (858) 350-2620
Email:

If to AAT:
American Assets Trust, Inc.
11455 El Camino Real, Suite 200
San Diego, California 92130
Tel: (858) 350-2600
Fax: (858) 350-2620
Email:

or to such other place and with such other copies as either Party may designate as to itself by written notice to the others.

(b) No Third Party Beneficiaries. Except as expressly provided herein, nothing herein is intended to confer upon any person, other than the Parties and their respective permitted assignees, any rights, obligations or liabilities under or by reason of this Agreement.

(c) No Assignment. Neither this Agreement nor any rights or obligations hereunder shall be assignable by either of the Parties hereto, provided that either Party may delegate all or any portion of its obligations to perform Services under this Agreement to one or more of its Affiliates.

(d) Independent Contractor. The Parties hereto understand and agree that this Agreement does not make either of them an agent or legal representative of the other for any purpose whatsoever. No Party is granted, by this Agreement or otherwise, any right or authority to assume or create any obligation or responsibility, express or implied, on behalf of or in the name of any other Party, or to bind any other Party in any manner whatsoever. Each Party expressly acknowledges (i) that each Party is an independent contractor with respect to the other in all respects, including, without limitation, the provision of the Services, and (ii) that the Parties are not Partners, joint venturers, employees or agents of or with each other.

(e) Modifications and Amendments. This Agreement may be amended, modified, or supplemented only by written agreement of the Parties.

(f) Governing Law. This Agreement shall be governed by, and construed in accordance with, the Laws of the State of California, without regard to laws that may be applicable under conflicts of laws principles.

(g) Headings. The underlined headings contained in this Agreement are for convenience of reference only, shall not be deemed to be a part of this Agreement and shall not be referred to in connection with the construction or interpretation of this Agreement.

(h) Counterparts. This Agreement may be executed in one or more counterparts, and by the different Parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement with the same effect as if the counterpart signatures were upon the same instrument.

(i) No Representations or Warranties. The Parties acknowledge that neither Party has made or is making any representations or warranties whatsoever to the other, implied or otherwise, under this Agreement.

(j) Successors. This Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

AMERICAN ASSETS, INC.
a California corporation

By: /s/ John W. Chamberlain
Name: John W. Chamberlain
Title: Chief Executive Officer

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

By: American Assets Trust, Inc.,
a Maryland corporation
Its: General Partner

By: /s/ John W. Chamberlain
Name: John W. Chamberlain
Its: President

Exhibit 10.5

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement"), dated as of January 19, 2011, is entered into by and among American Assets Trust, Inc., a Maryland corporation (the "REIT"), American Assets Trust, L.P., a Maryland limited partnership (the "Operating Partnership") and Ernest S. Rady (the "Executive").

WHEREAS, the REIT and the Operating Partnership (collectively, the "Company") desire to employ the Executive and to enter into an agreement embodying the terms of such employment; and

WHEREAS, the Executive desires to accept employment with the Company, subject to the terms and conditions of this Agreement.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

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

2. Terms of Employment.

(a) Position and Duties.

(i) During the Employment Period, the Executive shall serve as Executive Chairman of the REIT and the Operating Partnership, and shall perform such employment duties as are usual and customary for such positions. The Executive shall report directly to the Board of Directors of the REIT (the "Board"). In addition, during

the Employment Period, the Company shall cause the Executive to be nominated to stand for election to the Board at any meeting of stockholders of the REIT during which any such election is held and the Executive's term as director will expire if he is not reelected; provided, however, that the Company shall not be obligated to cause such nomination if any of the events constituting Cause (as defined below) have occurred and not been cured. Provided that the Executive is so nominated and is elected to the Board, the Executive hereby agrees to serve as a member of the Board. At the Company's request, the Executive shall serve the Company and/or its subsidiaries and affiliates in other capacities in addition to the foregoing consistent with the Executive's position as Executive Chairman of the REIT and the Operating Partnership. In the event that the Executive, during the Employment Period, serves in any one or more of such additional capacities, the Executive's compensation shall not be increased beyond that specified in Section 2(b) hereof. In addition, in the event the Executive's service in one or more of such additional capacities is terminated, the Executive's compensation, as specified in Section 2(b) hereof, shall not be diminished or reduced in any manner as a result of such termination provided that the Executive otherwise remains employed under the terms of this Agreement.

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

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

(b) Compensation, Benefits, Etc.

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

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

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

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

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

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

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

(viii) Indemnification Agreement. The parties hereby acknowledge that in connection with the execution of this Agreement, they are entering into an Indemnification Agreement (the "Indemnification Agreement"), substantially in the form attached hereto as Exhibit A, which shall become effective as of the Effective Date.

3. Termination of Employment.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. Obligations of the Company upon Termination.

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

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

(ii) In addition, the Executive shall be paid, in a single lump-sum payment on the sixtieth (60th) day after the date of Executive's Separation from Service (such date, the "Date of Termination"), an amount equal to two (2) (the "Severance Multiple") times the sum of (x) the Base Salary in effect on the Date of Termination, plus (y) the highest Annual Bonus earned by the Executive (regardless of whether such amount was paid out on a current basis or deferred) during the Employment Period (or, in the event that the Date of Termination occurs prior to the end of the completion of the first full fiscal year of the Company during the Employment Period, then the amount in clause (y) shall be determined by the Compensation Committee in its sole discretion), plus (z) the highest Equity Award Value (as defined below) of any Annual Grant made to the Executive by the Company during the Employment Period. For purposes of this Agreement, "Equity Award Value" shall mean (A) with respect to Options and Stock Appreciation Rights (each as defined in the Company's 2011 Equity Incentive Award Plan (the "Incentive Plan")), the grant date fair value, as computed in accordance with FASB Accounting Standards Codification Topic 718, *Compensation — Stock Compensation* (or any successor accounting standard), and (B) with respect to Awards (as defined in the Incentive Plan)

other than Stock Options and Stock Appreciation Rights (and excluding cash Awards under the Incentive Plan), the product of (1) the number of shares or units subject to such Award, times (2) the "fair market value" of a share of the REIT's common stock on the date of grant as determined under the Incentive Plan. For purposes of this Agreement, "Annual Grant" shall mean the grant of an equity-based Award that constitutes a component of a given year's annual compensation package and shall not include any isolated, one-off or non-recurring grant outside of the Executive's annual compensation package, such as (but not limited to) an initial hiring Award, a retention Award, an Award that relates to multi-year or other long-term performance, an outperformance Award or other similar award, in any event, as determined by the Company in its sole discretion. For the avoidance of doubt, for purposes of this Section 4(a)(ii), Annual Bonus shall include any portion of the Executive's Annual Bonus received in the form of equity rather than cash.

(iii) All outstanding equity awards held by the Executive on the Date of Termination shall immediately become fully vested and exercisable.

(iv) The Executive shall be paid, in a single lump-sum payment on the sixtieth (60th) day after the Date of Termination, an amount equal to the amount the Executive would be required to pay for continued health coverage under Section 4980B of the Code and the regulations thereunder during the period commencing on the Date of Termination and ending on the eighteen (18)-month anniversary of the Date of Termination (which amount shall be calculated by reference to the applicable premium as of the Date of Termination).

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

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

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

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

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

(ii) Any Unpaid Bonus shall be paid to the Executive's estate or beneficiaries or to the Executive, as applicable, on the Date of Termination (or, if the amount of the Unpaid Bonus has not yet been determined as of the Date of Termination,

such Unpaid Bonus shall be paid to the Executive's estate or beneficiaries or to the Executive, as applicable, on the date annual bonuses for the relevant fiscal year are paid to the Company's executives generally, but in no event later than March 15th of the calendar year following the end of the calendar year to which such Unpaid Bonus relates); and

(iii) All outstanding equity awards held by the Executive on the Date of Termination shall immediately become fully vested and exercisable.

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

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

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

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

6. Limitation on Payments.

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

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

7. Confidential Information and Non-Solicitation.

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

(b) While employed by the Company and, for a period of one (1) year after the Date of Termination, the Executive shall not directly or indirectly solicit, induce, or encourage any employee or consultant of any member of the Company and its subsidiaries and affiliates to terminate their employment or other relationship with the Company and its

subsidiaries and affiliates or to cease to render services to any member of the Company and its subsidiaries and affiliates and the Executive shall not initiate discussion with any such person for any such purpose or authorize or knowingly cooperate with the taking of any such actions by any other individual or entity. During his employment with the Company and thereafter, the Executive shall not use any trade secret of the Company or its subsidiaries or affiliates to solicit, induce, or encourage any customer, client, vendor, or other party doing business with any member of the Company and its subsidiaries and affiliates to terminate its relationship therewith or transfer its business from any member of the Company and its subsidiaries and affiliates and the Executive shall not initiate discussion with any such person for any such purpose or authorize or knowingly cooperate with the taking of any such actions by any other individual or entity.

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

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

9. Successors.

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

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

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

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

11. Miscellaneous.

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

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

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

If to the REIT or the Operating Partnership:

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

with a copy to:

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

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

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

(d) Section 409A of the Code.

(i) To the extent applicable, this Agreement shall be interpreted in accordance with Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder. Notwithstanding any provision of this Agreement to the contrary, if the Company determines that any compensation or benefits payable under this Agreement may be subject to Section 409A of the Code and related Department of Treasury guidance, the Company shall work in good faith with the Executive to adopt such amendments to this Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Company determines are necessary or appropriate to avoid the imposition of taxes under Section 409A of the Code, including without limitation, actions intended to (i) exempt the compensation and benefits payable under this Agreement from Section 409A of the Code, and/or (ii) comply with the requirements of Section 409A of the Code and related Department of Treasury guidance;

provided, however, that this Section 11(d) shall not create an obligation on the part of the Company to adopt any such amendment, policy or procedure or take any such other action, nor shall the Company have any liability for failing to do so.

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

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

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

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

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

(h) Entire Agreement. As of the Effective Date, this Agreement, together with the Indemnification Agreement, constitutes the final, complete and exclusive agreement between the Executive and the Company with respect to the subject matter hereof and replaces and supersedes any and all other agreements, offers or

promises, whether oral or written, by any member of the Company and its subsidiaries and affiliates (a "Predecessor Employer"), or representative thereof, whose business or assets any member of the Company and its subsidiaries and affiliates succeeded to in connection with the initial public offering of the common stock of the REIT or the transactions related thereto. The Executive agrees that any such agreement, offer or promise between the Executive and a Predecessor Employer (or any representative thereof) is hereby terminated and will be of no further force or effect, and the Executive acknowledges and agrees that upon his execution of this Agreement, he will have no right or interest in or with respect to any such agreement, offer or promise. In the event that the Effective Date does not occur, this Agreement (including, without limitation, the immediately preceding sentence) shall have no force or effect.

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

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

(k) Right to Advice of Counsel. The Executive acknowledges that he has the right to, and has been advised to, consult with an attorney regarding the execution of this Agreement and any release hereunder; by his signature below, the Executive acknowledges that he understands this right and has either consulted with an attorney regarding the execution of this Agreement or determined not to do so.

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

AMERICAN ASSETS TRUST, INC.,
a Maryland corporation

By: /s/ John W. Chamberlain
Name: John W. Chamberlain
Title: Chief Executive Officer and President

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

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

By: /s/ John W. Chamberlain
Name: John W. Chamberlain
Title: Chief Executive Officer and President

"EXECUTIVE"

/s/ Ernest S. Rady
Ernest S. Rady

EXHIBIT A

INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT ("Agreement") is made and entered into as of the ____ day of _____, 20____, by and between American Assets Trust, Inc., a Maryland corporation (the "Company"), and _____ ("Indemnitee").

WHEREAS, at the request of the Company, Indemnitee currently serves as **[a director] [and] [an officer]** of the Company and may, therefore, be subjected to claims, suits or proceedings arising as a result of **[his][her]** service; and

WHEREAS, as an inducement to Indemnitee to serve or continue to serve as **[a director] [and] [an officer]**, the Company has agreed to indemnify and to advance expenses and costs incurred by Indemnitee in connection with any such claims, suits or proceedings, to the maximum extent permitted by law; and

WHEREAS, the parties by this Agreement desire to set forth their agreement regarding indemnification and advance of expenses;

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

Section 1. Definitions. For purposes of this Agreement:

(a) "Change in Control" means (i) a transaction or series of transactions (other than an offering of common stock of the Company or other securities of the Company that may be substituted for common stock to the general public through a registration statement filed with the Securities and Exchange Commission) whereby any "person" or related "group" of "persons" (as such terms are used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (other than the Company, any of its subsidiaries, an employee benefit plan maintained by the Company or any of its subsidiaries or a "person" that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than 50% of the total combined voting power of the Company's securities outstanding immediately after such acquisition; or

(ii) during any period of two consecutive years, individuals who, at the beginning of such period, constitute the Company's Board of Directors (the "Board of Directors") together with any new director(s) (other than a director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in Section 1(a)(i) or Section 1(a)(iii)) whose election by the Board of Directors or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the two year period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

(iii) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction:

(A) which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the "Successor Entity")) directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and

(B) after which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; *provided, however,* that no person or group shall be treated for purposes of this Section 1(a)(iii)(B) as beneficially owning 50% or more of combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction.

(b) “Corporate Status” means the status of a person as a present or former director, officer, employee or agent of the Company or as a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any other foreign or domestic corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving in such capacity at the request of the Company. As a clarification and without limiting the circumstances in which Indemnitee may be serving at the request of the Company, service by Indemnitee shall be deemed to be at the request of the Company if Indemnitee serves or served as a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise (i) of which a majority of the voting power or equity interest is owned directly or indirectly by the Company or (ii) the management of which is controlled directly or indirectly by the Company.

(c) “Disinterested Director” means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification and/or advance of Expenses is sought by Indemnitee.

(d) “Effective Date” means the date set forth in the first paragraph of this Agreement.

(e) “Expenses” means any and all reasonable and out-of-pocket attorneys’ fees and costs, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, ERISA excise taxes and penalties and any other disbursements or expenses incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in or otherwise participating in a Proceeding. Expenses shall also include Expenses incurred in connection with any appeal resulting from any Proceeding including, without limitation, the premium, security for and other costs relating to any cost bond, supersedeas bond or other appeal bond or its equivalent.

(f) “Independent Counsel” means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement or of other indemnitees under similar indemnification agreements), or (ii) any other party to or participant or witness in the Proceeding giving rise to a claim for indemnification or advance of Expenses hereunder. Notwithstanding the foregoing, the term “Independent Counsel” shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee’s rights under this Agreement.

(g) “Proceeding” means any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other proceeding, whether brought by or in the right of the Company or otherwise and whether of a civil (including intentional or unintentional tort claims), criminal, administrative or investigative (formal or informal) nature, including any appeal therefrom, except one pending or

completed on or before the Effective Date, unless otherwise specifically agreed in writing by the Company and Indemnitee. If Indemnitee reasonably believes that a given situation may lead to or culminate in the institution of a Proceeding, such situation shall also be considered a Proceeding.

Section 2. Services by Indemnitee. Indemnitee **[will serve][serves]** as **[a director] [and] [an officer]** of the Company. However, this Agreement shall not impose any independent obligation on Indemnitee or the Company to continue Indemnitee's service to the Company. This Agreement shall not be deemed an employment contract between the Company (or any other entity) and Indemnitee.

Section 3. General. The Company shall indemnify, and advance Expenses to, Indemnitee (a) as provided in this Agreement and (b) otherwise to the maximum extent permitted by Maryland law in effect on the Effective Date and as amended from time to time; provided, however, that no change in Maryland law shall have the effect of reducing the benefits available to Indemnitee hereunder based on Maryland law as in effect on the Effective Date. The rights of Indemnitee provided in this Section 3 shall include, without limitation, the rights set forth in the other sections of this Agreement, including any additional indemnification permitted by Section 2-418(g) of the Maryland General Corporation Law (the "MGCL").

Section 4. Standard for Indemnification. If, by reason of Indemnitee's Corporate Status, Indemnitee is, or is threatened to be, made a party to any Proceeding, the Company shall indemnify Indemnitee against all judgments, penalties, fines and amounts paid in settlement and all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with any such Proceeding unless it is established that (a) the act or omission of Indemnitee was material to the matter giving rise to the Proceeding and (i) was committed in bad faith or (ii) was the result of active and deliberate dishonesty, (b) Indemnitee actually received an improper personal benefit in money, property or services or (c) in the case of any criminal Proceeding, Indemnitee had reasonable cause to believe that **[his][her]** conduct was unlawful.

Section 5. Certain Limits on Indemnification. Notwithstanding any other provision of this Agreement (other than Section 6), Indemnitee shall not be entitled to:

(a) indemnification hereunder if the Proceeding was one by or in the right of the Company and Indemnitee is adjudged to be liable to the Company;

(b) indemnification hereunder if Indemnitee is adjudged to be liable on the basis that personal benefit was improperly received in any Proceeding charging improper personal benefit to Indemnitee, whether or not involving action in the Indemnitee's Corporate Status; or

(c) indemnification or advance of Expenses hereunder if the Proceeding was brought by Indemnitee, unless: (i) the Proceeding was brought to enforce indemnification under this Agreement, and then only to the extent in accordance with and as authorized by Section 12 of this Agreement, or (ii) the Company's charter or Bylaws, a resolution of the stockholders entitled to vote generally in the election of directors or of the Board of Directors or an agreement approved by the Board of Directors to which the Company is a party expressly provide otherwise.

Section 6. Court-Ordered Indemnification. Notwithstanding any other provision of this Agreement, a court of appropriate jurisdiction, upon application of Indemnitee and such notice as the court shall require, may order indemnification of Indemnitee by the Company in the following circumstances:

(a) if such court determines that Indemnitee is entitled to reimbursement under Section 2-418(d)(1) of the MGCL, the court shall order indemnification, in which case Indemnitee shall be entitled to recover the Expenses of securing such reimbursement; or

(b) if such court determines that Indemnitee is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not Indemnitee (i) has met the standards of conduct set forth in Section 2-418(b) of the MGCL or (ii) has been adjudged liable for receipt of an improper personal benefit under Section 2-418(c) of the MGCL, the court may order such indemnification as the court shall deem proper. However, indemnification with respect to any Proceeding by or in the right of the Company or in which liability shall have been adjudged in the circumstances described in Section 2-418(c) of the MGCL shall be limited to Expenses.

Section 7. Indemnification for Expenses of an Indemnitee Who is Wholly or Partially Successful. Notwithstanding any other provision of this Agreement, and without limiting any such provision, to the extent that Indemnitee was or is, by reason of **[his][her]** Corporate Status, made a party to (or otherwise becomes a participant in) any Proceeding and is successful, on the merits or otherwise, in the defense of such Proceeding, Indemnitee shall be indemnified for all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee under this Section 7 for all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with each such claim, issue or matter, allocated on a reasonable and proportionate basis. For purposes of this Section 7 and, without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

Section 8. Advance of Expenses for Indemnitee. If, by reason of Indemnitee's Corporate Status, Indemnitee is, or is threatened to be, made a party to any Proceeding, the Company shall, without requiring a preliminary determination of Indemnitee's ultimate entitlement to indemnification hereunder, advance all reasonable Expenses incurred by or on behalf of Indemnitee in connection with such Proceeding within ten days after the receipt by the Company of a statement or statements requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnitee and shall include or be preceded or accompanied by a written affirmation by Indemnitee of Indemnitee's good faith belief that the standard of conduct necessary for indemnification by the Company as authorized by law and by this Agreement has been met and a written undertaking by or on behalf of Indemnitee, in substantially the form attached hereto as Exhibit A or in such form as may be required under applicable law as in effect at the time of the execution thereof, to reimburse the portion of any Expenses advanced to Indemnitee relating to claims, issues or matters in the Proceeding as to

which it shall ultimately be established that the standard of conduct has not been met by Indemnitee and which have not been successfully resolved as described in Section 7 of this Agreement. To the extent that Expenses advanced to Indemnitee do not relate to a specific claim, issue or matter in the Proceeding, such Expenses shall be allocated on a reasonable and proportionate basis. The undertaking required by this Section 8 shall be an unlimited general obligation by or on behalf of Indemnitee and shall be accepted without reference to Indemnitee's financial ability to repay such advanced Expenses and without any requirement to post security therefor.

