

NAREIT Presentation

June 2023



AAT
LISTED
NYSE

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements relate to, without limitation, our future economic performance, plans and objectives for future operations, and projections of revenue, net operating income, funds from operations, discounts to net asset values and other selected financial information. Forward looking statements can be identified by the use of words such as “potential,” “may,” “will,” “plan,” “could,” “should,” “expect,” “anticipate,” “outlook,” “estimate,” “projected,” “target,” “continue,” “intend,” “believe,” “seek,” or “assume,” and variations of such words and similar expressions are intended to identify such forward-looking statements. Future events and actual results, financial and otherwise, may differ materially from the results discussed in the forward-looking statements. You should not rely on forward-looking statements as predictions of future events. Forward-looking statements involve numerous risks and uncertainties that could significantly affect anticipated results in the future and, accordingly, such results may differ materially from those expressed in any forward-looking statement made by us. These risks and uncertainties include, but are not limited to: the impact of epidemics, pandemics, or other outbreaks of illness, disease or virus (such as the outbreak of COVID-19 and its variants) and the actions taken by government authorities and others related thereto, including the ability of our company, our properties and our tenants to operate, adverse economic and real estate developments in Northern and Southern California, Hawaii, the Pacific Northwest and Texas; decreased rental rates or increased tenant incentives and vacancy rates; defaults on, early terminations of, or non-renewal of leases by tenants; increased interest rates and operating costs; failure to generate sufficient cash flows to service our outstanding indebtedness; difficulties in identifying properties to acquire and completing acquisitions; failure to successfully integrate pending and recent acquisitions; failure to successfully operate acquired properties and operations; failure to maintain our status as a REIT under the Internal Revenue Code of 1986, as amended; possible adverse changes in laws and regulations; environmental uncertainties; risks related to natural disasters; lack or insufficient amount of insurance; inability to successfully expand into new markets or submarkets; risks associated with property development; conflicts of interest with our officers or directors; changes in real estate and zoning laws and increases in real property tax rates; and the consequences of any possible future terrorist attacks. You are cautioned that the information contained herein speaks only as of the date hereof and we assume no obligation to update any forward-looking information, whether as a result of new information, future events or otherwise. The risks described above are not exhaustive, and additional factors could adversely affect our business and financial performance, including those discussed under the caption “Risk Factors” in our Annual Report on Form 10-K and other risks described in documents subsequently filed by the company from time to time with the Securities and Exchange Commission. In this presentation, we rely on and refer to information and statistical data regarding the industry and the sectors in which we operate. This information and statistical data is based on information obtained from various third-party sources, and, in some cases, on our own internal estimates. We believe that these sources and estimates are reliable, but have not independently verified them and cannot guarantee their accuracy or completeness.

This presentation includes certain non-GAAP financial measures that the company considers meaningful measures of financial performance.



Company Overview and Strategy

**A HISTORY OF SUCCESS.
A FUTURE OF OPPORTUNITY.**

American Assets Trust

6.9% CAGR

TOTAL REVENUE (IPO–2022) ⁽¹⁾

7.0% CAGR

FFO PER SHARE (IPO–2022) ⁽¹⁾

7.0% CAGR

NET ASSET VALUE (2011–2022) ⁽²⁾

4.4% CAGR

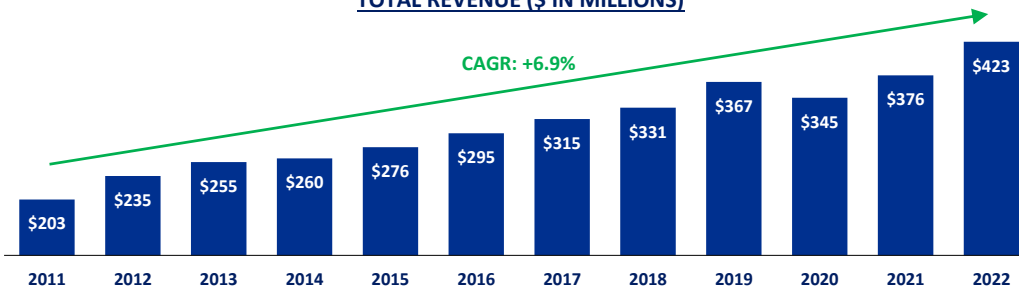
DIVIDENDS (IPO–2022) ⁽¹⁾

HISTORY OF SUCCESS ⁽³⁾

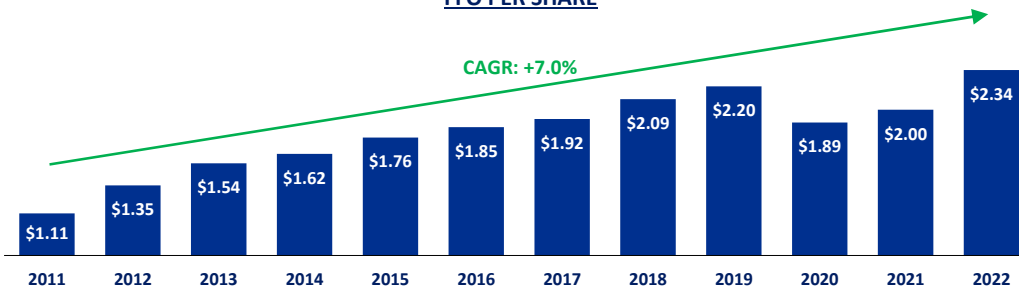
- AAT has been in business for **55 plus** years.
- Senior management team with significant experience working together.
- Over 12 million square feet of acquisitions and development.