Section 9. Indemnification and Advance of Expenses as a Witness or Other Participant. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is or may be, by reason of Indemnitee's Corporate Status, made a witness or otherwise asked to participate in any Proceeding, whether instituted by the Company or any other party, and to which Indemnitee is not a party, Indemnitee shall be advanced all reasonable Expenses and indemnified against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith within ten days after the receipt by the Company of a statement or statements requesting any such advance or indemnification from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnitee.

Section 10. Procedure for Determination of Entitlement to Indemnification.

(a) To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification. Indemnitee may submit one or more such requests from time to time and at such time(s) as Indemnitee deems appropriate in Indemnitee's sole discretion. The officer of the Company receiving any such request from Indemnitee shall, promptly upon receipt of such a request for indemnification, advise the Board of Directors in writing that Indemnitee has requested indemnification.

(b) Upon written request by Indemnitee for indemnification pursuant to Section 10(a) above, a determination, if required by applicable law, with respect to Indemnitee's entitlement thereto shall promptly be made in the specific case: (i) if a Change in Control shall have occurred, by Independent Counsel, in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnitee, which Independent Counsel shall be selected by the Indemnitee and approved by the Board of Directors in accordance with Section 2-418(e)(2)(ii) of the MGCL, which approval shall not be unreasonably withheld; or (ii) if a Change in Control shall not have occurred, (A) by the Board of Directors by a majority vote of a quorum consisting of Disinterested Directors or, if such a quorum cannot be obtained, then by a majority vote of a duly authorized committee of the Board of Directors consisting solely of one or more Disinterested Directors, (B) if Independent Counsel has been selected by the Board of Directors in accordance with Section 2-418(e)(2)(ii) of the MGCL and approved by the Indemnitee, which approval shall not be unreasonably withheld, by Independent Counsel, in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnitee or (C) if so directed by a majority of the members of the Board of Directors, by the stockholders of the Company. If it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be

made within ten days after such determination. Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination in the discretion of the Board of Directors or Independent Counsel if retained pursuant to clause (ii)(B) of this Section 10(b). Any Expenses incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company shall indemnify and hold Indemnitee harmless therefrom.

(c) The Company shall pay the reasonable fees and expenses of Independent Counsel, if one is appointed.

Section 11. Presumptions and Effect of Certain Proceedings.

(a) In making any determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 10(a) of this Agreement, and the Company shall have the burden of proof to overcome that presumption in connection with the making of any determination contrary to that presumption.

(b) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, upon a plea of *nolo contendere* or its equivalent, or entry of an order of probation prior to judgment, does not create a presumption that Indemnitee did not meet the requisite standard of conduct described herein for indemnification.

(c) The knowledge and/or actions, or failure to act, of any other director, officer, employee or agent of the Company or any other director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any other foreign or domestic corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise shall not be imputed to Indemnitee for purposes of determining any other right to indemnification under this Agreement.

Section 12. Remedies of Indemnitee.

(a) If (i) a determination is made pursuant to Section 10(b) of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advance of Expenses is not timely made pursuant to Sections 8 or 9 of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 10(b) of this Agreement within 60 days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to Sections 7 or 9 of this Agreement within ten days after receipt by the Company of a written request therefor, or (v) payment of indemnification pursuant to any other section of this Agreement or the charter or Bylaws of the Company is not made within ten days after a determination has been made that Indemnitee is entitled to indemnification, Indemnitee shall be entitled to an adjudication in an appropriate court located in

the State of Maryland, or in any other court of competent jurisdiction, of Indemnitee's entitlement to such indemnification or advance of Expenses. Alternatively, Indemnitee, at Indemnitee's option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Indemnitee shall commence a proceeding seeking an adjudication or an award in arbitration within 180 days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 12(a); provided, however, that the foregoing clause shall not apply to a proceeding brought by Indemnitee to enforce **[his][her]** rights under Section 7 of this Agreement. Except as set forth herein, the provisions of Maryland law (without regard to its conflicts of laws rules) shall apply to any such arbitration. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) In any judicial proceeding or arbitration commenced pursuant to this Section 12, Indemnitee shall be presumed to be entitled to indemnification or advance of Expenses, as the case may be, under this Agreement and the Company shall have the burden of proving that Indemnitee is not entitled to indemnification or advance of Expenses, as the case may be. If Indemnitee commences a judicial proceeding or arbitration pursuant to this Section 12, Indemnitee shall not be required to reimburse the Company for any advances pursuant to Section 8 of this Agreement until a final determination is made with respect to Indemnitee's entitlement to indemnification (as to which all rights of appeal have been exhausted or lapsed). The Company shall, to the fullest extent not prohibited by law, be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 12 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all of the provisions of this Agreement.

(c) If a determination shall have been made pursuant to Section 10(b) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 12, absent a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification.

(d) In the event that Indemnitee is successful in seeking, pursuant to this Section 12, a judicial adjudication of or an award in arbitration to enforce Indemnitee's rights under, or to recover damages for breach of, this Agreement, Indemnitee shall be entitled to recover from the Company, and shall be indemnified by the Company for, any and all Expenses actually and reasonably incurred by him in such judicial adjudication or arbitration. If it shall be determined in such judicial adjudication or arbitration that Indemnitee is entitled to receive part but not all of the indemnification or advance of Expenses sought, the Expenses incurred by Indemnitee in connection with such judicial adjudication or arbitration shall be appropriately prorated.

(e) Interest shall be paid by the Company to Indemnitee at the maximum rate allowed to be charged for judgments under the Courts and Judicial Proceedings Article of the Annotated Code of Maryland for amounts which the Company pays or is obligated to pay for the period (i) commencing with either the tenth day after the date on which the Company was requested to advance Expenses in accordance with Sections 8 or 9 of this Agreement or the 60th day after the

date on which the Company was requested to make the determination of entitlement to indemnification under Section 10(b) of this Agreement, as applicable, and (ii) ending on the date such payment is made to Indemnitee by the Company.

Section 13. Defense of the Underlying Proceeding.

(a) Indemnitee shall notify the Company promptly in writing upon being served with any summons, citation, subpoena, complaint, indictment, request or other document relating to any Proceeding which may result in the right to indemnification or the advance of Expenses hereunder and shall include with such notice a description of the nature of the Proceeding and a summary of the facts underlying the Proceeding. The failure to give any such notice shall not disqualify Indemnitee from the right, or otherwise affect in any manner any right of Indemnitee, to indemnification or the advance of Expenses under this Agreement unless the Company's ability to defend in such Proceeding or to obtain proceeds under any insurance policy is materially and adversely prejudiced thereby, and then only to the extent the Company is thereby actually so prejudiced.

(b) Subject to the provisions of the last sentence of this Section 13(b) and of Section 13(c) below, the Company shall have the right to defend Indemnitee in any Proceeding which may give rise to indemnification hereunder; provided, however, that the Company shall notify Indemnitee of any such decision to defend within 15 calendar days following receipt of notice of any such Proceeding under Section 13(a) above. The Company shall not, without the prior written consent of Indemnitee, which shall not be unreasonably withheld or delayed, consent to the entry of any judgment against Indemnitee or enter into any settlement or compromise which (i) includes an admission of fault of Indemnitee, (ii) does not include, as an unconditional term thereof, the full release of Indemnitee from all liability in respect of such Proceeding, which release shall be in form and substance reasonably satisfactory to Indemnitee or (iii) would impose any Expense, judgment, fine, penalty or limitation on Indemnitee. This Section 13(b) shall not apply to a Proceeding brought by Indemnitee under Section 12 of this Agreement.

(c) Notwithstanding the provisions of Section 13(b) above, if in a Proceeding to which Indemnitee is a party by reason of Indemnitee's Corporate Status, (i) Indemnitee reasonably concludes, based upon an opinion of counsel approved by the Company, which approval shall not be unreasonably withheld, that Indemnitee may have separate defenses or counterclaims to assert with respect to any issue which may not be consistent with other defendants in such Proceeding, (ii) Indemnitee reasonably concludes, based upon an opinion of counsel approved by the Company, which approval shall not be unreasonably withheld, that an actual or apparent conflict of interest or potential conflict of interest exists between Indemnitee and the Company, or (iii) if the Company fails to assume the defense of such Proceeding in a timely manner, Indemnitee shall be entitled to be represented by separate legal counsel of Indemnitee's choice, subject to the prior approval of the Company, which approval shall not be unreasonably withheld, at the expense of the Company. In addition, if the Company fails to comply with any of its obligations under this Agreement or in the event that the Company or any other person takes any action to declare this Agreement void or unenforceable, or institutes any Proceeding to deny or to recover from Indemnitee the benefits intended to be provided to Indemnitee hereunder, Indemnitee shall have the right to retain counsel of Indemnitee's choice,

subject to the prior approval of the Company, which approval shall not be unreasonably withheld, at the expense of the Company (subject to Section 12(d) of this Agreement), to represent Indemnitee in connection with any such matter.

Section 14. Non-Exclusivity; Survival of Rights; Subrogation.

(a) The rights of indemnification and advance of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the charter or Bylaws of the Company, any agreement or a resolution of the stockholders entitled to vote generally in the election of directors or of the Board of Directors, or otherwise. Unless consented to in writing by Indemnitee, no amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in **[his][her]** Corporate Status prior to such amendment, alteration or repeal, regardless of whether a claim with respect to such action or inaction is raised prior or subsequent to such amendment, alteration or repeal. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right or remedy shall be cumulative and in addition to every other right or remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion of any right or remedy hereunder, or otherwise, shall not prohibit the concurrent assertion or employment of any other right or remedy.

(b) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

Section 15. Insurance. The Company will use its reasonable best efforts to acquire directors and officers liability insurance, on terms and conditions deemed appropriate by the Board of Directors, with the advice of counsel, covering Indemnitee or any claim made against Indemnitee by reason of **[his][her]** Corporate Status and covering the Company for any indemnification or advance of Expenses made by the Company to Indemnitee for any claims made against Indemnitee by reason of **[his][her]** Corporate Status. Without in any way limiting any other obligation under this Agreement, the Company shall indemnify Indemnitee for any payment by Indemnitee arising out of the amount of any deductible or retention and the amount of any excess of the aggregate of all judgments, penalties, fines, settlements and Expenses incurred by Indemnitee in connection with a Proceeding over the coverage of any insurance referred to in the previous sentence. The purchase, establishment and maintenance of any such insurance shall not in any way limit or affect the rights or obligations of the Company or Indemnitee under this Agreement except as expressly provided herein, and the execution and delivery of this Agreement by the Company and the Indemnitee shall not in any way limit or affect the rights or obligations of the Company under any such insurance policies. If, at the time the Company receives notice from any source of a Proceeding to which Indemnitee is a party or a participant (as a witness or otherwise) the Company has director and officer liability insurance in effect, the Company shall give prompt notice of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies.

Section 16. Coordination of Payments. The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable or payable or reimbursable as Expenses hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

Section 17. Reports to Stockholders. To the extent required by the MGCL, the Company shall report in writing to its stockholders the payment of any amounts for indemnification of, or advance of Expenses to, Indemnitee under this Agreement arising out of a Proceeding by or in the right of the Company with the notice of the meeting of stockholders of the Company next following the date of the payment of any such indemnification or advance of Expenses or prior to such meeting.

Section 18. Duration of Agreement; Binding Effect.

(a) This Agreement shall continue until and terminate on the later of (i) the date that Indemnitee shall have ceased to serve as a director, officer, employee or agent of the Company or as a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any other foreign or domestic corporation, real estate investment trust, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving in such capacity at the request of the Company and (ii) the date that Indemnitee is no longer subject to any actual or possible Proceeding (including any rights of appeal thereto and any Proceeding commenced by Indemnitee pursuant to Section 12 of this Agreement).

(b) The indemnification and advance of Expenses provided by, or granted pursuant to, this Agreement shall be binding upon and be enforceable by the parties hereto and their respective successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), shall continue as to an Indemnitee who has ceased to be a director, officer, employee or agent of the Company or a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any other foreign or domestic corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving in such capacity at the request of the Company, and shall inure to the benefit of Indemnitee and Indemnitee's spouse, assigns, heirs, devisees, executors and administrators and other legal representatives.

(c) The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

(d) The Company and Indemnitee agree that a monetary remedy for breach of this Agreement, at some later date, may be inadequate, impracticable and difficult of proof, and further agree that such breach may cause Indemnitee irreparable harm. Accordingly, the parties hereto agree that Indemnitee may enforce this Agreement by seeking injunctive relief and/or

specific performance hereof, without any necessity of showing actual damage or irreparable harm and that by seeking injunctive relief and/or specific performance, Indemnitee shall not be precluded from seeking or obtaining any other relief to which Indemnitee may be entitled. Indemnitee shall further be entitled to such specific performance and injunctive relief, including temporary restraining orders, preliminary injunctions and permanent injunctions, without the necessity of posting bonds or other undertakings in connection therewith. The Company acknowledges that, in the absence of a waiver, a bond or undertaking may be required of Indemnitee by a court, and the Company hereby waives any such requirement of such a bond or undertaking.

Section 19. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any Section, paragraph or sentence of this Agreement containing any such provision held to be invalid, illegal or unenforceable that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section, paragraph or sentence of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

Section 20. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. One such counterpart signed by the party against whom enforceability is sought shall be sufficient to evidence the existence of this Agreement.

Section 21. Headings. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

Section 22. Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

Section 23. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if (i) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, on the day of such delivery, or (ii) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed:

(a) If to Indemnitee, to the address set forth on the signature page hereto.

(b) If to the Company, to:

American Assets Trust, Inc.
11455 El Camino Real, Suite 200
San Diego, California 92130
Attn: Secretary

or to such other address as may have been furnished in writing to Indemnitee by the Company or to the Company by Indemnitee, as the case may be.

Section 24. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Maryland, without regard to its conflicts of laws rules.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

AMERICAN ASSETS TRUST, INC.

By: _____
Name:
Title:

INDEMNITEE

_____
Name:
Address:

EXHIBIT A

AFFIRMATION AND UNDERTAKING TO REPAY EXPENSES ADVANCED

The Board of Directors of American Assets Trust, Inc.

Re: Affirmation and Undertaking

Ladies and Gentlemen:

This Affirmation and Undertaking is being provided pursuant to that certain Indemnification Agreement dated the _____ day of _____, 20__, by and between American Assets Trust, Inc., a Maryland corporation (the "Company"), and the undersigned Indemnitee (the "Indemnification Agreement"), pursuant to which I am entitled to advance of Expenses in connection with **[Description of Proceeding]** (the "Proceeding").

Terms used herein and not otherwise defined shall have the meanings specified in the Indemnification Agreement.

I am subject to the Proceeding by reason of my Corporate Status or by reason of alleged actions or omissions by me in such capacity. I hereby affirm my good faith belief that at all times, insofar as I was involved as **[a director] [an officer]** of the Company, in any of the facts or events giving rise to the Proceeding, I (1) did not act with bad faith or active or deliberate dishonesty, (2) did not receive any improper personal benefit in money, property or services and (3) in the case of any criminal proceeding, had no reasonable cause to believe that any act or omission by me was unlawful.

In consideration of the advance of Expenses by the Company for reasonable attorneys' fees and related Expenses incurred by me in connection with the Proceeding (the "Advanced Expenses"), I hereby agree that if, in connection with the Proceeding, it is established that (1) an act or omission by me was material to the matter giving rise to the Proceeding and (a) was committed in bad faith or (b) was the result of active and deliberate dishonesty or (2) I actually received an improper personal benefit in money, property or services or (3) in the case of any criminal proceeding, I had reasonable cause to believe that the act or omission was unlawful, then I shall promptly reimburse the portion of the Advanced Expenses relating to the claims, issues or matters in the Proceeding as to which the foregoing findings have been established.

IN WITNESS WHEREOF, I have executed this Affirmation and Undertaking on this _____ day of _____, 20__.

_____

Name:

EXHIBIT B

GENERAL RELEASE

For valuable consideration, the receipt and adequacy of which are hereby acknowledged, the undersigned does hereby release and forever discharge the "Releasees" hereunder, consisting of American Assets Trust, Inc., a Maryland corporation, American Assets Trust, L.P., a Maryland limited partnership, and each of their partners, subsidiaries, associates, affiliates, successors, heirs, assigns, agents, directors, officers, employees, representatives, lawyers, insurers, and all persons acting by, through, under or in concert with them, or any of them, of and from any and all manner of action or actions, cause or causes of action, in law or in equity, suits, debts, liens, contracts, agreements, promises, liability, claims, demands, damages, losses, costs, attorneys' fees or expenses, of any nature whatsoever, known or unknown, fixed or contingent (hereinafter called "Claims"), which the undersigned now has or may hereafter have against the Releasees, or any of them, by reason of any matter, cause, or thing whatsoever from the beginning of time to the date hereof. The Claims released herein include, without limiting the generality of the foregoing, any Claims in any way arising out of, based upon, or related to the employment or termination of employment of the undersigned by the Releasees, or any of them; any alleged breach of any express or implied contract of employment; any alleged torts or other alleged legal restrictions on Releasees' right to terminate the employment of the undersigned; and any alleged violation of any federal, state or local statute or ordinance including, without limitation, Title VII of the Civil Rights Act of 1964, the Age Discrimination In Employment Act, the Americans With Disabilities Act, and the California Fair Employment and Housing Act. Notwithstanding the foregoing, this Release shall not operate to release any rights or claims of the undersigned (i) to payments or benefits under either Section 4(a) or 4(b) of that certain Employment Agreement, dated as of January 19, 2011, between American Assets Trust, Inc., American Assets Trust, L.P. and the undersigned (the "Employment Agreement"), whichever is applicable to the payments and benefits provided in exchange for this release, (ii) with respect to Section 2(b)(v) or 6 of the Employment Agreement, (iii) to accrued or vested benefits the undersigned may have, if any, as of the date hereof under any applicable plan, policy, practice, program, contract or agreement with the Company, or (iv) to indemnification and/or advancement of expenses pursuant to the Indemnification Agreement (as defined in the Employment Agreement).

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

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR

HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF, the undersigned has executed this Release this __ day of _____, __.

Ernest S. Rady

Exhibit 10.6

FRANCHISE LICENSE AGREEMENT

EMBASSY SUITES – WAIKIKI BEACH WALK

Honolulu, Hawaii

TABLE OF CONTENTS

FRANCHISE LICENSE AGREEMENT

This Franchise License Agreement is dated as of the Effective Date between Embassy Suites Franchise LLC (“we,” “us,” “our” or “Licensor”) and the licensee entity (“you,” “your” or “Licensee”) set forth in the Rider attached as Attachment B.

INTRODUCTION

We are a subsidiary of Hilton Worldwide. Hilton Worldwide and its Affiliates own, license, lease, operate, manage and provide various services for the Network. We are authorized to grant licenses for selected, first-class, independently owned or leased hotel properties, to operate under the Licensed Brand. You have expressed a desire to enter into this Agreement with us to obtain a license to use the Licensed Brand in the operation of a hotel at the address or location described in the Rider.

NOW, THEREFORE, in consideration of the premises and the undertakings and commitments of each party to the other party in this Agreement the parties agree as follows:

THE AGREEMENT

1. Definitions

The following capitalized terms will have the meanings set forth after each term:

“**Affiliate**” means any natural person or firm, corporation, partnership, limited liability company, association, trust or other entity which, directly or indirectly, controls, is controlled by, or is under common Control with, the subject entity.

“**Agreement**” means this Franchise License Agreement, including any exhibits, attachments and addenda.

“**Applicable Laws**” means all public laws, statutes, ordinances, orders, rules, regulations, permits, licenses, certificates, authorizations, directions and requirements of all governments and governmental authorities having jurisdiction over the Hotel or over Licensee to operate the Hotel, which, now or hereafter, may apply to the construction, renovation, completion, equipping, opening and operation of the Hotel, including, but not limited to, Title III of the Americans with Disabilities Act, 42 U.S.C. § 12181, et seq., and 28 C.F.R. Part 36.

“**Change of Ownership Application**” means the application submitted to us by you or the Transferee Licensee for a new franchise license agreement in connection with a Change of Ownership Transfer.

“**Change of Ownership Transfer**” means any proposed Transfer that results in a change of Licensee or a change in Control of Licensee, the Hotel, or the Hotel Site and is not otherwise permitted by this Agreement, all as set out in Subparagraph 11.b.(3).

“**Competitor**” means any individual or entity that at any time during the License Term, whether directly or through an Affiliate, owns in whole or in part, or is the licensor or franchisor of, a hotel brand or trade name that, in our sole business judgment, competes with the System or any System Hotel or Network Hotel.

“**Control**” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, or of the power to veto major policy decisions of an entity, whether through the ownership of voting securities, by contract, or otherwise.

"**Designs**" means your plans, layouts, specifications, drawings and designs for the proposed furnishings, fixtures, equipment, signs and décor of the Hotel.

"**Effective Date**" means the Effective Date specified in the Rider.

"**Entities**" means our present or future Affiliates and direct or indirect owners.

"**Equity Interest**" means any direct or indirect legal or beneficial interest in the Licensee, the Hotel and/or the Hotel Site.

"**Equity Owner**" means the direct or indirect owner of an Equity Interest.

"**Force Majeure**" as used in Attachment A means an event causing a delay in your performance of any duties under Attachment A, or any non-performance of such duties, that is not your fault or within your reasonable control. Force Majeure includes, but is not limited to: fire; floods; natural disasters; Acts of God; war; civil commotion; terrorist acts; any governmental act or regulation; and any other similar event beyond your reasonable control. Force Majeure does not include your own financial inability to perform, inability to obtain financing, inability to obtain permits or any other similar events unique to you or the Hotel, or to general economic downturn or conditions.

"**General Manager**" has the meaning set forth in Subparagraph 6.c.

"**Gross Receipts Tax**" means any gross receipts, sales, use, excise, value added or any similar tax.

"**Gross Rooms Revenue**" has the meaning set forth in Subparagraph 7.b.

"**Guarantor**" means the person or entity that guarantees your obligations under this Agreement or any of Your Agreements.

"**Guest Rooms**" means each rentable unit in the Hotel generally used for overnight guest accommodations, the entrance to which is controlled by the same key; provided that adjacent rooms with connecting doors that can be locked and rented as separate units are considered separate Guest Rooms.

"**Hilton Worldwide**" means Hilton Worldwide, Inc., a Delaware corporation.

"**Hotel**" means the property you will operate under this Agreement and includes all structures, facilities, appurtenances, furniture, fixtures, equipment, and entry, exit, parking and other areas located on the Hotel Site we have approved for your business or located on any land we approve in the future for additions, signs, parking or other facilities.

"**Hotel Site**" means the real property on which the Hotel is located or to be located, as approved by us.

"**Indemnified Parties**" means us and the Entities and our respective predecessors, successors and assigns, and the members, officers, directors, employees, managers, and agents of each of us.

"**Information**" means all information we obtain from you or about the Hotel or its guests or prospective guests under this Agreement or under any agreement ancillary to this Agreement, including, but not limited to, agreements relating to the computerized reservation, revenue management, property management, and other systems we provide or require, or otherwise related to the Hotel. Information includes, but is not limited to, Operational Information, Proprietary Information, and Personal Information.

"**Interim Remedy**" has the meaning set forth in Subparagraph 14.c.

"**License**" has the meaning set forth in Subparagraph 2.a.

"**License Term**" means the period from the Effective Date through the expiration of this Agreement on the date set forth in the Rider, unless terminated earlier under the terms of this Agreement.

"**Licensed Brand**" means the brand name set forth in the Rider.

"**Linked Sites**" has the meaning set forth in Subparagraph 5.d.

"**Liquidated Damages**" has the meaning set forth in Subparagraph 14.d.

"**Management Company**" has the meaning set forth in Subparagraph 6.c.

"**Manual**" means all written compilations of the Standards. The Manual may take the form of one or more of the following: one or more loose leaf or bound volumes; bulletins; notices; videos; CD-ROMS and/or other electronic media; online postings; e-mail and/or electronic communications; facsimiles; or, any other medium capable of conveying the Manual's contents.

"**Marks**" means the Licensed Brand and all other service marks, copyrights, trademarks, trade dress, logos, insignia, emblems, symbols and designs (whether registered or unregistered), slogans, distinguishing characteristics, and trade names used in the System.

"**Monthly Program Fee**" means the fee we require from you in Subparagraph 7.a., which is set forth in the Rider.

"**Monthly Royalty Fee**" means the fee we require from you in Subparagraph 7.a., which is set forth in the Rider.

"**Network**" means the hotels, inns, conference centers, timeshare properties and other operations Hilton Worldwide and its subsidiaries own, license, lease, operate or manage now or in the future.

"**Network Hotel**" means any hotel, inn, conference center, timeshare property or other similar facility within the Network.

"**Opening Date**" means the day on which we authorize you to make available the facilities, Guest Rooms or services of the Hotel to the general public under the Licensed Brand.

"**Operational Information**" means all information concerning Gross Rooms Revenue, other revenues generated at the Hotel, room occupancy rates, reservation data and other financial and non-financial information we require.

"**Other Business(es)**" means any business activity we or the Entities engage in, other than the licensing of the Hotel.

"**Other Hotels**" means any hotel, inn, lodging facility, conference center or other similar business, other than a System Hotel or a Network Hotel.

"**Personal Information**" means any information that: (i) can be used (alone or when used in combination with other information within your control) to identify, locate or contact an individual; or (ii) pertains in any way to an identified or identifiable individual. Personal Information can be in any media or format, including computerized or electronic records as well as paper-based files.

"**PIP**" means product improvement plan.

"**PIP Fee**" means the fee we charge for creating a PIP.

"**Plans**" means your plans, layouts, specifications, and drawings for the Hotel.

"**Principal Mark**" is the Mark identified as the Principal Mark in the Rider.

"**Privacy Laws**" means any international, national, federal, provincial, state, or local law, code or regulation that regulates the processing of Personal Information in any way, including, but not limited to, national data protection laws, laws regulating marketing communications and/or electronic communications, information security regulations and security breach notification rules.

"**Proprietary Information**" means all information or materials concerning the methods, techniques, plans, specifications, procedures, information, systems and knowledge of and experience in the development, operation, marketing and licensing of the System, whether developed by us, you, or a third party.

"**Publicly Traded Equity Interest**" means any Equity Interest that is traded on any securities exchange or is quoted in any publication or electronic reporting service maintained by the National Association of Securities Dealers, Inc., or any of its successors.

"**Quality Assurance Re-Evaluation Fee**" has the meaning set forth in Subparagraph 3.e.

"**Renovation Work**" has the meaning set forth in Attachment A.

"**Reports**" mean daily, monthly, quarterly and annual operating statements, profit and loss statements, balance sheets, and other financial and non-financial reports we require.

"**Reservation Service**" means the reservation service we designate in the Standards for use by System Hotels.

"**Restricted Area Provision**" has the meaning set forth in the Rider.

"**Rider**" is attached as Attachment B.

"**Room Addition**" has the meaning set forth in Subparagraph 7.c.

"**Room Addition Fee**" is the fee you must pay when submitting the Room Addition request.

"**Site**" means domain names, the World Wide Web, the Internet, computer network/distribution systems, or other electronic communications sites.

"**Standards**" means all standards, specifications, requirements, criteria, and policies that have been and are in the future developed and compiled by us for use by you in connection with the design, construction, renovation, refurbishment, appearance, equipping, furnishing, supplying, opening, operating, maintaining, marketing, services, service levels, quality, and quality assurance of System Hotels, including the Hotel, and for hotel advertising and accounting, whether contained in the Manual or set out in this Agreement or other written communication.

"**System**" means the elements, including know-how, that we designate to distinguish hotels operating worldwide under the Licensed Brand (as may in certain jurisdictions be preceded or followed by a supplementary identifier such as "by Hilton") that provide to the consuming public a similar, distinctive, high quality hotel service. The System currently includes: the Licensed Brand, the Marks, the Trade Name, and the Standards; access to a reservation service; advertising, publicity and other marketing programs and materials; training programs and materials; and programs for our inspecting the Hotel and consulting with you.

"**System Hotels**" means hotels operating under the System using the Licensed Brand name.

"**Trade Name**" means the name of the Hotel set forth in the Rider.

"**Transfer**" means in all its forms, any sale, lease, assignment, spin-off, transfer, or other conveyance of a direct or indirect legal or beneficial interest.

"**Transferee Licensee**" means the proposed new licensee resulting from a Transfer.

"**Your Agreements**" means any other agreement between you and us or any of the Entities related to this Agreement, the Hotel and/or the Hotel Site.

2. Grant of License

a. Non-Exclusive License. We grant to you and you accept a limited, non-exclusive License to use the Marks and the System during the License Term at, and in connection with, the operation of the Hotel in accordance with the terms of this Agreement. You agree to identify and operate the Hotel as a System Hotel in accordance with the Marks, the System and this Agreement only as and when authorized by us. You acknowledge and agree that you are not acquiring any rights other than the non-exclusive right to use the System to operate the Hotel under the Licensed Brand at the Hotel Site under this Agreement and in accordance with the terms of this Agreement.

b. Reserved Rights. This Agreement does not limit our right, or the right of the Entities, to own, license or operate any Other Business of any nature, whether in the lodging or hospitality industry or not, and whether under the Licensed Brand, a competitive brand, or otherwise. We and the Entities have the right to engage in any Other Businesses, even if they compete with the Hotel, the System, or the Licensed Brand, and whether we or the Entities start those businesses, or purchase, merge with, acquire, are acquired by, come under common ownership with, or associate with, such Other Businesses. We may also: (a) modify the System by adding, altering, or deleting elements of the System; (b) use or license to others all or part of the System; (c) use the facilities, programs, services and/or personnel used in connection with the System in Other Businesses; and (d) use the System, the Licensed Brand and the Marks in the Other Businesses. You acknowledge and agree that you have no rights to, and will not make any claims or demands for, damages or other relief arising from or related to any of the foregoing activities, and you acknowledge and agree that such activities will not give rise to any liability on our part, including, but not limited to, liability for claims for unfair competition, breach of contract, breach of any applicable implied covenant of good faith and fair dealing, or divided loyalty.

c. Restricted Area Provision. The Restricted Area Provision is set forth in the Rider.

3. Our Responsibilities

We have the following responsibilities to you under this Agreement. We reserve the right to fulfill some or all of these responsibilities through one of the Entities or through unrelated third parties, in our sole business judgment. We may require you to make payment for any resulting services or products directly to the provider.

a. Training. We may specify certain required and optional training programs and provide these programs at various locations. We may charge you for required training services and materials and for optional training services and materials we provide to you. You are responsible for all travel, lodging and other expenses you or your employees incur in attending these programs.

b. Reservation Services. We will furnish you with the Reservation Service. This service will be furnished to you on the same basis as it is furnished to other System Hotels, subject to the provisions of Subparagraph 14.c. below.

c. Consultation. We may, at our sole option, offer consultation services and advice in areas such as operations, facilities, and marketing on the same basis as other System Hotels. We may establish fees in advance, or on a project-by-project basis, for any consultation service or advice you request.

d. Marketing. Periodically, we will publish (either in hard copy or electronic form or both) and make available to the traveling public a directory that includes System Hotels, including the Hotel. Additionally, we will include the Hotel, or cause the Hotel to be included, where applicable, in advertising of System Hotels and in international, national and regional marketing programs offered by us, subject to and in accordance with our general practice for System Hotels.

We will use your Monthly Program Fee to pay for various programs to benefit the System, including, but not limited to: (i) advertising, promotion, publicity, public relations, market research, and other marketing programs; (ii) developing and maintaining directories of and Internet sites for System Hotels; (iii) developing and maintaining the Reservation Service systems and support; and (iv) administrative costs and overhead related to the administration or direction of these projects and programs. We will have the sole right to determine how and when we spend these funds, including sole control over the creative concepts, materials and media used in the programs, the placement and allocation of advertising, and the selection of promotional programs. We may enter into arrangements for development, marketing, operations, administrative, technical and support functions, facilities, programs, services and/or personnel with any other entity, including any of the Entities or a third party. You acknowledge that Monthly Program Fees are intended for the benefit of the System and will not simply be used to promote or benefit any one System Hotel or market. We will have no obligation in administering any activities paid by the Monthly Program Fee to make expenditures for you that are equivalent or proportionate to your payments or to ensure that the Hotel benefits directly or proportionately from such expenditures. We may create any programs and allocate monies derived from Monthly Program Fees to any regions or localities, as we consider appropriate in our sole business judgment. The aggregate of Monthly Program Fees paid to us by System Hotels does not constitute a trust or "advertising fund" and we are not a fiduciary with respect to the Monthly Program Fees paid by you and other System Hotels. We are not obligated to expend funds in excess of the amounts received from System Hotels. If any interest is earned on unused Monthly Program Fees, we will use the interest before using the principal. The Monthly Program Fee does not cover your costs of participating in any optional marketing programs and promotions offered by us in which you voluntarily choose to participate. These Monthly Program Fees do not cover the cost of operating the Hotel in accordance with the Standards.

e. Inspections/Compliance Assistance. We will administer a quality assurance program for the System that may include conducting periodic inspections of the Hotel and guest satisfaction surveys and audits to ensure compliance with System Standards. You will permit us to inspect the Hotel without prior notice to determine if the Hotel is in compliance with the Standards. You will cooperate fully with our representatives during these inspections. You will then take all steps necessary to correct any deficiencies within the times we establish. You may be charged a Quality Assurance Re-Evaluation Fee as set forth in the Standards. You will provide complimentary accommodations for the quality assurance auditor each time we conduct a regular inspection or a special on-site quality assurance re-evaluation after the Hotel has failed a regular quality assurance evaluation or to verify that deficiencies noted in a quality assurance evaluation report or PIP have been corrected or completed by the required dates.

f. Manual. We will issue to you or make available in electronic form the Manual and any revisions and updates we may make to the Manual during the License Term. You agree to ensure that your copy of the Manual is, at all times, current and up to date. If there is any dispute as to your compliance with the provisions of the Manual, the master copy of the Manual maintained at our principal office will control.

g. Equipment and Supplies. We will make available to you for use in the Hotel various purchase, lease, or other arrangements for exterior signs, operating equipment, operating supplies, and furnishings, which we make available to other System Hotels.

4. Proprietary Rights

You will not contest, either directly or indirectly during the License Term or after termination or expiration of this Agreement: (i) our (and/or any Entities') ownership of, rights to and interest in the System, Licensed Brand, Marks and any of their elements or components, including present and future

distinguishing characteristics; (ii) our sole right to grant licenses to use all or any elements or components of the System; (iii) that we (and/or the Entities) are the owner of (or the licensee of, with the right to sub-license) all right, title and interest in and to the Licensed Brand and the Marks used in any form and in any design, alone or in any combination, together with the goodwill they symbolize; and (iv) the validity or ownership of the Marks. You acknowledge that these Marks have acquired a secondary meaning which indicates that the Hotel, Licensed Brand and System are operated by or with our approval. All improvements and additions to, or associated with, the System, all Marks, and all goodwill arising from your use of the System and the Marks, will inure to our benefit and become our property (or that of the applicable Entities), even if you develop them. You will not apply for or obtain any trademark or service mark registration of any of the Marks or any confusingly similar marks in your name or on behalf of or for the benefit of anyone else. You acknowledge that you are not entitled to receive any payment or other value from us or from any of the Entities for any goodwill associated with your use of the System or the Marks, or any elements or components of the System.

5. Trade Name, Use of the Marks

a. Trade Name. The Hotel will be initially known by the Trade Name set forth in the Rider. We may change the Trade Name, the Licensed Brand name and/or any of the Marks (but not the Principal Mark), or the way in which any of them (including the Principal Mark) are depicted, at any time at our sole option and at your expense. You may not change the Trade Name without our specific prior written consent. You acknowledge and agree that you are not acquiring the right to use any service marks, copyrights, trademarks, trade dress, logos, designs, insignia, emblems, symbols, slogans, distinguishing characteristics, trade names, domain names or other marks or characteristics owned by us or licensed to us that we do not specifically designate to be used in the System. **You and we acknowledge that the initial Trade Name contains the designation "Waikiki Beach Walk" which is a registered trademark of Outrigger Hotels Hawaii. You represent to us that you have the right to use the "Waikiki Beach Walk" designation in the operation of the Hotel. We reserve the right to determine the manner in which the Marks are depicted in association with the "Waikiki Beach Walk" designation. As long as "Waikiki Beach Walk" is included in the Trade Name, we will not make any changes to the designation "Waikiki Beach Walk" without the consent of Licensee, which will obtain the consent of Outrigger Hotels Hawaii.**

b. Use of Trade Name and Marks. You will operate under the Marks, using the Trade Name, at the Hotel. You will not adopt any other names or marks in operating the Hotel without our approval. You will not use any of the Marks, or the word "Hilton," or other Network trademarks, trade names or service marks, or any similar words or acronyms, in: (i) your corporate, partnership, business or trade name except as we permit under this Agreement or the Standards; (ii) any Internet-related name (including a domain name), except as we permit under this Agreement or in the Standards; or (iii) any business operated separately from the Hotel, including the name or identity of developments adjacent to or associated with the Hotel. You agree that any unauthorized use of the Marks will be an infringement of our rights and a material breach of this Agreement.

c. Trademark Disputes. You will immediately notify us of any infringement or dilution of or challenge to your use of any of the Marks and will not, absent a court order or our prior written consent, communicate with any other person regarding any such infringement, dilution, challenge or claim. We will take the action we deem appropriate with respect to such challenges and claims and have the sole right to handle disputes concerning use of all or any part of the Marks or the System. You will fully cooperate with us and any applicable Entity in these matters. We do not reimburse your expenses incurred in cooperating with us or the Entities in these matters. You appoint us as your exclusive attorney-in-fact, to prosecute, defend and/or settle all disputes of this type at our sole option. You will sign any documents we or the applicable Entity believe are necessary to prosecute, defend or settle any dispute or obtain protection for the Marks and the System and will assign to us any claims you may have related to these matters. Our decisions as to the prosecution, defense or settlement of the dispute will be final. All recoveries made as a result of disputes regarding use of all or part of the System or the Marks will be for our account.

d. Web Sites. You may not register, own, maintain or use any Sites that relate to the Network or the Hotel or that include the Marks. The only domain names, Sites, or Site contractors that you may use relating to the Hotel or this Agreement are those we assign or otherwise approve in writing. You must also obtain our prior written approval concerning any third-party Site in which the Hotel will be listed, any proposed links between such Site and any other site ("**Linked Sites**") and any proposed modifications to Sites and Linked Sites. All Sites containing any of the Marks and any Linked Sites must advertise, promote, and reflect on the Hotel and the System in a first-class, dignified manner. Any use of the Marks on any Site must conform to our requirements, including the identity and graphics Standards for all System hotels. Given the changing nature of this technology, we have the right to withhold our approval, and to withdraw any prior approval, and to modify our requirements.

You acknowledge that you may not, without a legal license or other legal right, post on your Sites any material in which any third party has any direct or indirect ownership interest (including, but not limited to, video clips, photographs, sound bites, copyrighted text, trademarks or service marks, or any other text or image in which any third party may claim intellectual property ownership interests). You must incorporate on your Sites any information we require in the manner we deem necessary to protect our Marks.

e. Covenant. You agree, as a direct covenant with us and the Entities, that you will comply with all of the provisions of this Agreement related to the manner, terms and conditions of the use of the Marks and the termination of any right on your part to use any of the Marks. Any non-compliance by you with this covenant or the terms of this Agreement related to the Marks, or any unauthorized or improper use of the System or the Marks, will cause irreparable damage to us and/or to the Entities. If you engage in such non-compliance or unauthorized and/or improper use of the System or the Marks during or after the License Term, we and any of the applicable Entities, along with the successors and assigns of each, separately or along with each other, will be entitled to both temporary and permanent injunctive relief against you from any court of competent jurisdiction, in addition to all other remedies we or the Entities may have at law. You consent to the entry of such temporary and permanent injunctions. You must pay all costs and expenses, including reasonable attorneys' fees, expert fees, costs and other expenses of litigation that we and/or the Entities may incur in connection with your non-compliance with this covenant.