2022 HIGHLIGHTS

TOTAL REVENUE (\$ IN MILLIONS)



FFO PER SHARE



EXECUTIVE MANAGEMENT TEAM



ERNEST RADY
CHAIRMAN AND
CHIEF EXECUTIVE OFFICER



ROBERT BARTON
EXECUTIVE VICE PRESIDENT
AND CHIEF FINANCIAL
OFFICER



ADAM WYLL
PRESIDENT AND
CHIEF OPERATING OFFICER



JERRY GAMMIERI
SENIOR VICE PRESIDENT OF
CONSTRUCTION



CHRIS SULLIVAN
SENIOR VICE PRESIDENT OF
RETAIL PROPERTIES



STEVE CENTER
SENIOR VICE PRESIDENT OF
OFFICE PROPERTIES



EMILY MANDIC
VICE PRESIDENT OF
PORTLAND AND BELLEVUE



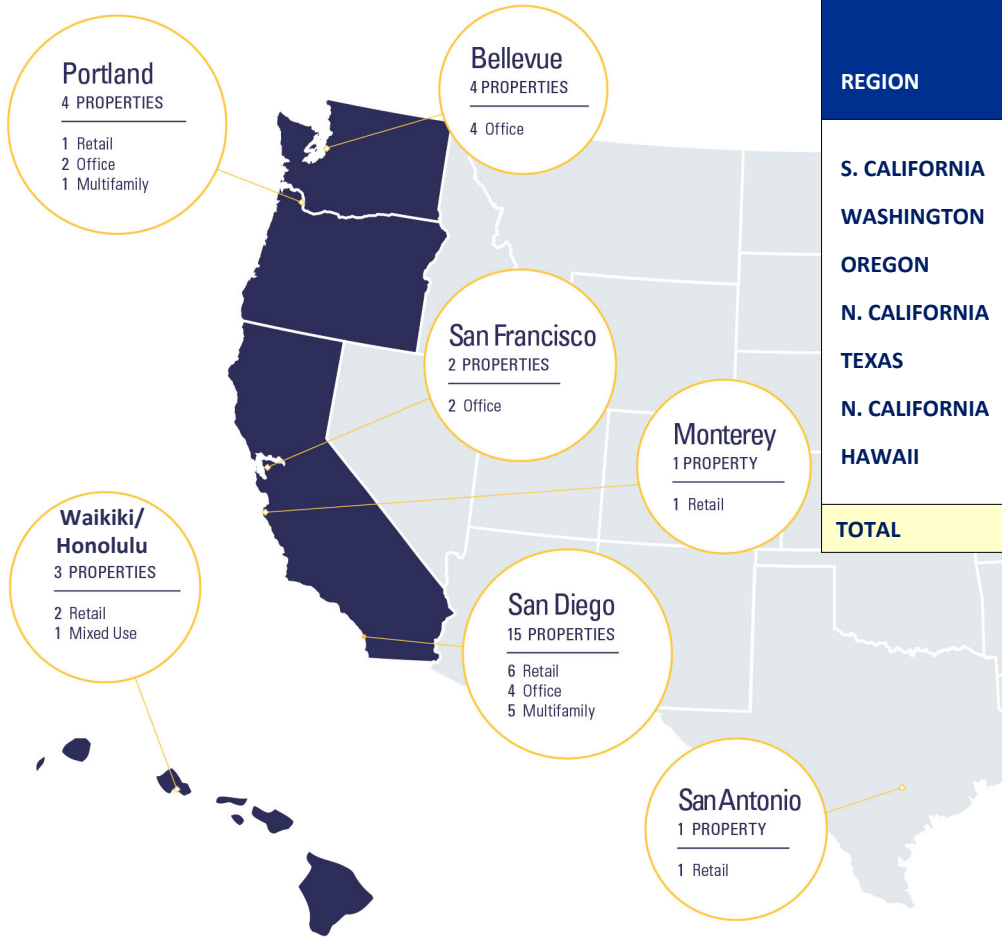
ABIGAIL REX
VICE PRESIDENT OF
SAN DIEGO MULTIFAMILY

(1) AAT's IPO occurred on January 13, 2011.