6. Your Responsibilities

In addition to any other responsibilities and obligations you have under this Agreement, you are responsible for performing the following obligations:

a. Operational and Other Requirements. During the License Term, you must:

(1) after the Opening Date, operate the Hotel twenty-four (24) hours a day;

(2) operate the Hotel using the System, in compliance with this Agreement and the Standards, and in such a manner to provide courteous, uniform, respectable and high quality lodging and other services and conveniences to the public. You acknowledge that, although we provide the Standards, you have exclusive day-to-day control of the business and operation of the Hotel and we do not in any way possess or exercise such control;

(3) comply with System Standards, including our specifications for all supplies, products and services, regarding (i) the types and levels of services, amenities and products that must be used, promoted or offered in connection with the Hotel and (ii) the purchase of products and services, including, but not limited to, furniture, fixtures, equipment, food, operating supplies, consumable inventories, merchandise for resale to be used at, and/or sold from, the Hotel, in-room entertainment, computer networking, and any and all other items used in the operation of the Hotel. We may require you to purchase a particular brand of product. Unless we specify otherwise, you may purchase this product from any authorized source of distribution; however, we reserve the right, in our business judgment, to enter into exclusive purchasing arrangements for particular products or services and to require that you purchase products or services from approved suppliers or distributors;

(4) install, display, and maintain signage displaying or containing the Licensed Brand name and other distinguishing characteristics in accordance with Standards we establish for System Hotels;

(5) comply with System Standards for the training of persons involved in the operation of the Hotel, including completion by the General Manager and other key personnel of the Hotel of a training program for operation of the Hotel under the System, at a site we designate. You will pay us for all fees and charges, if any, we require for your personnel to attend these training programs. You will also be responsible for the wages, room, board and travel expenses of your personnel;

(6) purchase and maintain property management, revenue management, in-room entertainment, telecommunications, high-speed internet access, and other computer and technology systems we designate as System-wide (or area-wide) programs based on our assessment of the long-term best interests of System Hotels, considering the interest of the System as a whole;

(7) advertise and promote the Hotel and related facilities and services on a local and regional basis in a first-class, dignified manner, using our identity and graphics Standards for all System Hotels, at your cost and expense. You must submit to us for our approval samples of all advertising and promotional materials that we have not previously approved (including any materials in digital, electronic or computerized form or in any form of media that exists now or is developed in the future) before you produce or distribute them. You will not begin using the materials until we approve them. You must immediately discontinue your use of any advertising or promotional material we believe in our business judgment is not in the best interest of the Hotel or System, even if we previously approved the materials;

(8) participate in and pay all charges in connection with (i) all required System guest complaint resolution programs, which programs may include chargebacks to the Hotel for guest refunds or credits, and (ii) all required System quality assurance programs, such as guest comment cards, customer surveys and mystery shopper programs. You must maintain minimum performance Standards and scores for quality assurance programs we establish;

(9) honor all nationally recognized credit cards and credit vouchers issued for general credit purposes that we require and enter into all necessary credit card and voucher agreements with the issuers of such cards or vouchers;

(10) participate in and use, on the terms in this Agreement and in the Standards, the Reservation Service, including any additions, enhancements, supplements or variants we develop or adopt, and honor and give first priority on available rooms to all confirmed reservations referred to the Hotel through the Reservation Service. The only reservation service or system you may use for outgoing reservations referred by or from the Hotel to other Network Hotels will be the Reservation Service or other reservation services we designate;

(11) comply with Applicable Laws and, upon request, give evidence to us of compliance;

(12) participate in, and promptly pay all fees, commissions and charges associated with, all travel agent commission programs and third-party reservation and distribution services (such as airline reservation systems), all as required by the Standards and in accordance with the terms of these programs, all of which may be modified;

(13) not engage, directly or indirectly, in any cross-marketing or cross-promotion of the Hotel with any Other Hotel or related business, except as outlined in this Paragraph, without our prior written consent, which we may be withhold or condition in our business judgment. You agree to refer

guests and customers, wherever reasonably possible, only to System Hotels or Network Hotels. We may require you to participate in programs designed to refer prospective customers to Other Hotels. You must display all material, including brochures and promotional material we provide for System Hotels and Network Hotels, and allow advertising and promotion only of System Hotels and Network Hotels on the Hotel Premises, unless we specifically direct you to include advertising or promotion of Other Hotels;

(14) treat as confidential the Standards, the Manual and all other Proprietary Information. You acknowledge and agree that you: (i) do not acquire any interest in the Proprietary Information other than the right to utilize the same in the development and operation of the Hotel under the terms of this Agreement; (ii) will not use the Proprietary Information in any business or for any purpose other than in the development and operation of the Hotel under the System; (iii) will maintain the absolute confidentiality of the Proprietary Information during and after the License Term; (iv) will not make unauthorized copies of any portion of the Proprietary Information; and (v) will adopt and implement all procedures we may periodically establish in our business judgment to prevent unauthorized use or disclosure of the Proprietary Information, including restrictions on disclosure to employees and the use of non-disclosure and non-competition clauses in agreements with employees, agents and independent contractors who have access to the Proprietary Information;

(15) not become a Competitor, or permit your Affiliate to become a Competitor, without our prior written consent. These restrictions apply irrespective of the number of hotels owned, licensed or franchised by the Competitor under such brand name, but we do not prohibit you (or your Affiliates) from: (i) owning a minority interest in a Competitor so long as neither you nor any of your Affiliates is a director or employee of the Competitor, provides services (including as a consultant) to the Competitor or exercises or has the right to exercise, control or influence over the business decisions of the Competitor; (ii) being a franchisee or licensee of a Competitor; or (iii) managing a property for a Competitor;

(16) own fee simple title (or long-term ground leasehold interest, provided that such interest has been granted to you by an unrelated third-party ground lessor in an arms length transaction for a term equal to, or longer than, the License Term) to the real property and improvements that comprise the Hotel, or alternatively, at our request, cause the fee simple owner, or other third party acceptable to us, to provide its guarantee covering all of your obligations under this Agreement in form and substance acceptable to us;

(17) maintain legal possession and control of the Hotel and Hotel Site for the term of the Agreement and promptly deliver to us a copy of any notice of default you receive from any mortgagee, trustee under any deed of trust, or ground lessor for the Hotel, and upon our request, provide any additional information we may request related to any alleged default or any subsequent action or proceeding in connection with any alleged default;

(18) refrain from directly or indirectly conducting, or permitting by lease, concession arrangement or otherwise, gaming or casino operations in or connected to the Hotel or on the Hotel Site; without our prior written consent, which we may be withhold or condition in our business judgment;

(19) refrain from directly or indirectly conducting or permitting the marketing or sale of timeshares, vacation ownership, fractional ownership, condominiums or like schemes at, or adjacent to, the Hotel without our written consent, which we may withhold or condition in our business judgment; provided, however, that this restriction will not prohibit you from directly or indirectly conducting timeshare, vacation ownership, fractional ownership, or condominium sales or marketing at and for any property located adjacent to the Hotel that is owned or leased by you so long as: (i) you do not use any of the Marks in such sales or marketing efforts; and (ii) you do not use the Hotel or its facilities in such sales and marketing efforts or in the business operations of the adjacent property;

(20) participate in and pay all charges related to our marketing programs (in addition to programs covered by the Monthly Program Fee), all guest frequency programs we require; and any optional programs that you opt into. You must also honor the terms of any discount or promotional programs (including any frequent guest program) that we offer to the public on your behalf, any room rate quoted to any guest at the time the guest makes an advance reservation, and any award certificates issued to Hotel guests participating in these programs;

(21) maintain, at your expense, insurance of the types and in the minimum amounts we specify in the Standards. All such insurance must be with insurers having the minimum ratings we specify, name as additional insureds the parties we specify in the Standards, and carry the endorsements and notice requirements we specify in the Standards. If you fail or neglect to obtain or maintain the insurance or policy limits required by this Agreement, we have the option, but not the obligation, to obtain and maintain such insurance without notice to you, and you will immediately upon our demand pay us the premiums and cost we incur in obtaining this insurance;

(22) refrain from sharing the business operations and Hotel facilities with any Other Hotel, without our written consent, which we may withhold or condition in our business judgment;

(23) refrain from any activity which, in our business judgment, is likely to adversely reflect upon or affect in any manner, any gaming licenses or permits held by the Entities or the then current stature of any of the Entities with any gaming commission, board, or similar governmental or regulatory agency, or the reputation or business of any of the Entities;

(24) notwithstanding anything to the contrary in this Agreement, refrain from engaging in any tenant-in-common syndication or Transfer of any tenant-in-common interest in the Hotel or the Hotel Site, without our express written permission, which we may withhold at our sole option, and, if we grant such permission, comply with the terms of such permission; and

(25) promptly provide to us all information we reasonably request about you and your Affiliates (including your respective beneficial owners, officers, directors, shareholders, partners or members) and/or the Hotel, title to the property on which the Hotel is constructed and any other property used by the Hotel. The information requested may include, but not necessarily be limited to, financial condition, credit information, personal and family background, business background, litigation, indictments, criminal proceedings and the like.

b. Hotel Refurbishment. In addition to the general requirement for you to operate the Hotel according to our Standards, we may periodically require you to modernize, rehabilitate and/or upgrade the Hotel's fixtures, equipment, furnishings, furniture, signs, computer hardware and software and related equipment, supplies and other items to meet the then-current Standards. You will make these changes at your sole cost and expense. Nothing in this subparagraph will relieve you from the obligation to maintain acceptable product quality ratings at the Hotel and maintain the Hotel in accordance with the Standards at all times during the License Term. You may not make any change in the number of approved Guest Rooms in the Rider or any other significant change (including major changes in structure, design or decor) in the Hotel without our prior written approval. Minor redecoration and minor structural changes that comply with our Standards will not be considered significant.

c. Staff and Management. You are at all times solely responsible for the management of the Hotel's business. You may fulfill this responsibility by providing: (i) qualified and experienced management, which may be a third-party Management Company; and (ii) a General Manager, each approved by us in writing. You agree that we will have the right to communicate directly with the Management Company and managers at the Hotel and that we may rely on the communications of such managers or Management Company as being on your behalf.

You represent and agree that you have not, and will not, enter into any lease, management agreement or other similar arrangement for the operation of the Hotel or any part of the Hotel with any person or entity without our prior written consent. To be approved by us as the operator of the Hotel, you, any proposed Management Company and any proposed General Manager must be qualified to manage the Hotel. We may refuse to approve you, any proposed Management Company or any proposed General Manager which, in our business judgment, is inexperienced or unqualified in managerial skills or

operating capacity or capability or is unable to adhere fully to the obligations and requirements of this Agreement. You understand that we reserve the right to not approve a Competitor, or any entity that (through itself or its Affiliate) is the exclusive manager for a Competitor, to manage the Hotel. **You have advised us that your existing Management Company, Outrigger Hotels Hawaii, a Hawaii limited partnership, or its Affiliate (collectively, "Outrigger Hotels"), currently owns the hotel brand names "Outrigger" and "Ohana" (collectively, the "Outrigger Brands"). For purposes of this Subparagraph 6.c., we will not consider Outrigger Hotels to be a Competitor solely as a result of Outrigger Hotels owning and/or operating hotels under the Outrigger Brands, provided that, and for so long as, Outrigger Hotels does not, directly or indirectly, do the following anywhere in North America (including the Hawaiian Islands): (i) have or develop a franchising or similar program for the Outrigger Brands; or (ii) license to third parties the right to use any of the Outrigger Brands except in conjunction with providing hotel management services to such third parties; or (iii) on the Hawaiian Islands only, include hotels that are named with third party owned brand names and that are owned and operated by third parties deemed by us to be a Competitor in Outrigger Hotels' reservation system whether through an affiliation or membership agreement or otherwise.** If the Management Company becomes a Competitor or the Management Company and/or the General Manager resigns or is terminated by you or otherwise becomes unsuitable in our sole business judgment to manage the Hotel at any time during the License Term, you will have ninety (90) days to retain a qualified substitute Management Company and/or General Manager acceptable to us. Any Management Company and/or General Manager must have the authority to perform all of your obligations under this Agreement, including all indemnity and insurance obligations. The engagement of a Management Company does not reduce your obligations under this Agreement. In the case of any conflict between this Agreement and any agreement with the Management Company or General Manager, this Agreement prevails.

d. Obligations of Prior Licensee. You acknowledge and agree that you are directly responsible for, and will pay on demand, all fees and charges due and owing us and the Entities related to the prior franchise license agreement for the Hotel if any such fees and charges remain outstanding as of or accrue after the Effective Date of this Agreement.

7. Fees

a. Monthly Fees. Beginning on the Opening Date, you will pay to us for each month (or part of a month, including the final month you operate under this Agreement) a Monthly Royalty Fee and a Monthly Program Fee, each of which is set forth in the Rider. The amount of the Monthly Program Fee is subject to change by us. Any change may be established in the Standards, but any increase in the Monthly Program Fee will not exceed one percent (1%) of the Hotel's Gross Rooms Revenue during the License Term.

b. Calculation and Payment of Fees. The monthly fees will be calculated in accordance with the accounting methods of the then current Uniform System of Accounts for the Lodging Industry, or such other accounting methods as may otherwise be specified by us in the Manual. Gross Rooms Revenue, as used in the calculation of the Monthly Royalty Fee and the Monthly Program Fee under this Agreement, means all revenues derived from the sale or rental of Guest Rooms (both transient and permanent) of the Hotel, including revenue derived from the redemption of points or rewards under the loyalty programs in which the Hotel participates, amounts attributable to breakfast (where the guest room rate includes breakfast), and guaranteed no-show revenue and credit transactions, whether or not collected, at the actual rates charged, less allowances for any Guest Room rebates and overcharges, and will not include taxes collected directly from patrons or guests. In the event of fire or other insured casualty that results in a reduction of Gross Rooms Revenue, you will determine and pay us, from the proceeds of any business interruption or other insurance applicable to loss of revenues, an amount equal to the forecasted Monthly Program Fee and forecasted Monthly Royalty Fee, based upon the Gross Rooms Revenue amount agreed upon between you and your insurance company that would have been

paid to us in the absence of such casualty; provided however, we have the right, at our request, to participate with you in the determination of the forecasted Gross Rooms Revenue amount for purposes of calculating the Monthly Program Fee and Monthly Royalty Fee. Group booking rebates, if any, paid by you or on your behalf to third-party groups for group stays must be included in, and not deducted from, the calculation of Gross Rooms Revenue. The Monthly Royalty Fee and the Monthly Program Fee will be paid to us at the place and in the manner we designate on or before the fifteenth (15th) day of each month and will be accompanied by our standard schedule setting forth in reasonable detail the computation of the Monthly Royalty Fee and Monthly Program Fee for such month. There will be an annual adjustment within ninety (90) days after the end of each operating year so that the total Monthly Royalty Fees and Monthly Program Fees paid annually will be the same as the amounts determined by audit. We reserve the right to require you to transmit the Monthly Royalty Fee and the Monthly Program Fee and all other payments required under this Agreement by wire transfer or other form of electronic funds transfer and to provide the standard schedule in electronic form. You must bear all costs of wire transfer or other form of electronic funds transfer or other electronic payment and reporting.

c. Room Addition Fee. If you desire to add or construct additional Guest Rooms at the Hotel at any time after the Opening Date of the Hotel under the Licensed Brand ("Room Addition"), before you enter into any agreement to construct the Room Addition or begin constructing the Room Addition, you must: (i) submit to us a written request describing the proposed Room Addition and including any information we may in our business judgment require to consider your request; and (ii) along with your request, pay us a nonrefundable Room Addition Fee equal to the then-prevailing per room Guest Room development fee charged for new System Hotels, multiplied by the number of proposed additional Guest Rooms. We will follow our then-current procedure for processing your Room Addition request. As a condition to our granting approval of your Room Addition Application, we may require you to modernize, rehabilitate or upgrade the Hotel, subject to Subparagraph 6(b) of this Agreement, and to pay us our then prevailing PIP Fee to prepare a PIP to determine the renovation requirements for the Hotel. We may also require you to execute an amendment to this Agreement covering the terms and conditions of the Room Addition, which may include an estoppel and general release of claims against us, the Entities, and related persons.

d. Other Fees. You will timely pay all amounts due us or any of the Entities for any invoices or for goods or services purchased by or provided to you or paid by us or any of the Entities on your behalf, including pre-opening sales and operations training.

e. Taxes. If any Gross Receipts Tax is imposed upon us or any of the Entities based on any payments made by you related to this Agreement, then you must reimburse us or the Entity for any such Gross Receipts Tax to ensure that the amount we or the Entity retains, after paying the Gross Receipts Tax, equals the full amount of the payments you are required to pay us or the Entity had such Gross Receipts Tax not been imposed; provided that you will not be required to pay income taxes payable by us or any Entity as a result of the net income relating to any fees collected under this Agreement.

f. Application of Fees. We may apply any amounts received from you to any amounts due under this Agreement. Failure to pay any amount when due is a material breach of this Agreement. Such unpaid amounts will accrue a service charge beginning on the first day of the month following the due date of one and one-half percent (1 1/2%) per month or the maximum amount permitted by Applicable Law, whichever is less.

8. Reports, Records, Audits, and Privacy

a. Reports. At our request, you will prepare and deliver to us daily, monthly, quarterly and annual Reports we require, prepared in the form, manner and within the time frame we require. The Reports will contain all Operational Information we require and will be certified as accurate in the manner we require. You will also provide us any additional related Operational Information and Reports and other information we may periodically request and permit us to inspect your books and records at all reasonable times. At least monthly, you will prepare a statement that will include all information concerning the Operational Information. By the fifteenth (15th) day of each month, you will submit to us a statement setting forth the Operational Information for the previous month and reflecting the computation of the amounts then due under Paragraph 7, in the form and detail we require.

b. Maintenance of Records. In a manner and form satisfactory to us and using accounting and reporting Standards we require in our business judgment, you will: (i) prepare on a current basis (and preserve for no less than the greater of four (4) years or our record retention requirements), complete and accurate records concerning Gross Rooms Revenue and all financial, operating, marketing and other aspects of the Hotel; and (ii) maintain an accounting system that fully and accurately reflects all financial aspects of the Hotel and its business. These records will include books of account, tax returns, governmental reports, register tapes, daily reports, and complete quarterly and annual financial statements (including profit and loss statements, balance sheets and cash flow statements).

c. Audit. We may require you to have the Gross Rooms Revenue, fees or other monies due to us computed and certified as accurate by a certified public accountant. During the License Term and for two (2) years thereafter, we and our authorized agents have the right to verify Operational Information required under this Agreement by requesting, receiving, inspecting and auditing, at all reasonable times, any and all records referred to above wherever they may be located (or elsewhere if we request). If any inspection or audit reveals that you understated or underpaid any payment due to us that is not fully offset by overpayments, you will promptly pay to us the deficiency plus interest from the date each payment was due until paid at a rate of one and one-half percent (1 1/2%) per month or the maximum amount permitted by Applicable Law, whichever is less. If the audit or inspection reveals that the underpayment is willful, or is for five percent (5%) or more of the total amount owed for the period being inspected, you will also reimburse us for all inspection and audit costs, including reasonable travel, lodging, meals, salaries and other expenses of the inspecting or auditing personnel. Our acceptance of your payment of any deficiency will not waive any rights we may have as a result of your breach, including our right to terminate this Agreement. If the audit discloses an overpayment, we will credit this overpayment against your future payments due under this Agreement, without interest, or if no future payments are due under this Agreement, we will promptly pay you the amount of the overpayment without interest.

d. Ownership of Information. All Information and all revenues we derive from such Information will be our property. You may use Information that you acquire from third parties in operating the Hotel, such as Personal Information, at any time during or after the License Term to the extent lawful and at your sole risk and responsibility, but only in connection with operating the Hotel. The Information will become our Proprietary Information which we may use for any reason as we deem necessary, including making a financial performance representation in our franchise disclosure documents.

e. Privacy and Data Protection. You will: (i) comply with all applicable Privacy Laws; (ii) comply with all Standards that relate to Privacy Laws and the privacy and security of Personal Information; (iii) refrain from any action or inaction that could cause us or the Entities to breach any Privacy Laws; (iv) do and execute, or arrange to be done and executed, each act, document and thing we deem necessary in our business judgment to keep us and the Entities in compliance with the Privacy Laws; and (v) immediately report to us the theft or loss of Personal Information (other than the Personal Information of your own officers, directors, shareholders, employees or service providers).

9. Indemnity

You must, during and after the License Term, indemnify the Indemnified Parties against, and hold them harmless from, all losses, costs, liabilities, damages, claims, and expenses, including reasonable attorneys' fees, expert fees, costs and other expenses of litigation arising out of or resulting from: (i) any claimed occurrence at the Hotel or arising from, as a result of, or in connection with the development, construction or operation of the Hotel (including the design, construction, financing, furnishing, equipment, acquisition of supplies or operation of the Hotel in any way); (ii) any bodily injury, personal injury, death or property damage suffered or claimed by any guest, customer, visitor or employee of the Hotel; (iii) your alleged or actual infringement or violation of any patent, mark or copyright or other proprietary right owned or controlled by third parties; (iv) your alleged or actual violation or breach of any contract (including any System-wide group sales agreement), any Applicable Law, or any industry standard; (v)

any business conducted by you or a third party in, on or about the Hotel or its grounds; (vi) any other of you or your Affiliates' acts, errors, omissions or obligations, or those of anyone associated or affiliated with you, your Affiliates or the Hotel or in any way arising out of or related to this Agreement; or (vii) your failure to comply with Subparagraph 16.l., including a breach of the representations set forth therein. However, you do not have to indemnify an Indemnified Party to the extent damages otherwise covered under this Paragraph 9 are adjudged by a final, non-appealable judgment of a court of competent jurisdiction to have been solely the result of the gross negligence or willful misconduct of that Indemnified Party, and not any of the acts, errors, omissions, negligence or misconduct of you or anyone related to you or the Hotel. You may not rely on this exception to your indemnity obligation if the claims were asserted against us or any other Indemnified Party on the basis of: (i) theories of imputed or secondary liability, such as vicarious liability, agency, or apparent agency; or (ii) our failure to compel you to comply with the provisions of this Agreement, including compliance with Standards, Applicable Laws or other requirements.

You will also indemnify the Indemnified Parties for any claim for damages by reason of the failure of any contractor, subcontractor, supplier or vendor doing business with you relating to the Hotel to maintain adequate insurance as required in the Standards.

You will give us written notice of any action, suit, proceeding, claim, demand, inquiry or investigation involving an Indemnified Party within five (5) days of your actual knowledge of it. At our election, you will defend us and/or the Indemnified Parties against the same or we may elect to assume (but under no circumstance will we be obligated to undertake) the defense and/or settlement of the action, suit, proceeding, claim, demand, inquiry or investigation at your expense and risk. We may obtain separate counsel of our choice if we believe your and our interests may conflict. Our undertaking of defense and/or settlement will in no way diminish your obligation to indemnify the Indemnified Parties and to hold them harmless. You will also reimburse the Indemnified Parties upon demand for all expenses, including reasonable attorneys' fees, expert fees, costs and other expenses of litigation, the Indemnified Parties incur to protect themselves or to remedy your defaults. Under no circumstances will the Indemnified Parties be required to seek recovery from third parties or otherwise mitigate their losses to maintain a claim against you, and their failure to do so will in no way reduce the amounts recoverable from you by the Indemnified Parties.

Your obligations under this Paragraph 9 will survive expiration or termination of this Agreement.

10. Right of First Offer

Except in the case of a Transfer governed by Subparagraph 11.b.(1) or 11.b.(2), below, if you or an Affiliate that directly or indirectly Controls the Hotel and/or Controls the entity that Controls the Hotel (the "**Controlling Affiliate**") want to Transfer by sale or lease or market for sale or lease all or part of your interest in the Hotel or the Hotel Site, you or the applicable Controlling Affiliate must first give us written notice of your intent to sell or lease the Hotel or Hotel Site or an interest in it (the "**Marketed Interest**"). The notice must describe the Marketed Interest and state the intended sales or lease price (or price range) and all terms and conditions of the proposed sale or lease, and must include all other information regarding the sale or lease that we may require. We or our designee(s) will then have the right during a thirty (30) day period (the "**Option Period**"), which will begin after we receive written notice of intent to sell or lease and copies of all documentation requested by us, to either make an offer or waive our right to make an offer. You or the applicable Controlling Affiliate may not change any of the terms and conditions in the notice during the Option Period without our express written consent and you must deal exclusively with us or our designee(s) for the sale or lease during the Option Period.

If we or our designee make an offer to you or the Controlling Affiliate to purchase or lease the Marketed Interest ("**Our Offer**"), you or the Controlling Affiliate must accept or reject Our Offer in writing within twenty (20) days after you receive it. If Our Offer is for a price equal to or greater than stated in the notice and is upon substantially similar terms and conditions (or terms and conditions more favorable to you or the Controlling Affiliate, as determined by a reasonable seller under the same or similar circumstances), as those stated in the notice, then you or the Controlling Affiliate must accept Our Offer. If

you or the Controlling Affiliate accept Our Offer, the parties will enter into an agreement for the purchase or lease of Marketed Interest at the price and on the terms contained in Our Offer within sixty (60) days of your (or the Controlling Affiliate's) written acceptance (the "**60-day Period**"), and the parties will complete the transaction subject to, and in accordance with, the terms and conditions of Our Offer. However, if the parties are unable to reach agreement following good faith negotiations within the 60-day Period, you or the Controlling Affiliate will be deemed to have rejected Our Offer. You or the Controlling Affiliate will not offer the Hotel or Hotel Site to any other party during the 60-day Period. If Our Offer is not accepted within twenty (20) days it is deemed rejected. If we waive our right to make an offer, or if Our Offer is not accepted or is deemed rejected, you or the Controlling Affiliate may, during the period of the two hundred seventy (270) days thereafter (the "**270-day Period**"), sell or lease the Marketed Interest to a third party for a price greater than and/or on more favorable terms than the price and terms stated in Our Offer, but still must comply with the Transfer provisions contained in Paragraph 11 of this Agreement. If you or the Controlling Affiliate propose to sell or lease the Marketed Interest at a lesser price or on terms less favorable to you during the 270-day Period, or to sell or lease the Marketed Interest on any price or terms thereafter, then you must again give us notice of the proposed sale or lease and comply with the provisions of this Paragraph 10.

If you or the Controlling Affiliate receive an unsolicited bona fide offer from a third party to purchase or lease the Hotel or Hotel Site or an interest in it, then before you or the Controlling Affiliate accept that offer, you must comply with the provisions of this Paragraph 10, as if you had initiated the sale or lease of the Hotel or Hotel Site or an interest in it; provided, however, that notice required under this Paragraph 10 must include the name and full identity of the prospective purchaser or tenant, as the case may be, including the names and addresses of the owners of the capital stock, partnership interests, or other proprietary interests of the purchaser or tenant, as well as a copy of the offer received from the third party.

11. Transfer

a. Our Transfer. We may Transfer this Agreement or any of our rights, obligations, or assets under this Agreement, by operation of law or otherwise, to any person or legal entity without your consent. Any of the Entities may Transfer their ownership rights in us or any of our parents or Affiliates, by operation of law or otherwise, including by public offering, to any person or legal entity without your consent. You acknowledge and agree that this Agreement is a license for the Licensed Brand only and the programs that are unique to the Licensed Brand. Therefore, if we Transfer or assign this Agreement, your right to use any programs, rights or services related to or provided by the Entities or their designees, including the Reservation Service, any guest frequency program not unique to the Licensed Brand, and any Marks (except the principal name identified in the Rider) may terminate. After our Transfer of this Agreement to a third party who expressly assumes our obligations under this Agreement, we will no longer have any performance or other obligations under this Agreement.

b. Your Transfer. You understand and acknowledge that the rights and duties in this Agreement are personal to you and that we are entering into this Agreement in reliance on your business skill, financial capacity, and the personal character of you, your officers, directors, partners, members, shareholders or trustees. A Transfer by you of any Equity Interest, or this Agreement, or any of your rights or obligations under this Agreement, or a Transfer by an Equity Owner is prohibited other than as expressly permitted herein. You represent that as of the Effective Date, the Equity Interests are directly and/or indirectly owned as shown in the Rider.

(1) Transfers That Do Not Require Notice to Us or Our Consent. The following Transfers will be permitted, without giving us notice or receiving our consent, as long as they meet the stated requirements.

(a) **Privately Held Equity Interests: Less than 25% Change/No Change of Control.** An Equity Interest that is not publicly traded may be Transferred without notice to us and without our consent, if after the transaction: (i) less than twenty-five percent (25%) of the Equity Interest in the Licensee (excluding any Transfer under Subparagraph 11.b.(1)(b) below) will have changed hands since the Effective Date of this Agreement; and (ii) any such Transfer will not result in a change of Control of the Licensee, the Hotel or the Hotel Site.

Notwithstanding Subparagraph 11.b.(1)(a)(i) above, no Equity Interest that is a tenant-in-common interest in the Hotel and/or the Hotel Site may be Transferred unless you have provided notice to us and we have provided our consent, which consent may be subject to satisfaction of certain conditions, including those set forth in this Paragraph 11, as applicable.

(b) **Publicly Traded Equity Interests.** A Publicly Traded Equity Interest may be Transferred without notice to us and without our consent if the Transfer does not result in a change in Control of the Licensee, the Hotel or the Hotel Site.

(2) Other Permitted Transfers. We will permit the types of Transfers listed in this Subparagraph 11.b.(2) ("**Permitted Transfers**"), on the conditions stated, so long as (a) the proposed transferee is not a Specially Designated National or Restricted or Blocked Person (as defined in Subparagraph 16.l.) or a Competitor and (b) you or, if applicable, the transferring Affiliate or Equity Owner: (i) give us sixty (60) days advance written notice of the proposed Transfer (including the identity and contact information for any proposed transferee and any other information we may in our business judgment require in order to review the proposed Transfer and verify compliance with this Paragraph 11; (ii) are not in default under this Agreement or any related agreement; (iii) pay to us a nonrefundable processing fee of Three Thousand Dollars ($3,000) with the Transfer request; (iv) follow our then-current procedure for processing Permitted Transfers; and (v) execute any documents required by the procedure for processing Permitted Transfers, which may include an estoppel and general release of claims that you or the Equity Owner may have against us, the Entities, and related persons.

(a) **Affiliate Transfer.** You or any Equity Owner named in the Rider as of the Effective Date (or any transferee Equity Owner we subsequently approve) may Transfer an Equity Interest or this Agreement to an Affiliate, as long as: (i) any Transfer of an Equity Interest does not result in a change of Control of the Licensee, the Hotel or the Hotel Site; (ii) in any Transfer of this Agreement to an Affiliate, the Control of the Transferee Licensee is not different from the Control of the transferring Licensee; and (iii) the Transfer otherwise satisfies the conditions in this Subparagraph 11.b.(2).

(b) **Transfers to Family Member or Trust.** If you or any Equity Owner as of the Effective Date (or any transferee Equity Owner we subsequently approve) are a natural person, and desire to Transfer any Equity Interest or this Agreement to a member of your (or any such Equity Owner's) immediate family (i.e. spouse, children, parents, siblings) or to a trust or trusts for your benefit (or the benefit of the Equity Owner or the Equity Owner's immediate family members), we will consent to the Transfer provided that (i) such event does not result in a change of Control of the Licensee, the Hotel or the Hotel Site, and (ii) the Transfer otherwise satisfies the conditions in this Subparagraph 11.b.(2).

(c) **Transfer Upon Death.** Upon the death of a Licensee or Equity Owner who is a natural person, this Agreement or the Equity Interest of the deceased Equity Owner may Transfer in accordance with such person's will or, if such person dies intestate, in accordance with laws of intestacy governing the distribution of such person's estate without our consent, provided that: (i) the Transfer Upon Death is to an immediate family member or to a legal entity formed by such family member(s); and (ii) within one (1) year after the death, such family member(s) or entity meet all of our then current requirements for an approved applicant and the Transfer otherwise satisfies the conditions in this Subparagraph 11.b.(2).

(d) **Bricks and Mortar Transfer.** If you or your Affiliate own the Hotel and/or Hotel Site, you or your Affiliate may Transfer the Hotel and/or the Hotel Site provided that after completion of the transaction, (i) you remain in full compliance with this Agreement and all of its subparts; (ii) you retain the management control of the Hotel operations; and the Transfer otherwise satisfies the conditions in this Subparagraph 11.b.(2).

(e) **Privately Held Equity Interests: 25% or Greater Change/No Change of Control.** You or any Equity Owner as of the Effective Date (or any transferee Equity Owner we subsequently approve) may Transfer an Equity Interest even though, after the completion of such conveyance, twenty-five percent (25%) or more cumulative Equity Interest in Licensee will have changed hands since the Effective Date of this Agreement, so long as (i) such event does not result in a change of Control of the Licensee, the Hotel or the Hotel Site; (ii) you are not then in material default under this Agreement; and (iii) the Transfer otherwise satisfies the conditions in this Subparagraph 11.b.(2).

(3) Change of Ownership Transfer. Any proposed Transfer that is not described in Subparagraph 11.b.(1), 11.b.(2), or 11.b.(5) is a Change of Ownership Transfer. You must give us at least sixty (60) days advance written notice of any proposed Change of Ownership Transfer, including the identity and contact information for any proposed Transferee Licensee or transferee Equity Owner(s) and any other information we may in our business judgment require in order to review and consent to the Transfer. The Transferee Licensee must submit to us a Change of Ownership Application accompanied by payment of our then prevailing development services fee. If you are remaining as Licensee, with a change of Control, you or the transferee Equity Owner(s) must submit the Change of Ownership Application and pay the fee. We may also require you or the Transferee Licensee to pay the then prevailing PIP Fee for us to determine the renovation requirements for the Hotel. If we approve the Change of Ownership Transfer, we may require you (if there is no Transferee Licensee), or the Transferee Licensee to pay any other applicable fees and charges we then impose for new Licensed Brand franchise licenses.

We will process the Change of Ownership Application in accordance with our then current procedures, including review of criteria and requirements regarding upgrading of the Hotel, credit, background investigation, operations abilities and capabilities, prior business dealings, market feasibility, guarantees, and other factors we consider relevant in our business judgment. We will have sixty (60) days from our receipt of the completed and signed application to consent or withhold our consent to the transferee Equity Owner(s), the Transferee Licensee and/or Change of Ownership Transfer. During our review process, you authorize us to communicate with the transferee Equity Owner(s), any Transferee Licensee and any other necessary party and to provide to the transferee Equity Owner(s), any Transferee Licensee any information we have about the Hotel and the market in which the Hotel operates.

Our consent to the Change of Ownership Transfer is subject to the following conditions, all of which must be satisfied at or prior to the date of closing the Transfer ("**Closing**"):

(a) You are not in default of this Agreement or any related agreement;

(b) We must receive, at or before Closing, payment of all amounts due to us or the Entities through the date of Closing, along with your written agreement to promptly pay any amounts that may become due after Closing related to your operation of the Hotel prior to Closing;

(c) You, the Transferee Licensee and/or transferee Equity Owner(s) must submit to us all information related to the Transfer that we, in our business judgment, require, including, but not limited to: (i) copies of any Transfer agreements; (ii) copies of organizational documents; (iii) identity and description of the proposed ownership; and (iv) financial statements and business information for all participants in the proposed Transfer;

(d) You must, if we so request, execute our then-current standard form of voluntary termination agreement, which may include an estoppel and general release, covering termination of this Agreement; and

(e) You resolve to our satisfaction, or provide adequate security (including security for your continuing indemnity obligations) for, any suit, action, or proceeding pending or threatened against you or us with respect to the Hotel, which may result in liability to us, including outstanding accounts payable to third parties.

We may withhold our consent to any proposed Change of Ownership Transfer if: (i) any of the above conditions are not met to our satisfaction; (ii) you, the Transferee Licensee or transferee Equity Owner(s) do not provide us with information we, in our business judgment, require, in order to review and consent to the Transfer; (iii) you (if there is no Transferee Licensee) or, if applicable, the Transferee Licensee does not agree to execute a new franchise license agreement with us ("**New License**"), which will be on our then current form for the grant of new franchise licenses, contain our then current license terms, and contain upgrading and other requirements, if any, that we impose; (iv) any required Guarantor fails to execute our then-standard form of guarantee of franchise license agreement; (v) you (if there is no Transferee Licensee) or, if applicable, the Transferee Licensee fails to provide evidence that insurance coverage, as required by the New License, will be effective by the date of Closing; or (vi) the Transferee Licensee or a transferee Equity Owner is a Specially Designated National, or Restricted or Blocked Person (as defined in Subparagraph 16.l.) or a Competitor, or otherwise fails to meet our then-current criteria for new licensees or Equity Owners.

(4) Public Offering or Private Placement. Any public offering, private placement or other sale of securities in the Licensee, the Hotel or the Hotel Site ("**Securities**") requires our consent. All materials required by any Applicable Law for the offer or sale of those Securities must be submitted to us for review at least sixty (60) days before the date you distribute those materials or file them with any governmental agency, including any materials to be used in any offering exempt from registration under any securities laws. You must submit to us a non-refundable Five Thousand Dollar ($5,000) processing fee with the offering documents and pay any additional costs we may incur in reviewing your documents, including reasonable attorneys' fees. Except as legally required to describe the Hotel in the offering materials, you also may not use any of the Marks or otherwise imply our participation or that of Hilton Worldwide or any other Entity in or endorsement of any Securities or any Securities offering. We will have the right to approve any description of this Agreement or of your relationship with us, or any use of the Marks, contained in any prospectus, offering memorandum or other communications or materials you use in the sale or offer of any Securities. Our review of these documents will not in any way be considered our agreement with any statements contained in those documents, including any projections, or our acknowledgment or agreement that the documents comply with any Applicable Laws.

You may not sell any Securities unless you clearly disclose to all purchasers and offerees that: (i) neither we, nor any Entity, nor any of our or their respective officers, directors, agents or employees, will in any way be deemed an Issuer or underwriter of the Securities, as those terms are defined in applicable securities laws; and (ii) we, the Entities, and our respective officers, directors, agents and employees have not assumed and will not have any liability or responsibility for any financial statements, prospectuses or other financial information contained in any prospectus or similar written or oral communication. You must indemnify, defend and hold the Indemnified Parties free and harmless of and from any and all liabilities, costs, damages, claims or expenses arising out of or related to the sale or offer of any of your Securities to the same extent as provided in Paragraph 9 of this Agreement.

(5) Other Transactions.

(a) **Mortgages and Pledges to Lending Institutions.** You or an Equity Owner may mortgage or pledge the Hotel or an Equity Interest to a lender that finances the acquisition, development or operation of the Hotel, without notifying us or obtaining our consent, provided that (i) the proceeds are used for the direct benefit of the Hotel, (ii) you or the applicable Equity Owner are the sole borrower, and (iii) the loan is not secured by any other hotels or other collateral. You must notify us of any other proposed mortgage or pledge, including any collateral assignment of this Agreement, and obtain our consent, which we may withhold in our business judgment. We will evaluate the proposed mortgage or pledge according to our then-current procedure and standards for processing such requests. As a condition to our consent, we may require, among other things, that you (and/or the Equity Owner) and the lender execute a "lender comfort letter" agreement in a form satisfactory to us that describes our requirements on foreclosure, and may include an estoppel and general release of claims that you or the Equity Owner may have against us, the Entities, and related persons. We may charge a fee for our review of a proposed mortgage or pledge and for the processing of a lender comfort letter.

(b) Commercial Leases. You may lease or sublease commercial space in the Hotel, or enter into concession arrangements for operations in connection with the Hotel, in the ordinary course of business, subject to our right to review and approve the nature of the proposed business and the proposed brand and concept, all in keeping with our then current Standards for System Hotels.