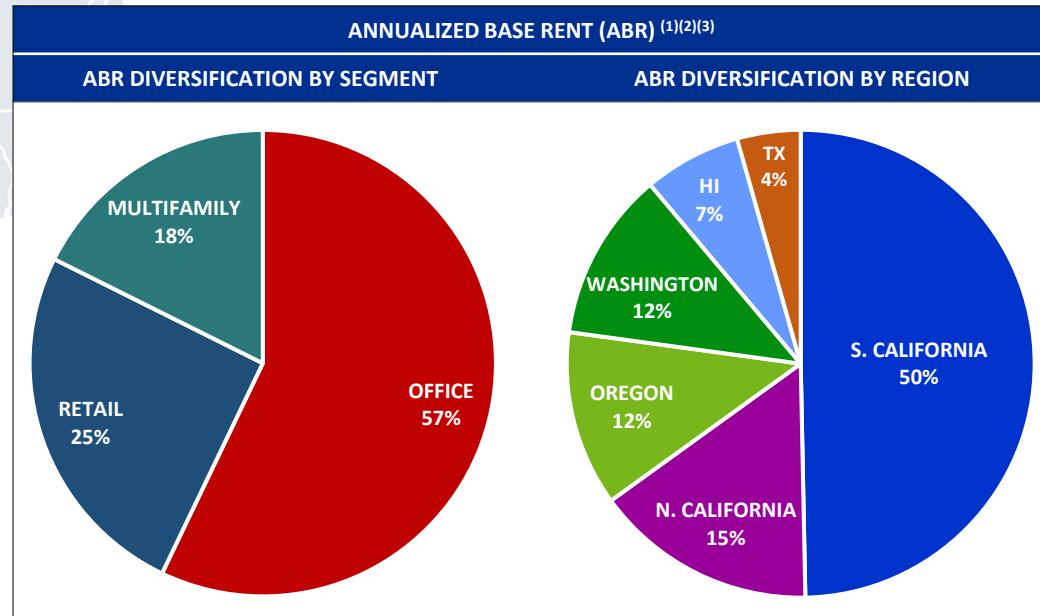
(2) AAT's NAV CAGR (2011 thru March 2022) internal estimate is based on both management's knowledge of its core markets and published asset pricing data since IPO.

(3) Includes our predecessor, American Assets, Inc.

Portfolio Composition



REGION	MARKET	SQUARE FEET (000'S) ⁽¹⁾				UNITS/ROOMS ⁽¹⁾	
		OFFICE	RETAIL	MIXED USE	TOTAL	MULTIFAMILY	HOTEL
S. CALIFORNIA	SAN DIEGO	1,589	1,322	-	2,911	1,453	-
WASHINGTON	BELLEVUE	1,030	-	-	1,030	-	-
OREGON	PORTLAND	908	44	-	952	657	-
N. CALIFORNIA	MONTEREY	-	673	-	673	-	-
TEXAS	SAN ANTONIO	-	588	-	588	-	-
N. CALIFORNIA	SAN FRANCISCO	523	35	-	558	-	-
HAWAII	OAHU	-	430	94	524	-	369
TOTAL		4,050	3,092	94	7,236	2,110	369



- (1) As of March 31, 2023.
- (2) Annualized base rent (ABR) is calculated by multiplying base rental payments (defined as cash base rents (before abatements)) under commenced leases for the month ended March 31, 2023 by 12. In the case of triple net or modified gross leases, annualized base rent does not include tenant reimbursements for real estate taxes, insurance, common area or other operating expenses. We caution investors that other equity REITs may not calculate annualized base rent as we do, and, accordingly, our annualized base rent data may not be comparable to such other REITs' annualized base rent data.
- (3) Retail data includes WBW Retail. Hawaii data excludes Embassy Suites Hotel.

NOI Growth Potential (2019A – 2023E)

(\$ IN MILLIONS)	2019	NET CHANGE		2021	NET CHANGE		2022	NET CHANGE		2023
	ACTUAL	AMOUNT	%	ACTUAL	AMOUNT	%	ACTUAL	AMOUNT	%	GROWTH POTENTIAL
CASH NOI										
OFFICE	87.3	31.5	36%	118.8	15.6	13%	134.4	5.7	4%	140.2
RETAIL	69.9	(0.6)	(1%)	69.3	0.2	0%	69.5	3.8	6%	73.3
MULTIFAMILY	30.3	(1.4)	(5%)	28.9	3.3	11%	32.2	1.2	4%	33.5
MIXED-USE	24.6	(11.1)	(45%)	13.5	8.2	61%	21.7	0.4	2%	22.1
TOTAL CASH NOI	212.1	18.4	9%	230.5	27.4	12%	257.9	11.2	4%	269.1
GAAP ADJUSTMENTS⁽¹⁾	22.6	(7.0)	(31%)	15.6	(3.3)	(21%)	12.4	(6.1)	(49%)	6.3
NOI (BEFORE RESERVES)	234.7	11.4	5%	246.1	24.1	10%	270.2	5.1	2%	275.3
RESERVES								(4.0)		(4.0)
NOI (WITH RESERVES)	234.7	11.4	5%	246.1	24.1	10%	270.2	1.2	0%	271.4

Notes:

- The company's growth potential excludes any impact from future acquisitions, dispositions, equity issuances or repurchases, future debt financings or repayments. These estimates are forward-looking and reflect management's view of current and future market conditions, including certain assumptions with respect to leasing activity, rental rates, occupancy levels and interest rates. Our actual results may differ materially from these estimates. See forward looking statements on page 2 of this presentation.
- 2022 Retail Cash NOI growth, excluding the 2021 nonrecurring items related to Collections of Prior Year Rents of \$1.9M and Real Estate Tax Refund of \$2.4M, is 7%.