12. Condemnation and Casualty

a. Condemnation. You must immediately inform us of any proposed taking of any portion of the Hotel by eminent domain. If, in our business judgment, the taking is significant enough to render the continued operation of the Hotel in accordance with System Standards and guest expectations impractical, then we may terminate this Agreement upon written notice to you. You will take all necessary steps to permit us to participate in the proceeds of an eminent domain proceeding and/or any insurance proceeds applicable to the condemnation. If such taking, in our business judgment, does not require the termination of the Hotel, then you will make all necessary repairs to make the Hotel conform to its condition, character and appearance immediately before such taking, according to plans and specifications approved by us. You will take all measures to ensure that the resumption of normal operations at the Hotel is not unreasonably delayed.

b. Casualty. You must immediately inform us if the Hotel is damaged by fire or other casualty. If the damage or repair requires closing the Hotel, you may choose to repair or rebuild the Hotel according to System Standards, provided you: (i) begin reconstruction within four (4) months after closing; and (ii) reopen the Hotel for continuous business operations as soon as practicable (but in any event no later than one (1) year after the closing of the Hotel), giving us at least thirty (30) days notice of the projected date of reopening. Until we determine that the Hotel can be re-opened as a System Hotel, the Hotel will not promote itself as a System Hotel or otherwise identify itself with any of the Marks without our prior written consent. You and we each have the right to terminate this Agreement if you elect not to repair or rebuild the Hotel as set forth above in this Paragraph 12, provided the terminating party gives the other party sixty (60) days written notice, in which case we will not require you to pay Liquidated Damages; provided however, if after the termination notice and before the expiration of three (3) years thereafter or the natural expiration of the License Term, whichever is earlier, you, or any of your Affiliates, have a controlling interest in and/or operate a hotel at this Hotel Site and that hotel is not operated under a license or franchise from one of the Entities, then you must pay us the Liquidated Damages upon our demand. You will take all necessary steps to permit us to participate in any insurance proceeds applicable to the business interruption due to the casualty.

c. No Extensions of Term. Nothing in this Paragraph 12 will extend the License Term.

13. Term of License.

Unless terminated earlier, this Agreement will expire without notice on the date set forth in the Rider. You acknowledge and agree that this Agreement is non-renewable and that this Agreement confers upon you absolutely no rights of license renewal or extension whatsoever following the expiration of the License Term.

14. Termination by Us

a. Termination with Opportunity to Cure. We may terminate this Agreement by written notice to you at any time before its expiration on any of the following grounds:

(1) You fail to pay us any sums due and owing to us or the Entities under this Agreement within the cure period set forth in the notice;

(2) You fail to comply with any provision of this Agreement, the Manual or any System Standard and do not cure that default within the cure period set forth in the notice; or

(3) You do not purchase or maintain insurance required by this Agreement or do not reimburse us for our purchase of insurance on your behalf.

b. Immediate Termination by Us. We may immediately terminate this Agreement upon notice to you and without any opportunity to cure the default if:

(1) After curing any material breach of this Agreement or the Standards, you engage in the same non-compliance within any consecutive twenty-four (24) month period, whether or not the non-compliance is corrected after notice, which pattern of non-compliance in and of itself will be deemed material;

(2) We send you three notices of material default in any twelve (12) month period, regardless of whether the defaults have been cured;

(3) You or any Guarantor fail to pay debts as they become due or admit in writing your inability to pay your debts or you make a general assignment for the benefit of your creditors;

(4) You: (i) file a voluntary petition in bankruptcy or any pleading seeking any reorganization, liquidation, or dissolution under any law, or you admit or fail to contest the material allegations of any such pleading filed against you or the Hotel, and the action results in the entry of an order for relief against you under the Bankruptcy Code, the adjudication of you as insolvent, or the abatement of the claims of creditors of you or the Hotel under any law; or (ii) have an order entered against you appointing a receiver for the Hotel or a substantial part of your or the Hotel's assets; or (iii) make an assignment for the benefit of creditors, or similar disposition of the assets of the Hotel;

(5) You or any Guarantor lose possession or the right to possession of all or a significant part of the Hotel or Hotel Site, whether through foreclosure, foreclosure of any lien, trust deed, or mortgage, loss of lease, or for any other reason apart from those described in Paragraph 12;

(6) You fail to operate the Hotel for five (5) consecutive days, unless the failure to operate is due to fire, flood, earthquake or similar causes beyond your control, provided that you have taken reasonable steps to minimize the impact of such events;

(7) You contest in any court or proceeding our ownership of the System or any part of the System or the validity of any of the Marks;

(8) You or any Equity Owners with a controlling Equity Interest are or have been convicted of a felony or any other offense or conduct, if we determine in our business judgment it is likely to adversely reflect upon or affect the Hotel, the System, us and/or any Entity;

(9) You conceal revenues, maintain false books and records of accounts, submit false reports or information to us or otherwise attempt to defraud us;

(10) You, your Affiliate, or your Guarantor become a Competitor without our prior written consent;

(11) You Transfer any interest in yourself, this Agreement, the Hotel or the Hotel Site, other than in compliance with Paragraph 11 and its subparts;

(12) You or a Guarantor become a Specially Designated National or Restricted or Blocked Person or are owned or controlled by a Specially Designated National or Restricted or Blocked Person or fail to comply with the provisions of Subparagraph 16.l., including a breach of the representations set forth therein;

(13) Information involving you or your Affiliates, whether provided by you or obtained through our own investigation, discloses facts concerning you or your Affiliates, including your or your Affiliates' respective officers, directors, shareholders, partners or members, and/or the Hotel, or title to the property over which the Hotel is constructed or any other property used by the Hotel, including leased commercial space, which, in our business judgment, is likely to adversely reflect upon or affect in any manner, any gaming licenses or permits held by the Entities or the then current stature of any of the Entities with any gaming commission, board, or similar governmental or regulatory agency, or the reputation or business of any of the Entities;

(14) Any Guarantor breaches its guarantee, or any guarantee fails to be a continuing obligation fully enforceable against the person(s) signing the guarantee, or if there is any inadequacy of the guarantee or Guarantor, and the Guarantor fails to provide adequate assurances to us as we may request; or

(15) a threat or danger to public health or safety results from the construction, maintenance, or operation of the Hotel.

c. Suspension/Interim Remedies by Us. If you are in default of this Agreement, we may elect to postpone termination and impose an Interim Remedy, including the suspension of our obligations under this Agreement and/or our or the Entities' obligations under any other of Your Agreements:

(1) We may suspend the Hotel from the Reservation Service and any reservation and/or website services provided through or by us. We may remove the listing of the Hotel from any directories or advertising we publish. If we suspend the Hotel from the Reservation Service, we may divert reservations previously made for the Hotel to other System Hotels or Network Hotels.

(2) We may disable all or any part of the software provided to you under Your Agreements and/or may suspend any one or more of the information technology and/or network services that we provide or support under Your Agreements.

(3) We may charge you for costs related to suspending or disabling your right to use any software systems or technology we provided to you, together with intervention or administration fees as set forth in the Standards after the date of our notice of default.

(4) You agree that our exercise of the right to elect Interim Remedies will not result in actual or constructive termination or abandonment of this Agreement and that our decision to elect Interim Remedies is in addition to, and apart from, any other right or remedy we may have in this Agreement. If we exercise the right to elect Interim Remedies, the exercise will not be a waiver of any breach by you of any term, covenant or condition of this Agreement. You will not be entitled to any compensation, including repayment, reimbursement, refund or offsets, for any fees, charges, expenses or losses you may directly or indirectly incur by reason of our exercise and/or withdrawal of any Interim Remedy.

d. Liquidated Damages upon Termination. You acknowledge that the premature termination of this Agreement will cause substantial damage to us, the actual amount of which will be difficult to determine. Therefore, if we terminate this Agreement under Subparagraph 14.a. or 14.b. as a result of your breach of this Agreement, or if you owe Liquidated Damages pursuant to Subparagraph 12.b. of this Agreement, or if you unilaterally terminate this Agreement, you will pay us Liquidated Damages for the premature termination of the Agreement. You will owe Liquidated Damages in addition to any outstanding fees and charges owed to us or any of the Entities accruing through the date of termination. Payment of Liquidated Damages is due the earlier of thirty (30) days following termination or the Closing of any Change of Ownership transaction in which a New License is not entered into; except that, if Liquidated Damages become due pursuant to Paragraph 12.b., payment is due thirty (30) days after our demand. Nothing in this Paragraph gives you any right to terminate this Agreement, but provides for the calculation of damages in the event you do so.

You agree that Liquidated Damages are not a penalty and represent a reasonable estimate of the minimum just and fair compensation for the damages we will suffer as the result of your failure to operate the Hotel as a System Hotel in compliance with this Agreement for the full License Term, assuming that we would be able to replace the Hotel in the market within a reasonable time.

Liquidated Damages for premature termination will be calculated by adding the result of (1) plus the result of (2) where:

(1) is calculated by multiplying the average monthly Gross Rooms Revenue of the Hotel for the twenty-four (24) full calendar-month period immediately before the month of termination by the Monthly Royalty Fee percentage under this Agreement, without applying any discount to the standard fee percentage (this product being the "**Average Monthly Royalty Fees**"), then multiplying the Average Monthly Royalty Fees by thirty-six (36), or by such lesser multiple as would represent the remaining full or partial months between the date of termination and the expiration of the License Term. If the Hotel has been open and operating as a System Hotel for less than twenty-four (24) months, then we will multiply thirty-six (36) by the greater of (i) the Average Monthly Royalty Fees from the date the Hotel opened as a System Hotel through the month immediately before the month of termination, or (ii) the product of the average Monthly Gross Rooms Revenue per Guest Room of all System Hotels in operation in the US over the twelve (12) full calendar-month period immediately before the month of termination, times the Monthly Royalty Fee percentage under this Agreement (without applying any discount to the standard fee percentage) multiplied by the number of Guest Rooms in the Hotel; and

(2) is calculated by multiplying the average monthly Gross Rooms Revenue of the Hotel for the twenty-four (24) full calendar-month period immediately before the month of termination by the Monthly Program Fee percentage under this Agreement, without applying any discount to the standard fee percentage (this product being the "**Average Monthly Program Fees**"), then multiplying the Average Monthly Program Fees by twelve (12), or by such lesser multiple as would represent the remaining full or partial months between the date of termination and the expiration of the License Term. If the Hotel has been open and operating as a System Hotel for less than twenty-four (24) months, then we will multiply twelve (12) by the greater of (i) the Average Monthly Program Fees from the date the Hotel opened as a System Hotel through the month immediately before the month of termination, or (ii) the product of the average Monthly Gross Rooms Revenue per Guest Room of all System Hotels in operation in the US over the twelve (12) full calendar-month period immediately before the month of termination, times the Monthly Program Fee percentage under this Agreement (without applying any discount to the standard fee percentage) multiplied by the number of Guest Rooms in the Hotel.

e. Actual Damages Under Special Circumstances. You recognize that the Liquidated Damages described in Subparagraph 14.d. may be inadequate to compensate us for additional harm we may suffer, by reason of greater difficulty in re-entering the market, competitive damage to the System or the Network, damage to goodwill of the Marks, and other similar harm, under the following circumstances: (i) within twelve (12) months of each other, two (2) or more franchise license agreements for the Licensed Brand between yourself (or any of your Affiliates) and us (or any of our Affiliates) terminate before their expiration date either because you (or any of your Affiliates) unilaterally terminate the agreements or because we or any of our Affiliates terminate the agreements as a result of your or your Affiliate's breach or default or (ii) this Agreement terminates automatically or is terminated by us (or any of our Affiliates) following an unapproved Transfer either to a Competitor or to a buyer that converts the Hotel to a Competitor hotel within two (2) years from the date this Agreement terminates. In any of these circumstances, we reserve the right to seek actual damages in lieu of Liquidated Damages.

f. Your Obligations upon Termination or Expiration. On termination or expiration of this Agreement you will:

(1) immediately pay all sums due and owing to us or any of the Entities, including any expenses incurred by us in obtaining injunctive relief for the enforcement of this Agreement;

(2) immediately cease operating the Hotel as a System Hotel and cease using the System;

(3) immediately cease using the Marks, the Trade Name, and any confusingly similar names, marks, trade dress systems, insignia, symbols, or other rights, procedures, and methods. You will deliver all goods and materials containing the Marks to us and we will have the sole and exclusive use of any items containing the Marks. You will immediately make any specified changes to the location as we may reasonably require for this purpose, which will include removal of the signs, custom decorations, and promotional materials;

(4) immediately cease representing yourself as then or formerly a System Hotel or affiliated with the Licensed Brand or the Network;

(5) immediately return all copies of the Manual and any other Proprietary Information to us;

(6) immediately cancel all assumed name or equivalent registrations relating to your use of any Mark, notify the telephone company and all listing agencies and directory publishers including Internet domain name granting authorities, Internet service providers, global distribution systems, and web search engines of the termination or expiration of your right to use the Marks, the Trade Name, and any telephone number, any classified or other telephone directory listings, Internet domain names, uniform resource locators, website names, electronic mail addresses and search engine metatags and keywords associated with the Hotel, and authorize their transfer to us; and

(7) irrevocably assign and transfer to us (or to our designee) all of your right, title and interest in any domain name listings and registrations that contain any reference to our Marks, System, Network or Licensed Brand; notify the applicable domain name registrars of the termination of your right to use any domain name or Sites associated with the Marks or the Licensed Brand; and authorize and instruct the cancellation of the domain name, or transfer of the domain name to us (or our designee), as we specify. You will also delete all references to our Marks, System, Network or Licensed Brand from any Sites you own, maintain or operate beyond the expiration or termination of this Agreement.

15. Relationship of Parties

a. No Agency Relationship. You are an independent contractor. Neither of us is the legal representative or agent of the other or has the power to obligate the other for any purpose. You acknowledge that we do not supervise or direct your daily affairs and that you have exclusive control over your daily affairs. You expressly acknowledge that we have a business relationship based entirely on, and defined by, the express provisions of this Agreement and that no partnership, joint venture, agency, fiduciary or employment relationship is intended or created by reason of this Agreement.

b. Notices to Public Concerning Your Independent Status. All contracts for the Hotel’s operations and services at the Hotel will be in your name or in the name of your Management Company. You will not enter into or sign any contracts in our name or any Entity’s name or using the Marks or any acronyms or variations of the Marks. You will disclose in all dealings with the public, suppliers and third parties that you are an independent entity and that we have no liability for your debts.

16. Miscellaneous

a. Severability and Interpretation. If any provision of this Agreement is held to be unenforceable, void or voidable, that provision will be ineffective only to the extent of the prohibition, without in any way invalidating or affecting the remaining provisions of this Agreement, and all remaining provisions will continue in effect, unless the unenforceability of the provision frustrates the underlying purpose of this Agreement. If any provision of this Agreement is held to be unenforceable due to its scope, but may be made enforceable by limiting its scope, the provision will be considered amended to the minimum extent necessary to make it enforceable. This Agreement will be interpreted without

interpreting any provision in favor of or against either of us by reason of the drafting of the provision, or either of our positions relative to the other. Any covenant, term or provision of this Agreement that provides for continuing obligations after the expiration or termination of this Agreement will survive any expiration or termination.

b. Governing Law, Jurisdiction and Venue. We each agree that the State of New York has a deep and well developed history of business decisional law. For this reason, we each agree that except to the extent governed by the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. ¶ 1050 et seq.), as amended, this Agreement will be construed in accordance with, and all disputes between us (whether in contract, tort, or otherwise) arising out of or related to this Agreement, any breach of this Agreement, or the relationship between us, will be governed by, the laws of the State of New York without recourse to New York (or any other) choice of law or conflicts of law principles. If, however, any provision of this Agreement would not be enforceable under the laws of the State of New York, and if the Hotel is located outside of New York and the provision would be enforceable under the laws of the state in which the Hotel is located, then the provision in question (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this paragraph is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant," unfair competition, fiduciary or any other doctrine of law of the State of New York or any other state that would not otherwise apply absent this Subparagraph 16.b.

You agree that any action brought by you against us arising out of or related to this Agreement, any breach of this Agreement, or the relationship between us, must be brought in the U.S. District Court for the Eastern District of Virginia, in Alexandria, Virginia or if that court lacks subject matter jurisdiction, then in a court of competent jurisdiction whose jurisdiction includes either Fairfax County, Virginia or New York, New York. Any action brought by us or any Entity against you arising out of or related to this Agreement, any breach of this Agreement, or the relationship between us, may be brought by us in the U.S. District Court for the Eastern District of Virginia, in Alexandria, Virginia or if that court lacks subject matter jurisdiction, then in any court of competent jurisdiction whose jurisdiction includes either Fairfax County, Virginia or New York, New York, or the county and state where the Hotel is located. You consent to personal jurisdiction and venue in each of these jurisdictions and waive, and agree never to assert, move or otherwise claim that the venue in any of these jurisdictions is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including any claim under the judicial doctrine of *forum non conveniens*).

c. Exclusive Benefit. This Agreement is exclusively for our and your benefit, and none of the obligations of you or us in this Agreement will run to, or be enforceable by, any other party (except for any rights we assign or delegate to one of the Entities or covenants in favor of the Entities, which rights and covenants will run to and be enforceable by the Entities or their successors and assigns) or give rise to liability to a third party, except as otherwise specifically set forth in this Agreement.

d. Entire Agreement/Amendment/Waiver. You and we acknowledge that each of us wants all terms of this business relationship defined in this written Agreement, and that neither of us wants to enter into a business relationship with the other in which any terms or obligations are subject to any oral statements or in which oral statements serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth in this Agreement. Therefore, you and we agree that this Agreement and all of its attachments, documents, schedules, exhibits, and any other information specifically incorporated into this Agreement by reference: (i) will be construed together as the entire agreement between you and us in respect to the Hotel and any other aspect of the relationship between you and us; and (ii) will supersede and cancel any prior and/or contemporaneous discussions or writings (whether described as representations, inducements, promises, agreements or by any other term) between you and us. You acknowledge that: (i) no officer, employee, or other servant or agent of ours is authorized to make any representation, warranty, or other promise not contained in this Agreement; (ii) no claims, representations or warranties of earnings, sales, profits, success or failure of the Hotel have been made to you; and (iii) you have not relied on any such communications in entering into this Agreement. No change, termination, or attempted waiver or cancellation of any provision of this Agreement will bind us unless in writing, specifically designated as an amendment or waiver, and signed by one of our

officers. We may condition our agreement to any amendment or waiver on receiving from you, in a form satisfactory to us, an estoppel and general release of claims that you may have against us, the Entities, and related parties. No failure by us or by any of the Entities to exercise any power given us under this Agreement or to insist on strict compliance by you with any of your obligations, and no custom or practice at variance with the terms of this Agreement, will be considered a waiver of our or any Entity's right to demand exact compliance with the terms of this Agreement. Nothing in this Subparagraph 16.d. disclaims any representation made in the Franchise Disclosure Document provided to you for the Licensed Brand in connection with the offer of this Agreement.

e. Consent; Business Judgment. Wherever our consent or approval is required in this Agreement, unless the provision specifically indicates otherwise, we have the right to withhold our approval at our option, in our business judgment, taking into consideration our assessment of the long-term interests of the System overall. We may withhold any and all consents or approvals required by this Agreement if you are in default or breach of this Agreement. Our approvals and consents will not be effective unless given in writing and signed by one of our duly authorized representatives. In no event may you make any claim for money damages based on any claim that we have unreasonably withheld or delayed any consent or approval to a proposed act by you under the terms of this Agreement. You also may not claim damages by way of set-off, counterclaim or defense for our withholding of consent. Your sole remedy for the claim will be an action or proceeding to enforce the provisions of this Agreement by specific performance or by declaratory judgment.

f. Notices. Notices under this Agreement must be in writing and must be delivered in person, by prepaid overnight commercial delivery service, or by prepaid overnight mail, registered or certified, with return-receipt requested, addressed as follows: Notices to us must be sent to us at 7930 Jones Branch Drive, Suite 1100, McLean, VA 22102, ATTN: General Counsel. We will send notices to your address set forth in the Rider. If you want to change the name or address for notice to you, you must do so in writing, signed by you or your duly authorized representative, designating a single address for notice, which may not be a P.O. Box, in compliance with this subparagraph. notice will be deemed effective upon the earlier of: 1) receipt or first refusal of delivery; 2) one day after posting if sent via overnight commercial delivery service or overnight United States Mail; or 3) three days after placement in the United States mail if overnight delivery is not available to the notice address.

g. General Release. With the exception of claims related to representations contained in the Franchise Disclosure Document for the Licensed Brand, you, on your own behalf and on behalf of, as applicable, your officers, directors, managers, employees, heirs, administrators, executors, agents and representatives and their respective successors and assigns hereby release, remise, acquit and forever discharge us and the Entities and our and their respective officers, directors, employees, managers, agents, representatives and their respective successors and assigns from any and all actions, claims, causes of action, suits, rights, debts, liabilities, accounts, agreements, covenants, contracts, promises, warranties, judgments, executions, demands, damages, costs and expenses, whether known or unknown at this time, of any kind or nature, absolute or contingent, existing at law or in equity, on account of any matter, cause or thing whatsoever that has happened, developed or occurred before you sign and deliver this Agreement to us. This release will survive the termination of this Agreement.

h. Remedies Cumulative. The remedies provided in this Agreement are cumulative. These remedies are not exclusive of any other remedies that you or we may be entitled in case of any breach or threatened breach of the terms and provisions of this Agreement.

i. Economic Conditions Not a Defense. Neither general economic downturn or conditions nor your own financial inability to perform the terms of this Agreement will be a defense to an action by us or one of the Entities for your breach of this Agreement.

j. Representations and Warranties. You warrant, represent and agree that all statements in the your application, submitted to us in anticipation of this Agreement, and all other documents and information submitted to us by you or on your behalf are true, correct and complete as of the date of this Agreement. You further represent and warrant to us that:

(i) you have independently investigated the risks of operating a hotel under the Licensed Brand, including current and potential market conditions and competitive factors and risks, and have made an independent evaluation of all such matters and reviewed our Franchise Disclosure Document, if applicable;

(ii) neither we nor our representatives have made any promises, representations or agreements other than those provided in the Agreement or in our Franchise Disclosure Document provided to you in connection with the offer of this Agreement, if applicable, and you acknowledge that you are not relying on any promises, representations or agreements about us or the franchise not expressly contained in this Agreement in making your decision to sign this Agreement;

(iii) you have the full legal power authority and legal right to enter into, perform and observe this Agreement;

(iv) this Agreement constitutes a legal, valid and binding obligation of Licensee and your entry into, performance and observation of this Agreement will not constitute a breach or default of any agreement to which you are a party or of any Applicable Law;

(v) if you are a corporation, limited liability company, or other entity, you are, and throughout the License Term will be, duly formed and validly existing, in good standing in the state in which you are organized, and are and will be authorized to do business in the state in which the Hotel is located;

(vi) no Equity Interest has been issued, converted to, or is held as, bearer shares or any other form of ownership, for which there is no traceable record of the identity of the legal and beneficial owner of such Equity Interest.