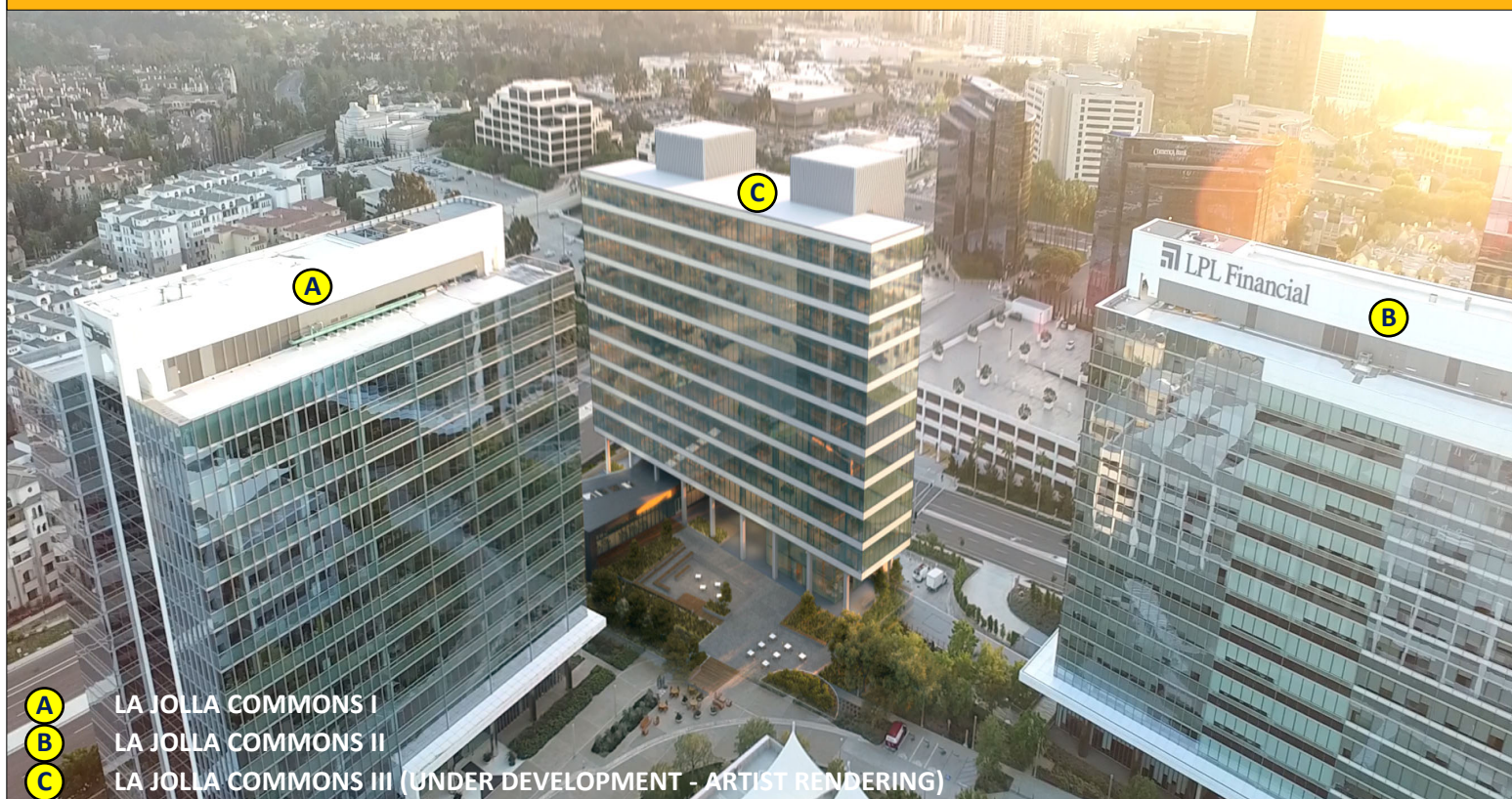
(1) GAAP Adjustments primarily consists of Straight Line Rent Adjustments and Amortization of Above/Below Market Rents.

In-Process Development – Potential Incremental FFO Growth

POTENTIAL INCREMENTAL FFO GROWTH UPON STABILIZATION ⁽¹⁾

PROPERTY	LOCATION	RENTABLE SF	COST INCURRED TO DATE (\$'000'S) ⁽²⁾	TOTAL ESTIMATED INVESTMENT (\$'000'S)	ESTIMATED STABILIZED YIELD	ESTIMATED FFO CONTRIBUTION AT STABILIZATION ⁽³⁾
LA JOLLA COMMONS III	UTC, SAN DIEGO, CA	213,000	\$113,255	\$175,000	6.5% - 7.5%	\$0.16
ONE BEACH STREET	SAN FRANCISCO, CA	102,000	\$33,748	\$42,800	6.5% - 7.5%	\$0.04
TOTAL		315,000	\$147,003	\$217,800	6.5% - 7.5%	\$0.20

IN-PROCESS DEVELOPMENT - LA JOLLA COMMONS III



- A** LA JOLLA COMMONS I
- B** LA JOLLA COMMONS II
- C** LA JOLLA COMMONS III (UNDER DEVELOPMENT - ARTIST RENDERING)

- (1) Proforma calculation for potential FFO growth. FFO growth amounts are approximate and do not assume any additional equity issuances. See forward looking disclosure on page 2.
- (2) As of March 31, 2023.
- (3) Estimated potential FFO per share calculated at midpoint yield of 7.00%.

In-Process Development - La Jolla Commons III

LA JOLLA COMMONS III (UNDER DEVELOPMENT - ARTIST RENDERING)



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

In-Process Redevelopment - One Beach, San Francisco, CA



In-Process Redevelopment - One Beach, San Francisco, CA



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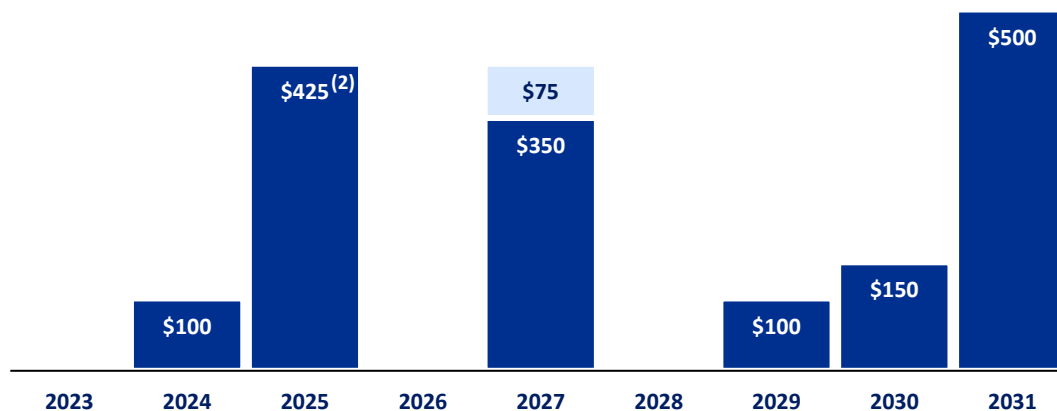
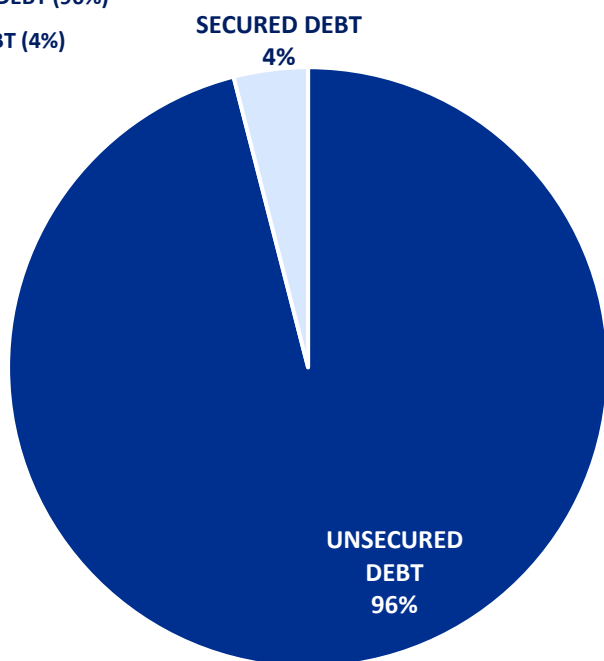
Balance Sheet and Liquidity

- Cash Balance as of March 31, 2023: \$87M
- Line of Credit Availability as of March 31, 2023: \$400M

DEBT STRUCTURE ⁽¹⁾

WELL-STAGGERED DEBT MATURITY SCHEDULE (\$M) ⁽¹⁾

- UNSECURED DEBT (96%)
- SECURED DEBT (4%)



INVESTMENT GRADE CREDIT RATINGS

FITCH	MOODY'S	STANDARD & POORS
BBB (STABLE)	Baa3 (STABLE)	BBB- (STABLE)

(1) As of March 31, 2023, unless noted.

(2) On January 5, 2023, the fully-drawn borrowings on Term Loan B & C were increased from \$150 million to \$225 million and the maturity date was extended from March 1, 2023 to January 5, 2025, with one, twelve-month extension option. Prior thereto, we entered into forward starting interest rate swaps that are intended to fix the interest rate on the \$225 million Term Loan at approximately 5.47% for the first year of the extended term loan and 5.57% for the second year of the extended term loan, subject to adjustments based on our consolidated leverage ratio.



Appendix

**A HISTORY OF SUCCESS.
A FUTURE OF OPPORTUNITY.**







Overview of ESG Practices

For the full annual 2022 Sustainability Report, please refer to our website: www.americanassetstrust.com/sustainability

American Assets Trust, Inc. is a dedicated steward of our team members, our community and our environment. Together with our team members and our partners, we have developed and incorporated into our business practices innovative programs and diversity to promote environmental sustainability, social responsibility, corporate governance and human capital (ESG). We have summarized some of our key highlights here.

ENVIRONMENTAL SUSTAINABILITY

Our goal is to align our report with Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB) and United Nations Sustainable Development Goals (UN SDGs), to the extent identified herein and we are working towards incorporating the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. Some of our UN SDGs goals and targets are outlined below.

ENSURE ACCESS TO WATER AND SANITATION FOR ALL		ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY		ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS	
GOALS	TARGETS	GOALS	TARGETS	GOALS	TARGETS
 <p>6 CLEAN WATER AND SANITATION</p>	REDUCE POTABLE WATER CONSUMPTION BY 10% BY 2030	 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	INCREASE NUMBER OF INSTALLED EVC STATIONS BY 20% BY 2026	 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	INCREASE WASTE DIVERSION BY 40% BY 2030
TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS					
GOALS	TARGETS	GOALS	TARGETS	GOALS	TARGETS
 <p>13 CLIMATE ACTION</p>	ACHIEVE CARBON NEUTRALITY FOR SCOPE 1 & SCOPE 2 EMISSIONS BY 2030	 <p>13 CLIMATE ACTION</p>	REDUCE ENERGY CONSUMPTION BY 10% BY 2030	 <p>13 CLIMATE ACTION</p>	REDUCE GHG EMISSIONS BY 15% BY 2030

Overview of ESG Practices

PATH TO CARBON NEUTRALITY



BUILDING CERTIFICATIONS ⁽¹⁾

6.3M SF
ENERGY STAR
Certified

3.3M SF
LEED
Certified

1.0M SF
Building Certifications
BREEAM, IREM & Fitwel®

(1) Certifications as of 12/31/2022.