You hereby indemnify and hold us harmless from any breach of these representations and warranties. These warranties and representations will survive the termination of this Agreement.

k. Counterparts. This Agreement may be signed in counterparts, each of which will be considered an original.

l. Restricted Persons and Anti-bribery Representations and Warranties. You represent and warrant to us and the Entities that you (including your directors and officers, senior management and shareholders (or other persons) having a controlling interest in you), and the owner of the Hotel or the Hotel Site are not, and are not owned or controlled by, or acting on behalf of, any of the following "**Restricted Persons**": (1) the government of any country that is subject to an embargo imposed by the United States government; (2) individuals or entities (collectively, "**Persons**") located in or organized under the laws of any country that is subject to an embargo imposed by the United States government; (3) Persons ordinarily resident in any country that is subject to an embargo imposed by the United States government; or (4) Persons identified from time to time by any government or legal authority under Applicable Laws as a Person with whom dealings and transactions by us or the Entities are prohibited or restricted, including Persons designated on the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) List of Specially Designated Nationals and Other Blocked Persons (including terrorists and narcotics traffickers); and similar restricted party listings, including those maintained by other governments pursuant to applicable United Nations, regional or national trade or financial sanctions. You will notify us in writing immediately upon the occurrence of any event which would render the foregoing representations and warranties of this Subparagraph 16.l. incorrect.

You further represent and warrant to us and the Entities that you will not directly or indirectly pay, offer, give or promise to pay or authorize the payment of any monies or other things of value to:

(a) an official or employee of a government department, agency or instrumentality, state-owned or controlled enterprise or public international organization;

(b) any political party or candidate for political office; or

(c) any other person at the suggestion, request or direction or for the benefit of any of the above-described persons and entities

if any such payment, offer, act or authorization is for purposes of influencing official actions or decisions or securing any improper advantage in order to obtain or retain business, or engaging in acts or transactions otherwise in violation of any applicable anti-bribery legislation.

m. Attorneys' Fees and Costs. If either party is required to employ legal counsel or to incur other expenses to enforce any provision of this Agreement or defend any claim by the other, then the prevailing party in any resulting dispute will be entitled to recover from the non-prevailing party the amount of all reasonable fees of attorneys and experts, court costs, and all other expenses incurred in enforcing such obligation or in defending against such claim, demand, action, or proceeding.

n. Interest. Any sum owed to us or the Entities by you or paid by us or the Entities on your behalf will bear interest from the date due until paid by you at the rate of eighteen percent (18%) per annum or, if lower, the maximum lawful rate.

o. Successors and Assigns. The terms and provisions of this Agreement will inure to the benefit of and be binding upon the permitted successors and assigns of the parties.

p. Our Delegation of Rights and Responsibility. In addition to the rights granted to us in Paragraph 3 and Subparagraph 11.a., we reserve the right to delegate to one or more of the Entities at any time, any and all of our rights, obligations or requirements under this Agreement, and to require that you submit any relevant materials and documents otherwise requiring approval by us under this Agreement to such Entity, in which case approval by such Entity will be conclusively deemed to be approval by us. During the period of such delegation or designation, any act or direction by such Entity with respect to this Agreement will be deemed the act or direction of us. We may revoke any such delegation or designation at any time. You acknowledge and agree that such delegation may result in one or more of the Entities which operate, license, or otherwise support brands other than the Licensed Brand, exercising or performing on our behalf any or all rights, obligations or requirements under this Agreement or performing shared services on our behalf.

17. WAIVER OF JURY TRIAL AND PUNITIVE DAMAGES

a. IF EITHER PARTY INITIATES LITIGATION INVOLVING THIS AGREEMENT OR ANY ASPECT OF THE RELATIONSHIP BETWEEN US (EVEN IF OTHER PARTIES OR OTHER CLAIMS ARE INCLUDED IN SUCH LITIGATION), ALL THE PARTIES WAIVE THEIR RIGHT TO A TRIAL BY JURY.

b. IN ANY DISPUTE BETWEEN THE PARTIES, ARISING OUT OF OR RELATED TO THIS AGREEMENT, ANY BREACH OF THIS AGREEMENT, OR THE RELATIONSHIP BETWEEN THE PARTIES, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, ALL PARTIES WAIVE ANY RIGHT THEY MAY HAVE TO PUNITIVE OR EXEMPLARY DAMAGES FROM THE OTHER. NOTHING IN THIS PARAGRAPH LIMITS OUR RIGHT OR THE RIGHT OF AN INDEMNIFIED PARTY TO BE INDEMNIFIED AGAINST THE PAYMENT OF PUNITIVE OR EXEMPLARY DAMAGES TO A THIRD PARTY. THE PARTIES ACKNOWLEDGE THAT LIQUIDATED DAMAGES PAYABLE BY LICENSEE UNDER THIS AGREEMENT (WHETHER PRE-OPENING LIQUIDATED DAMAGES, TRADEMARK LIQUIDATED DAMAGES, OR LIQUIDATED DAMAGES FOR EARLY TERMINATION) ARE NOT PUNITIVE OR EXEMPLARY DAMAGES.

[THIS AGREEMENT CONTINUES WITH AN ATTACHMENT A AND ATTACHMENT B, EACH OF WHICH IS A PART OF THIS AGREEMENT.]

ATTACHMENT A - PERFORMANCE CONDITIONS:
CHANGE OF OWNERSHIP

A. **Consultation.** You or your representative(s) will meet with us to consult and coordinate with the project manager we assign to you. The meeting will take place within forty-five (45) days after we notify you of approval, and the meeting will be held at a location we select.

B. **Work and Purchase Requirement.** If applicable, the PIP is attached to this Agreement as Exhibit A and incorporated in this Attachment A. You will perform the renovation and/or construction work and purchase the items described on the PIP (the "**Renovation Work**") on or before the completion date specified in the Rider. The Renovation Work will include your purchasing and/or leasing and installing all fixtures, equipment, furnishings, furniture, signs, computer terminals and related equipment, supplies and other items that would be required of a new System Hotel under the Standards and any other equipment, furnishings and supplies as we may require for you to operate the Hotel. You will be solely responsible for obtaining all necessary licenses, permits and zoning variances required for the Hotel.

C. **Approval of Architect/Designer/Contractors.** Before you submit Plans and Designs to us, you will furnish us with resumes and other information we request pertaining to the architect and/or interior designer you desire to retain to prepare your Plans and Designs. The Plans and Designs will not be approved until we have approved the architect and designer who are to prepare the Plans and Designs. Before Renovation Work, you will also submit to us resumes and other information we request pertaining to the general contractor and/or any major subcontractors for the Renovation Work. Renovation Work will not begin until we have approved the contractors, which approval may be conditioned on bonding of the contractors.

D. **Approval of Plans and Designs.** On or before the date specified in the Rider for submission of the Plans, you must submit to us your Plans for the Renovation Work, including any proposed changes to the Hotel's Designs. We may supply you with representative prototype Guest Room and public area plans and schematic building plans as a guide for preparation of the Plans and Designs. Renovation Work will not begin unless and until we have approved the Plans and Designs. Before we approve the Plans and Designs, we may require you to submit to us the existing plans, equipment, layouts, specifications, drawings and designs for the Hotel. Once we approve the Plans and Designs, no change may be made to the Plans and Designs without our advance consent. In approving the Plans and Designs, we do not warrant the depth of our analysis or assume any responsibility for the efficacy of the Plans and Designs or the resulting Renovation Work. You will cause the Hotel Renovation Work to be in accordance with this Agreement, the approved Plans and Designs, the Standards and the PIP. You will be solely responsible for obtaining all necessary licenses, permits and zoning variances that may be required for the Renovation Work. It is solely your responsibility to ensure your Plans comply with our then prevailing Standards and with all Applicable Laws.

You are responsible for making certain that the Hotel and the Renovation Work complies in all respects with all Applicable Laws. We and our Affiliates will have the right to, and you will arrange for us and our Affiliates to, participate in all progress meetings during the development and construction of the Hotel, to have access to all contract and construction documents relating to the Hotel, and to have access to the Hotel during reasonable business hours to visit the Hotel and the Renovation Work. However, neither we nor our Affiliates are obligated to participate in progress meetings, or to visit the Hotel and the Renovation Work, and our and our Affiliate's participation and site visits are not to be considered as a representation of the adequacy of the construction, the structural integrity, or the sufficiency of mechanical and electrical systems for the Hotel. Before we approve your Plans, your architect or other certified professional must certify to us that the Plans comply with all Applicable Laws relating to accessibility/accommodations/ facilities for those with disabilities. Within ten (10) days after completion of the Renovation Work, your architect, general contractor or other certified professional must provide us with a certificate stating that the as-built premises comply with all Applicable Laws relating to accessibility/accommodations/ facilities for those with disabilities.

The Standards and the Manual may not be used by you or any design or construction professional for any hotel project other than the Hotel.

E. **Commencement; Completion.** You will begin the Renovation Work on or before the Renovation Commencement Date specified in the Rider and will continue the Renovation Work uninterrupted, except to the extent continuation is prevented Force Majeure, until it is completed. Notwithstanding any Force Majeure, or any other matter, the Renovation Work must be completed and the Hotel must be furnished, equipped, and comply with this Agreement no later than the Renovation Work Completion Date specified in the Rider. We will have the sole right in our business judgment to determine whether the Renovation Work has been completed in accordance with this Agreement, the approved Plans and Designs, the Standards and the PIP.

F. **Site Visits.** During the course of Renovation Work, you and your architect, designer, contractors, and subcontractors will cooperate fully with us for the purpose of permitting us to visit the Hotel and review the progress of the Renovation Work. In addition, you and your contractors, architect and designer will supply us with samples of construction materials, supplies, equipment, materials and reports as we may request and give our representatives access to the Hotel Site and Renovation Work in order to permit us to carry out our site visits.

G. **Progress Reports.** You will submit to us upon our request a report showing progress made toward fulfilling the terms of this Agreement.

H. **Acquisition of Equipment, Furnishings, and Supplies.** You will purchase and/or lease and install all fixtures, equipment, furnishings, furniture, signs, computer terminals and related equipment, supplies and other items we require in order to assure that the Renovation Work is completed under this Agreement.

I. **Cost of Construction and Equipping.** You will bear the entire cost of the Renovation Work, including the cost of the Plans and Designs, professional fees, licenses, permits, equipment, furniture, furnishings and supplies.

J. **Limitation of Liability.** We will have no liability or obligation with respect to design and construction of the Hotel. We have furnished to you that portion of the Manual which contains the technical Standards to assist you in completing the Renovation Work. You acknowledge you have studied these Standards and satisfied yourself that the Hotel can be designed, furnished and equipped in accordance with these Standards and that you and your design and construction consultants and contractors have the necessary resources and skills to do so. The Manual does not encompass the architectural, structural, mechanical or electrical safety, adequacy, integrity or efficiency of the design or compliance with Applicable Laws. We do not undertake to approve the Hotel as complying with these or with governmental requirements or as being safe for guests or other third parties and we have no responsibilities in these areas. You must indemnify us with regard to compliance with these matters to the extent provided in Paragraph 9 of this Agreement.

K. **Conditional Authorization.** We may conditionally authorize you to continue to operate the Hotel as a System Hotel even though you have not fully complied with the terms of this Attachment. Under certain circumstances, we may suspend services to the Hotel (including reservation services) while the Renovation Work is being performed by you.

L. **Performance of Agreement.** You must satisfy all of the terms and conditions of this Agreement and equip, supply, staff and otherwise make the Hotel ready to continue to operate under our Standards. As a result of your efforts to comply with the terms and conditions of this Agreement, you will incur significant expense and expend substantial time and effort. You acknowledge and agree that we will have no liability or obligation to you for any losses, obligations, liabilities or expenses you incur if we terminate this Agreement because you have not complied with the terms and conditions of this Agreement.

(Remainder of page left intentionally blank.)

ATTACHMENT B –
RIDER TO FRANCHISE LICENSE AGREEMENT

Effective Date:	**January 19, 2011 (Date of closing)**
Licensor Name:	**EMBASSY SUITES FRANCHISE LLC, a Delaware limited liability company**
Licensed Brand:	**Embassy Suites (excluding any other brands or product lines containing "Embassy" in the name)**
Initial Approved Hotel Name (Trade Name):	**Embassy Suites – Waikiki Beach Walk**
Principal Mark in Licensed Brand:	**Embassy**
Licensee Name and Address (Attn: Principal Legal Correspondent):	**WBW Hotel Lessee, LLC** **11455 El Camino Real, Suite 200** **San Diego, CA 92130** **Attention: Adam Wyll** **Phone: 858.350.2600** **Fax: 858.350.2620** **awyll@americanassets.com**
Address of Hotel:	**201 Beachwalk Street** **Honolulu, HI 96815**
Initial Number of Approved Guest Rooms:	**369**
Renovation Commencement Date:	**As of the Effective Date.**
Renovation Work Completion Date:	**All Renovation Work must be completed in accordance with the dates set forth in the attached PIP. All finish dates in the PIP that are a specified number of months or days shall mean months or days from the Effective Date.**

You agree that the Renovation Commencement Date and Renovation Work Completion Date may be extended by written notice from us in our business judgment.

Expiration of License Term: **At midnight at the end of the month of the twentieth (20th) anniversary of the Effective Date.**

Monthly Program Fee: **Four percent (4%) of the Hotel's Gross Rooms Revenue for the preceding calendar month.**

Monthly Royalty Fee: **The standard Monthly Royalty Fee is five percent (5%) of Gross Rooms Revenue. You will pay a Monthly Royalty Fee representing a percentage of the Gross Rooms Revenue of the Hotel, as defined in Subparagraph 7.b. of the Agreement, for the preceding calendar month in the amounts set forth below:**

From the Effective Date through December 31, 2021: Four percent (4%) of Gross Rooms Revenue

From January 1, 2022 through end of License Term: Five percent (5%) of Gross Rooms Revenue

Additional Requirements/Special Provisions:

- **Restricted Area Provision**

Notwithstanding the provisions of Paragraph 2 of this Agreement, from the Effective Date until midnight on **December 16, 2021** (the "**Restrictive Period**"), neither we nor any of the Entities will open, or allow to open, a hotel or motel under the Licensed Brand, as such name may be changed by us from time to time, within the **Restricted Area** (described below). This restriction does not apply to any hotel or motel that is currently open or under construction or has been approved for development or opening as a Licensed Brand hotel as of the Effective Date ("**Existing Hotel**"). The term Existing Hotel also includes any hotel located or to be located within the Restrictive Area that replaces such Existing Hotel under the Licensed Brand.

The restrictions also do not apply to: (1) any hotel(s) or motel(s) under brands other than the Licensed Brand; (2) any hotel(s) or motel(s) that will not begin operating under the Licensed Brand until after the expiration of the Restrictive Period; (3) any gaming-oriented hotels or facilities using the Licensed Brand; (4) any shared ownership properties (commonly known as "vacation ownership" or "time share ownership" or similar real estate properties) under the Licensed Brand; and (5) any hotel(s), motel(s), or inn(s) that are part of a chain or group of four (4) or more hotels, motels, or inns that we or the Entities, as a result of a single transaction or group of related transactions, own, operate, acquire, lease, manage, franchise, license, or join through a merger, acquisition or marketing agreement (or otherwise), whether under their existing name or the Licensed Brand name or any other name.

Restricted Area as used in this provision means the area located within the following boundaries:

North & West – Centerline of the Ala Wai Canal
South – High tide line between Ala Wai Canal and Kapahulu Ave
East – Center line of Kapahulu Ave. between Ala Wai Canal and the Pacific Ocean

This Restricted Area is generally outlined on the map attached to, and incorporated by reference into, this Agreement as Exhibit B. Except as may otherwise be specifically provided in this paragraph, the Restricted Area is from the shore or side of the street currently closest to the Hotel. If there is a conflict between Exhibit B and this narrative description, this description will control.

- **Paragraph 5.a.** – Modified
- **Paragraph 6.c.** – Modified
- **Paragraph 11.b.(1)(a)** – Modified
- All references in this Agreement to the "Opening Date" will mean the "Effective Date."

Your Ownership Structure:

See Attached Schedule 1

Ownership Structure of Affiliate Fee Owner or Lessor/Sublessor of the Hotel or Hotel Site:

See Attached Schedule 2

IN WITNESS WHEREOF, the parties have executed this Agreement, which has been entered into and is effective as of the Effective Date set forth above.

LICENSEE:		**LICENSOR:**	
WBW Hotel Lessee, LLC, a Delaware limited liability company		Embassy Suites Franchise LLC, a Delaware limited liability company	
By:	/s/ John Chamberlain	By:	/s/ Dawn P. Beghi
Name:	John Chamberlain	Name:	Dawn P. Beghi Authorized Signatory
Title:	CEO		
Executed on:	1-15-11	Executed on:	1-19-11

SCHEDULE 1

Your Ownership Structure: WBW Hotel Lessee, LLC

Sole Member and Manager
American Assets Services, Inc.

Sole Shareholder
American Assets Trust, L.P.

Sole General Partner
American Assets Trust, Inc. (68.34%)
a publicly traded REIT

Limited Partners
Ernest Rady Trust (16.74%)
John Chamberlain (0.02%)
Other Investors (14.90%)
ESW LLC (0%)

SCHEDULE 2

Ownership Structure of Affiliate Fee Owner or Lessor/Sublessor of the Hotel or Hotel Site:

Tenants in Common
EBW Hotel LLC
Waikele Venture Holding, LLC
Broadway 225 Sorrento Holdings, LLC
Broadway 225 Stonecrest Holdings, LLC

The sole member of each of the above is:
American Assets Trust, L.P.
See Schedule 1 for structure.