Overview of ESG Practices

SOCIAL RESPONSIBILITY



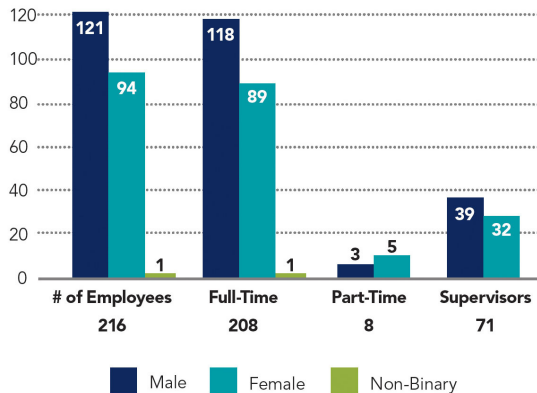
ASSURING
ACCOUNTABILITY
TOGETHER

Our success is directly related to the diversity, prosperity and health of our team members and our communities. To further our commitment to our team members and our communities, we formed a Social Responsibility Committee to evaluate our communities' need and formulate meaningful action plans with the goal of Assuring Accountability Together. In 2022, the Social Responsibility Committee launched our Hope on Wheels initiative with a mission of providing basic necessities to underserved families. Our Diversity, Equity and Inclusion Committee was formed to be a conduit of resources for equitable services and to provide representation within our company. Through these measures, we have contributed to our team members professional development, community growth, supported local businesses, including but not limited to, women- and minority-owned businesses, and engaged in philanthropy across our portfolio.

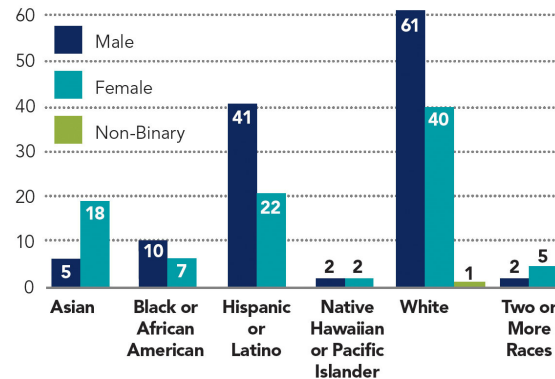


TEAM MEMBER DIVERSITY (1)

EMPLOYMENT STATUS



ETHNICITY



(1) Team Member Diversity reported as of 12/31/2022.

Corporate Governance

ESG OVERSIGHT

We continue to work toward our ESG goals with the assistance of our ESG Committee, as outlined in our Corporate Sustainability Policy, also available on our website.

We have structured our ESG Committees to demonstrate the Company’s commitment and the executive management team’s commitment to our ESG efforts. The Board of Directors has ultimate oversight of the ESG Committee as a whole.



Pacific Ridge Apartments

San Diego, CA



UNITS:	533
PERCENTAGE LEASED AS OF 3/31/2023:	93.7%
MONTHLY ABR AS OF 3/31/2023:	\$3,772

Embassy Suites Waikiki Beach

Honolulu, HI



ROOMS:	369
AVERAGE OCCUPANCY AS OF 3/31/2023:	81.9%
AVERAGE DAILY RATE AS OF 3/31/2023:	\$368.29
REVPAR AS OF 3/31/2023:	\$301.65

Waikiki Beach Walk

Honolulu, HI



WAIKIKI BEACH WALK IS A HOTEL AND RETAIL MIXED-USE CENTER PROMINENTLY SITUATED BETWEEN THE UPSCALE SHOPPING DESTINATION OF KALAKAUA STREET AND THE BEACHES OF WAIKIKI.

- #1 ROY'S IN CHAIN⁽¹⁾
- #2 RUTH'S CHRIS IN CHAIN⁽¹⁾
- #2 YARD HOUSE IN CHAIN⁽¹⁾
- 2019 RETAIL SALES PER SF: \$1,051

NET RENTABLE SF: 93,925

PERCENTAGE LEASED AS OF 3/31/2023: 95.0%

ABR AS OF 3/31/2023: \$102.93

(1) BASED ON 2019 SALES

Torrey Point

San Diego, CA



NET RENTABLE SF:	93,264
PERCENTAGE LEASED AS OF 3/31/2023:	100.0%
ABR AS OF 3/31/2023:	\$58.92

First and Main Portland, OR



City Center

Bellevue, WA



NET RENTABLE SF:	496,357
PERCENTAGE LEASED AS OF 3/31/2023:	85.5%
ABR AS OF 3/31/2023:	\$56.52



Financial Definitions; Non-GAAP Financial Measures

Total Capitalization: Total Capitalization equals Equity Market Capitalization plus Total Existing Debt.

Net Debt: Net Debt equals Total Debt minus Cash and Cash Equivalents.

Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA): EBITDA is a non-GAAP measure that means net income or loss plus depreciation and amortization, net interest expense, income taxes, gain or loss on sale of real estate and impairments of real estate, if any. EBITDA is presented because it approximates a key performance measure in our debt covenants, but it should not be considered an alternative measure of operating results or cash flow from operations as determined in accordance with GAAP. The reconciliation of net income to EBITDA for the years ending December 31, 2011 through December 31, 2022 is as follows:

(\$000's; includes discontinued operations)

	YEAR ENDED											
	DECEMBER 31,											
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
NET INCOME	\$ 55,877	\$ 36,593	\$ 35,588	\$ 60,188	\$ 27,202	\$ 40,132	\$ 45,637	\$ 53,915	\$ 31,145	\$ 22,594	\$ 51,601	\$ 19,324
DEPRECIATION AND AMORTIZATION	123,338	116,306	108,292	96,205	107,093	83,278	71,319	63,392	66,568	66,775	63,011	58,543
INTEREST EXPENSE, NET	58,232	58,587	53,440	54,008	52,248	53,848	51,936	47,260	52,965	58,020	59,043	56,552
INTEREST INCOME	(225)	(324)	(436)	(696)	(238)	(548)	(72)	(90)	(155)	(148)	(336)	(1,621)
INCOME TAX EXPENSE/(BENEFIT)	850	738	(9)	819	327	214	566	295	460	645	1,016	831
GAIN ON SALE OF REAL ESTATE	-	-	-	(633)	-	-	-	(7,121)	-	-	(36,720)	(3,981)
EBITDA ^{re}	<u>\$ 238,072</u>	<u>\$ 211,900</u>	<u>\$ 196,875</u>	<u>\$ 209,891</u>	<u>\$ 186,632</u>	<u>\$ 176,924</u>	<u>\$ 169,386</u>	<u>\$ 157,651</u>	<u>\$ 150,983</u>	<u>\$ 147,886</u>	<u>\$ 137,615</u>	<u>\$ 129,648</u>

We caution investors that amounts presented in accordance with our definitions of EBITDA may not be comparable to similar measures disclosed by other companies, because not all companies calculate these non-GAAP measures in the same manner. EBITDA should not be considered as an alternative measure of our net income (loss), operating performance, cash flow or liquidity. EBITDA may include funds that may not be available for our discretionary use due to functional requirements to conserve funds for capital expenditures and property acquisitions and other commitments and uncertainties. Although we believe that EBITDA can enhance an investor's understanding of our results of operations, these non-GAAP financial measures, when viewed individually, are not necessarily a better indicator of any trend as compared to GAAP measures such as net income (loss) or cash flow from operations.

Annualized base rent (ABR) is calculated by multiplying base rental payments (defined as cash base rents (before abatements)) under commenced leases for the month ended March 31, 2023, by 12. In the case of triple net or modified gross leases, annualized base rent does not include tenant reimbursements for real estate taxes, insurance, common area or other operating expenses. We caution investors that other equity REITs may not calculate annualized base rent as we do, and, accordingly, our annualized base rent data may not be comparable to such other REITs' annualized base rent data.

Financial Definitions; Non-GAAP Financial Measures (cont'd)

Funds From Operations (FFO): FFO is a supplemental measure of real estate companies' operating performances. The National Association of Real Estate Investment Trusts (NAREIT) defines FFO as follows: net income, computed in accordance with GAAP plus depreciation and amortization of real estate assets and excluding extraordinary items, gains and losses on sale of real estate and impairment losses. NAREIT developed FFO as a relative measure of performance and liquidity of an equity REIT in order to recognize that the value of income-producing real estate historically has not depreciated on the basis determined under GAAP. However, FFO does not represent cash flows from operating activities in accordance with GAAP (which, unlike FFO, generally reflects all cash effects of transactions and other events in the determination of net income); should not be considered an alternative to net income as an indication of our performance; and is not necessarily indicative of cash flow as a measure of liquidity or ability to pay dividends. We consider FFO a meaningful, additional measure of operating performance primarily because it excludes the assumption that the value of real estate assets diminishes predictably over time, and because industry analysts have accepted it as a performance measure. Comparison of our presentation of FFO to similarly titled measures for other REITs may not necessarily be meaningful due to possible differences in the application of the NAREIT definition used by such REITs. The reconciliation of net income to FFO for the years ending December 31, 2011 through December 31, 2022 is as follows:

(\$000's, except per share amounts; includes discontinued operations)