Nothing in this Property Improvement Plan is intended to modify the terms of any Franchise License Agreement to which it may be attached. In the event of any conflict in the terms, the terms of the Franchise License Agreement are the terms that prevail.

Product Improvement Plan

Prepared for:

Embassy Suites

Waikiki Beach Walk, HI

(InnCode: HNLES, Facility ID:41064)

201 Beachwalk Street, Honolulu, Hawaii, United States

To be relicensed as a Embassy Suites

EMBASSY SUITES

HOTELS®

By Kenneth Savage

Inspection Date: Nov-18-2010

FINAL PIP REVISION DATE : Dec-09-2010 by Shawn McAteer

Brand Management Approval

Final PIP Approval Date : Dec-09-2010

Final FLA PIP Approval Signature : Shawn McAteer

PIP Contact
Rajan Lalwani
Email: rajan.lalwani@hilton.com
Phone: 7038835347

Printed On: Dec-09-2010

EXHIBIT A

Property Information

Open Date:	2006-12-18
Last Renovation:	None
Parking:	Valet garage parking deck
Whirlpool:	Outdoor
Airport Van:	None
Number Floors:	21
Food Service Facilities:	Kitchen
Meeting Space:	3000 sq ft
Business Center:	Yes
Exercise Room:	Yes Precor certified
Other Recreation:	None
Retail Outlets:	Gift Shop
Guest Laundry:	Yes 3rd floor each tower
Number Of Guest Rooms:	369
Guest Room Size	Parlor: 12'0" X 12'8". Bedroom 17'5" X 13'9".
Guest Room Mix:	
Typical King:	120
Typical D/D:	200
2 Bedroom Suites:	68
Guest Bathroom:	
Size:	7'5" X 5'3"
Door Width:	36"
Tub Surround:	12" X 12" ceramic tile
Floor:	12" X 12" ceramic tile
Vanity:	Wood furniture base w/ cubbies; granite top
Water Closet:	Tank style elongated bowl with closed front seats
HVAC System:	
100% Makeup Air:	None
Public Areas:	Chiller
Guestrooms:	Chiller
Elevators:	
High Speed Internet:	
Public Areas:	Wireless...Not approved vendor
Meeting Space:	Wireless...Not approved vendor
Guestrooms:	Wired...Not approved vendor
Telephone System:	2 lines 2 handset in each Suite. Integrated with OnQ

The improvements identified in this report are based on conditions existing on the above date. After 180 days an updated report is required. Any negotiated waiver and/or variance agreements are cancelled and no longer effective beyond this 180 day term. Hilton Worldwide does not and cannot warrant conformance with any legally mandated accessibility guidelines. Ownership is responsible for compliance with applicable provisions for accessibility. Appropriate counsel to ensure compliance is urged. All finish dates in the PIP that are a specified number of months shall mean months after the agreement to which it is attached takes effect.

General

#	Active Date	Scope of Work	Finish Date
		General	
1		Notice to owner: All hotels must comply with applicable local, state, and federal accessibility requirements. This PIP does not necessarily include any work that may be required for compliance with Title III of the Americans with Disabilities Act (ADA). In addition, if a Franchise Agreement [or Management Agreement] for a hotel constructed for first occupancy after January 26th 1993 is executed after March 30th 2011, Hilton will require the owner to conduct a self-survey provided by Hilton of the hotel's guestrooms and parking for compliance with ADA Title III requirements. Any areas of non-compliance will need to be addressed within five to seven years (depending on the item in question) as a condition of the [franchise or management] agreement.	12 Months

BRAND STANDARDS

#	Active Date	Scope of Work	Finish Date
		Brand Standards	
2		Building Ventilation (Makeup Air) Requirements – Buildings are required to have adequate building ventilation systems. Provide building air balance calculations (prepared by a registered Mechanical Engineer, not a mechanical contractor) to Hilton Worldwide for review and approval. The report and the review may result in expenditures to the applicant to enhance, construct or install equipment, ductwork, controls, etc. to comply.	12 Months
3		Technology - Hilton Hotels Corporation and Embassy Suites are implementing a new national standard for High Speed Internet Access. This hotel is required to implement an approved Hilton HSIA solution. An upgrade (or replacement) of hardware, cabling and bandwidth may be required to meet the approved standard. For specifics on this new program, please contact the Embassy Suites brand team.	180 Days
		CORE Standards	
4		All architectural plans, design schemes, material specifications and professionally prepared color boards/renderings, must be submitted to Embassy Brand Management for formal review, comments and written approval prior to commencing work. All architectural and design plans are required to be compiled by a licensed Architectural and/or licensed Interior Design Firm. Send materials to Puna Kondo, Director, Embassy Brand Design Dept, Hilton Hotels World Headquarters, 7930 Jones Branch Drive, McLean, VA 22102. e-mail : puna.kondo@hilton.com	180 Days

COMMERCIAL FACILITIES

#	Active Date	Scope of Work	Finish Date
		CORRIDORS/ELEVATORS/STAIRWELLS	
5		Elevators - Install 18" X 18" ceramic tile flooring in all elevator cabs; meeting Embassy Brand requirements (existing carpet is worn).	12 Months
6		Guest Laundry - Install the required 70% gypsum painted board ceiling in the guest laundry with 30% tegular tile. Current ceiling is 2'x4' ceiling tiles that do not meet standard.	12 Months
7		Corridors - Refinish any scarred or blistered door bottoms and return to a "like-new" condition.	12 Months

EXHIBIT A

8		Corridors - Replace scarred and discolored corridor walls; returning to a like-new condition/appearance.	12 Months
9		Corridors - Remove all payphones and phone card kiosk in corridor at lobby and Hula entrance to Grand Lanai. repair walls to a "like-new" condition.	12 Months
10		Corridors - Replace all carpet, carpet pad and carpet base on the 4th floor; both Hula and Aloha towers, due to heavy traffic from Lanai.	12 Months
11		Elevators - Refinish all stainless steel cab doors/walls in all guest cabs to a "like-new" condition.	12 Months
ENTRANCE/REGISTRATION AREA/FRONT DESK			
12		Lobby/Registration Area - Replace worn and matted carpet at registration area	12 Months
13		Front Desk - Refinish or replace cane chairs at registration pods. Some scarring on arms and tops of chairs.	12 Months
14		Lobby - Refinish wooden arms on soft seating.	12 Months
15		Registration Valet stand - Repair damaged corners and scarring on valet stand.	12 Months
16		Front Desk - Provide a section of the registration desk which is a minimum of 36" in length and a maximum of 36" in height for registration of individuals with disabilities. The lowered surfaces should match the upper desk surfaces.	12 Months
PUBLIC RESTROOMS			
17		Public Restrooms – Install a minimum of one wall mounted, recessed or semi-recessed motion-activated paper towel dispenser. Electric hand dryers are allowed when used in conjunction with paper towel dispensers.	12 Months
18		Public Restrooms - Install minimum 10" apron on all vanities to shield plumbing.	12 Months
19		Public Restrooms (Pool Area) – Install minimum 10" apron on vanity fronts to shield plumbing.	12 Months
20		Public Restrooms - Replace all rusted and pitted kick plates on entrance doors.	12 Months
RECREATION FACILITIES			
21		Exercise Room - Ensure minimum square footage of Exercise Room meets 800 Square foot; Brand standard for 369 Suite property.	12 Months
22		Pool Area - Replace top on pool towel station due to heavy damage on corner(s).	12 Months
FOOD AND BEVERAGE FACILITIES			
#	Active Date	Scope of Work	Finish Date
COMP BRKFST/BEVERAGE FACILITIES			
23		Comp Services - Repair all damaged doors leading from guest's view into the kitchen.	12 Months
24		Comp Services - Provide cabinetry to conceal beverage equipment when not in use after breakfast hours (all equipment must be screened from guest view when not in use).	12 Months
GUEST SUITES			
#	Active Date	Scope of Work	Finish Date
BATHROOMS			
25		Guest bathrooms - Provide at least one towel hook suitable for hanging used towels in each bathroom. The finish should coordinate with the bathroom scheme and must be submitted for approval - Mounting location must also be approved.	12 Months
26		Guest Bathrooms – Replace all plastic shower grab bars. A decorative chrome or stainless steel grab bar, 24"/600mm in length, must be installed vertically on the tub wall, 1'-9"/525mm from the shower head wall at tubs and 1'-1"/330mm from the showerhead wall at showers with the bottom flange of the grab bar 30"/760mm above the finished floor. All grab bars must be securely anchored and capable of withstanding 250 lbs/113 kgs of pull. Cement adhesive is not acceptable. Grab bars must have flange covers to conceal the mounting screws. Towel bar must not serve as a grab bar.	12 Months
27		Guest Bathrooms - Replace all wire soap dishes in tub/shower enclosures. Install two permanently attached ceramic soap dishes.	12 Months
28		Guest Bathrooms - In all ADA accessible bathrooms, remove all plastic handrails and install chrome handrails at toilet.	12 Months

EXHIBIT A

29		Guest Bathrooms - Replace all showerheads. Install the "Speakman Anystream 2000" Model #2005 showerhead in all bathrooms	12 Months
BEDROOMS			
30		Guest Bedrooms - Repaint all scarred walls in bedrooms.	12 Months
31		Guest Bedrooms - Install a required architectural reveal over all window drapery hardware; i.e. a window pocket, soffit or crown molding is required.	12 Months
32		Guest bedroom - Provide an accent or focal wall in the suite	12 Months
33		Guest Bedrooms - Install solid surface/granite top on all television chests.	12 Months
34		Guest Bedrooms - Replace lounge chairs due to wearing on arms.	12 Months
35		Guest Bedrooms - Install new lamp package in all bedrooms. Ensure all lamp fixtures are equipped with rocker switches and include convenience outlet.	12 Months
36		Guest Bedrooms - Replace all televisions. Install 37" flat panel televisions or better (42" for one-room suites and specialty suites) on an Embassy Suites approved bachelor's chest.	Dec-31-2011
PARLORS			
37		Guest Parlors - Repaint all scarred walls in Parlors.	12 Months
38		Guest Parlors - Install solid surface/granite on all television chests.	12 Months
39		Guest Parlors - Install a required architectural reveal over all window drapery hardware; i.e. a window pocket, soffit or crown molding is required	12 Months
40		Guest Parlors - Install a natural stone or quartz composite threshold at all entrance and connecting doors to all Guest Suites. Thresholds must be the full width of the frame.	12 Months
41		Guest Parlors - All rooms must install an approved ergonomic desk chair and 2 side chairs (ergonomic chairs not in place currently).	12 Months
42		Guest Parlors - A duplex electric outlet and a data port, as well as a HSIA port (if wired HSIA is provided) must be available within 6 inches of the top of the desk/activity table. These requirements may also be provided through a desk top lamp.	12 Months
43		Guest Parlors - Replace the lamp package. Ensure all lamps are equipped with rocker switches and convenience outlets are also required in all lamp bases.	12 Months
44		Guest Parlors - Replace all sofa and lounge chair seating due to cushion and arms wearing.	12 Months
45		Guest Parlors - Replace all televisions. Install 37" flat panel televisions or better (42" for one-room suites and specialty suites) on an Embassy Suites approved bachelor's chest (minimum three drawers required).	Dec-31-2011

This PIP review is limited to aesthetic and functional layout and design, and certain functional, operational and quality criteria as specified by Hilton Worldwide. It does not encompass and Hilton Worldwide does not make any representation or warranty as to, nor shall be responsible for, the architectural, structural, mechanical, or electrical adequacy or other compliance with applicable government or other legal requirements. Compliance with Hilton Worldwide fire safety and security equipment standards and all applicable local, state and federal building codes are required. Any omission in this PIP report does not constitute a waiver of such requirements and does not release owner's responsibility to conform to Hilton Worldwide standards.

EXHIBIT A

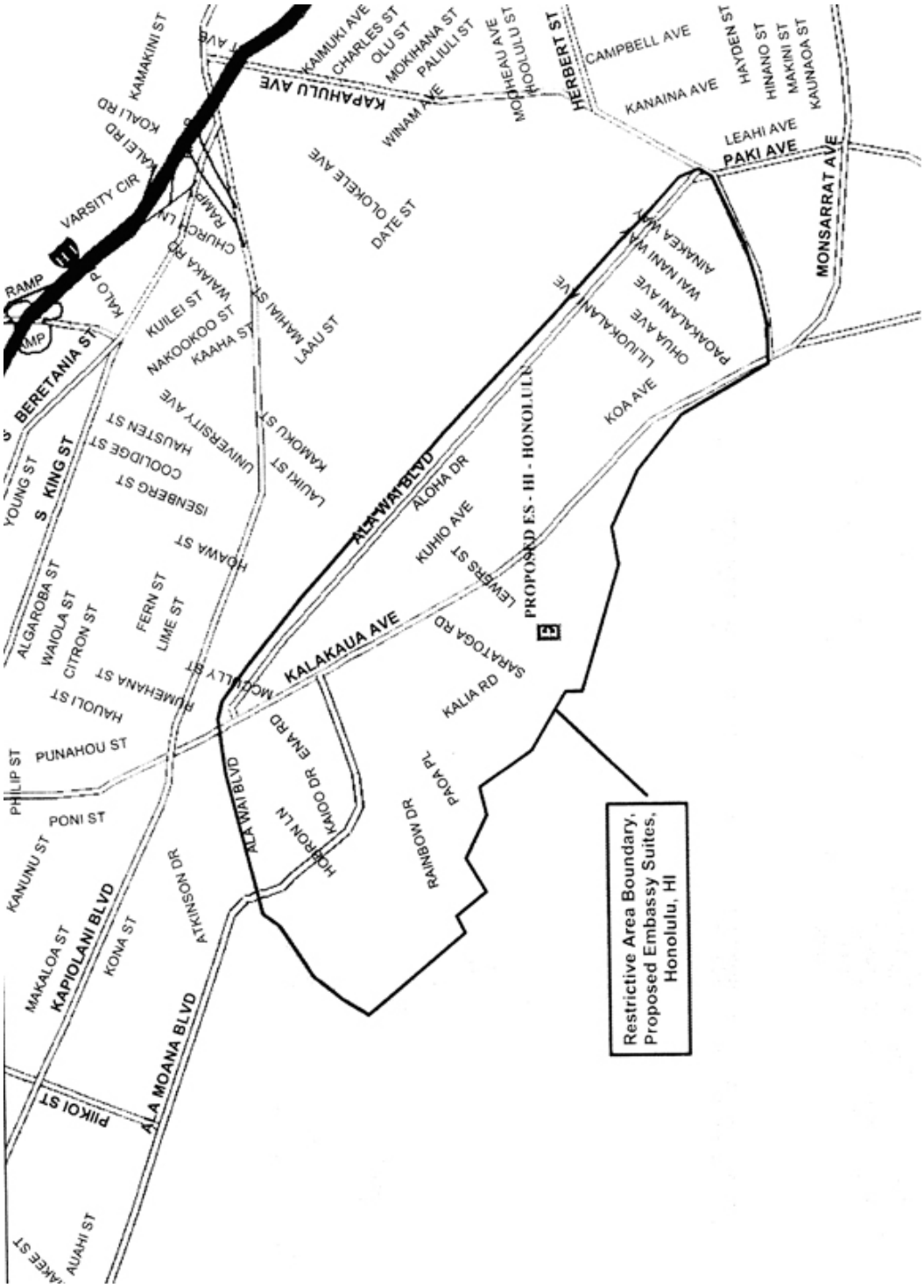
KAPAHULU AVE
HERBERT ST
CAMPBELL AVE
KANAINA AVE
LEAHI AVE
PAKI AVE
MONSARRAT AVE
HAYDEN ST
HINANO ST
MAKINI ST
KAUNAOA ST
KAIMUKI AVE
CHARLES ST
OLU ST
MOKIHANA ST
PALIULI ST
WINAM AVE
MOANEAU AVE
HOOLULU ST
OLOKELE AVE
DATE ST
VARSITY CIR
KAMAKINI ST
KOALI RD
KALEI RD
RAMP
KALO PL
BERETANIA ST
S KING ST
YOUNG ST
KUILEI ST
NAKOOKOO ST
KAAHA ST
MAHAI ST
LAAU ST
KAMOKU ST
LAUKI ST
UNIVERSITY AVE
HAUSTEN ST
COOLIDGE ST
ISENBERG ST
HOAWA ST
ALGAROBA ST
WAIOLA ST
CITRON ST
FERN ST
LIME ST
MOOLEY ST
PUMEHANA ST
HAUOLI ST
PUNAHOU ST
PHILIP ST
PONI ST
KANUNU ST
MAKALOA ST
KAPIOLANI BLVD
KONA ST
ATKINSON DR
ALA MOANA BLVD
PIIKOI ST
AUAHI ST
ALA WAI BLVD
KALAKAUA AVE
ALOHA DR
KUHIO AVE
LEWERS ST
SARATOGA RD
KALIA RD
KAIOO DR
ENA RD
HOBRON LN
RAINBOW DR
PAOA PL
PROPOSED ES - HI - HONOLULU
LILIUOKALANI AVE
OHUA AVE
PAOAKALANI AVE
WAI NANI WAY
AINAKEA WAY
KOA AVE
Restrictive Area Boundary,
Proposed Embassy Suites,
Honolulu, HI

EXHIBIT B

American Assets Trust, Inc. Announces Closing of Initial Public Offering and Exercise of Over-Allotment Option

Company Release – 01/19/11

SAN DIEGO –American Assets Trust, Inc. (NYSE:AAT) (the "Company") today announced the completion of its initial public offering of 27,500,000 shares of its common stock priced at $20.50 per share.

The Company also announced today that the underwriters of its initial public offering exercised in full their option to purchase an additional 4,125,000 shares of its common stock priced at $20.50 per share. The sale of the additional 4,125,000 shares was also completed today. All shares are being offered by the Company.

BofA Merrill Lynch, Wells Fargo Securities and Morgan Stanley are the joint book-running managers for the offering. The co-managers of the offering are KeyBanc Capital Markets, RBC Capital Markets, Piper Jaffray, PNC Capital Markets LLC and JMP Securities.

A registration statement relating to these securities has been declared effective by the Securities and Exchange Commission. This press release shall not constitute an offer to sell or the solicitation of an offer to buy any of the offered securities, nor shall there be any sale of these securities in any state or other jurisdiction in which such an offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or other jurisdiction. The offering of these securities is being made only by means of a prospectus. A copy of the final prospectus related to the offering was filed with the Securities and Exchange Commission and may be obtained by contacting any of the book-running managers:

BofA Merrill Lynch
Attention: Prospectus Department
4 World Financial Center
New York, NY 10080
or by email at dg.prospectus_requests@baml.com

Wells Fargo Securities
Attention: Equity Syndicate Department
375 Park Avenue
New York, NY 10152
or by email at cmclientsupport@wellsfargo.com

Morgan Stanley & Co. Incorporated
Attention: Prospectus Department
180 Varick Street
New York, NY 10014
or by email at prospectus@morganstanley.com

About American Assets Trust, Inc.

American Assets Trust, Inc. is a full service, vertically integrated and self-administered real estate investment trust, or REIT, that owns, operates, acquires and develops high quality retail and office properties in attractive, high-barrier-to-entry markets primarily in Southern California, Northern California and Hawaii. 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. The Company's retail portfolio comprises approximately 3.0 million rentable square feet, and its office portfolio comprises approximately 1.5 million square feet. In addition the company owns one mixed-use property (including approximately 97,000 rentable square feet of retail space and a 369-room all-suite hotel) and over 900 multifamily units. The Company intends to elect to be treated as a real estate investment trust, or REIT, for U.S. federal income tax purposes, commencing with the taxable year ending December 31, 2011.

Forward Looking Statements

This press release contains forward-looking statements within the meaning of the federal securities laws, including statements related to the initial public offering and the expected use of the net proceeds therefrom, 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. Furthermore, 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. For a further discussion of these and other factors that could impact the Company's future results, performance or transactions, see the section entitled "Risk Factors" in the Company's final prospectus relating to this offering.

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