	YEAR ENDED											
	DECEMBER 31,											
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
NET INCOME	\$ 55,877	\$ 36,593	\$ 35,588	\$ 60,188	\$ 27,202	\$ 40,132	\$ 45,637	\$ 53,915	\$ 31,145	\$ 22,594	\$ 51,601	\$ 19,324
DEPRECIATION AND AMORTIZATION OF REAL ESTATE ASSETS	123,338	116,306	108,292	96,205	107,093	83,278	71,319	63,392	66,568	66,775	63,011	58,543
DEPRECIATION AND AMORTIZATION ON UNCONSOLIDATED JV			-	-	-	-	-	-	-	-	-	688
GAIN ON SALE OF REAL ESTATE				(633)	-	-	-	(7,121)	-	-	(36,720)	(3,981)
FFO, AS DEFINED BY NAREIT	\$ 179,215	\$ 152,899	\$ 143,880	\$ 155,760	\$ 134,295	\$ 123,410	\$ 116,956	\$ 110,186	\$ 97,713	\$ 89,369	\$ 77,892	\$ 74,574
LESS: NONFORFEITABLE DIVIDENDS ON RESTRICTED STOCK AWARDS	(641)	(557)	(377)	(376)	(305)	(236)	(183)	(159)	(137)	(357)	(354)	(316)
LESS: FFO ATTRIBUTABLE TO PREDECESSOR'S CONTROLLED AND NONCONTROLLED OWNERS' EQUITY			-	-	-	-	-	-	-	-	-	(16,973)
FFO ATTRIBUTABLE TO COMMON STOCK	\$ 178,574	\$ 152,342	\$ 143,503	\$ 155,384	\$ 133,990	\$ 123,174	\$ 116,773	\$ 110,027	\$ 97,576	\$ 89,012	\$ 77,538	\$ 57,285
WEIGHTED AVERAGE NUMBER OF COMMON SHARES	76,234	76,175	76,122	70,789	64,139	64,090	63,231	62,343	60,256	57,726	57,263	54,417
FFO PER DILUTED SHARE	\$ 2.34	\$ 2.00	\$ 1.89	\$ 2.20	\$ 2.09	\$ 1.92	\$ 1.85	\$ 1.76	\$ 1.62	\$ 1.54	\$ 1.35	\$ 1.05

Financial Definitions; Non-GAAP Financial Measures (cont'd)

Funds From Operations as Adjusted (FFO As Adjusted): FFO As Adjusted is a supplemental measure of real estate companies' operating performances. We use FFO As Adjusted as a supplemental performance measure because losses from early extinguishment of debt, loan transfer and consent fees and gains on acquisitions of controlling interests create significant earnings volatility which in turn results in less comparability between reporting periods and less predictability regarding future earnings potential. The adjustments noted resulted from our initial public offering and formation transactions. However, other REITs may use different methodologies for defining adjustments and, accordingly, our FFO As Adjusted may not be comparable to other REITs. The reconciliation of net income to FFO for the year ending December 31, 2011 is as follows:

(Amounts in thousands, except per share amounts; includes discontinued operations)

	Year Ended December 31, 2011
FFO, as defined by NAREIT	\$ 74,574
Early extinguishment of debt	25,867
Loan transfer and consent fees	9,019
Gain on acquisition of controlling interests	<u>(46,371)</u>
FFO As Adjusted	63,089
Less: Nonforfeitable dividends on restricted stock awards	(316)
Less: FFO attributable to Predecessor's controlled and noncontrolled owners' equity	<u>(2,462)</u>
FFO As Adjusted Attributable to Common Stock	60,311
Weighted Average Number of Common Shares	54,417
FFO As Adjusted per Diluted Share	<u>\$ 1.11</u>

Net Operating Income (NOI): NOI is a non-GAAP supplemental earnings measure which the company considers meaningful in measuring its operating performance. We define NOI as operating revenues (rental income, tenant reimbursements and other property income) less property and related expenses (property expenses and real estate taxes). Other REITs may use different methodologies for calculating NOI, and accordingly, our NOI may not be comparable to other REITs. Since NOI excludes general and administrative expenses, interest expense, depreciation and amortization, acquisition-related expenses, other nonproperty income and losses, gains and losses from property dispositions, and extraordinary items, it provides a performance measure that, when compared year over year, reflects the revenues and expenses directly associated with owning and operating commercial real estate and the impact to operations from trends in occupancy rates, rental rates, and operating costs, providing a perspective on operations not immediately apparent from net income. However, NOI should not be viewed as an alternative measure of our financial performance since it does not reflect general and administrative expenses, interest expense, depreciation and amortization costs, other nonproperty income and losses, the level of capital expenditures and leasing costs necessary to maintain the operating performance of the properties, or trends in development and construction activities which are significant economic costs and activities that could materially impact our results from operations.

Financial Definitions; Non-GAAP Financial Measures (cont'd)

Cash NOI: Cash NOI is a non-GAAP supplemental earnings measure which the company considers meaningful in measuring its operating performance. Cash NOI is equal to NOI as defined above, adjusted for non-cash revenue and operating expense items such as straight-line rent, amortization of lease intangibles, amortization of lease incentives and other adjustments. The Company believes cash NOI provides useful information to investors regarding the Company's financial condition and results of operations because it reflects only those income and expense items that are incurred at the property level, and when compared across periods, can be used to determine trends in earnings of the Company's properties as this measure is not affected by (1) the non-cash revenue and expense recognition items, (2) the cost of funds of the property owner, (3) the impact of depreciation and amortization expenses as well as gains or losses from the sale of operating real estate assets that are included in net income computed in accordance with GAAP or (4) general and administrative expenses and other gains and losses that are specific to the property owner. The Company believes the exclusion of these items from net income is useful because the resulting measure captures the actual revenue generated and actual expenses incurred in operating the Company's properties as well as trends in occupancy rates, rental rates and operating costs.

Use of Non-GAAP Financial Measures

This presentation contains certain non-GAAP financial measures within the meaning Regulation G and other terms that have particular definitions when used by us. The definitions of these non-GAAP financial measures and other terms may differ from those used by other REITs and, accordingly, may not be comparable. The definitions of these terms, the reasons for their use, and reconciliations to the most directly comparable GAAP measure are included in the Financial Definitions herein.