

Edgar Filing: American Assets Trust, Inc. - Form 10-Q

American Assets Trust, Inc.

Form 10-Q

May 03, 2019

0.010.010.010.0050.0050.0050.0050prime rateEurodollarfederal funds
rate2990003850000.101.51.75P12YP15YP13YP14Yfalsefalse--12-31--12-31Q1Q1201920192019-03-312019-03-3110-Q10-Q
Accelerated FilerNon-accelerated FilerAMERICAN ASSETS TRUST, INC.AMERICAN ASSETS TRUST,
L.P.falsefalseAAT67100068440004060007084000174585863332750.010.0149000000049000000047335409474868940.0170
0001500217 2019-01-01 2019-03-31 0001500217 2019-05-03 0001500217 aat:AmericanAssetsTrustL.P.Member
2019-01-01 2019-03-31 0001500217 2019-03-31 0001500217 2018-12-31 0001500217
us-gaap:CommonStockMember 2019-03-31 0001500217 us-gaap:CommonStockMember 2018-12-31 0001500217
2018-01-01 2018-03-31 0001500217 us-gaap:SwapMember
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2019-01-01 2019-03-31 0001500217
us-gaap:AdditionalPaidInCapitalMember 2019-01-01 2019-03-31 0001500217 us-gaap:RetainedEarningsMember
2019-01-01 2019-03-31 0001500217 us-gaap:RetainedEarningsMember 2019-03-31 0001500217
us-gaap:CommonStockMember 2019-01-01 2019-03-31 0001500217
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2019-03-31 0001500217
us-gaap:NoncontrollingInterestMember 2019-01-01 2019-03-31 0001500217
us-gaap:AdditionalPaidInCapitalMember 2019-03-31 0001500217
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-12-31 0001500217
us-gaap:NoncontrollingInterestMember 2018-12-31 0001500217 us-gaap:NoncontrollingInterestMember 2019-03-31
0001500217 us-gaap:RetainedEarningsMember 2018-12-31 0001500217 us-gaap:AdditionalPaidInCapitalMember
2018-12-31 0001500217 us-gaap:SwapMember us-gaap:NoncontrollingInterestMember 2019-01-01 2019-03-31
0001500217 us-gaap:SwapMember 2019-01-01 2019-03-31 0001500217
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2019-01-01 2019-03-31 0001500217
us-gaap:SwapMember 2018-01-01 2018-03-31 0001500217 us-gaap:AdditionalPaidInCapitalMember 2018-01-01
2018-03-31 0001500217 us-gaap:CommonStockMember 2017-12-31 0001500217
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-01-01 2018-03-31 0001500217
us-gaap:AdditionalPaidInCapitalMember 2017-12-31 0001500217 us-gaap:CommonStockMember 2018-01-01
2018-03-31 0001500217 us-gaap:CommonStockMember 2018-03-31 0001500217
us-gaap:AdditionalPaidInCapitalMember 2018-03-31 0001500217 us-gaap:RetainedEarningsMember 2018-01-01
2018-03-31 0001500217 us-gaap:RetainedEarningsMember 2017-12-31 0001500217
us-gaap:NoncontrollingInterestMember 2018-01-01 2018-03-31 0001500217
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2017-12-31 0001500217 us-gaap:SwapMember
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-01-01 2018-03-31 0001500217 2018-03-31
0001500217 us-gaap:NoncontrollingInterestMember 2018-03-31 0001500217 us-gaap:NoncontrollingInterestMember
2017-12-31 0001500217 2017-12-31 0001500217 us-gaap:AccumulatedOtherComprehensiveIncomeMember
2018-03-31 0001500217 us-gaap:SwapMember us-gaap:NoncontrollingInterestMember 2018-01-01 2018-03-31
0001500217 us-gaap:RetainedEarningsMember 2018-03-31 0001500217 aat:AmericanAssetsTrustL.P.Member
2018-12-31 0001500217 aat:AmericanAssetsTrustL.P.Member 2019-03-31 0001500217
aat:AmericanAssetsTrustL.P.Member 2018-01-01 2018-03-31 0001500217 aat:AmericanAssetsTrustL.P.Member
us-gaap:LimitedPartnerMember 2019-01-01 2019-03-31 0001500217 aat:AmericanAssetsTrustL.P.Member
us-gaap:GeneralPartnerMember 2019-01-01 2019-03-31 0001500217 aat:AmericanAssetsTrustL.P.Member
us-gaap:GeneralPartnerMember 2018-01-01 2018-03-31 0001500217 aat:AmericanAssetsTrustL.P.Member
us-gaap:LimitedPartnerMember 2018-01-01 2018-03-31 0001500217 aat:AmericanAssetsTrustL.P.Member
us-gaap:LimitedPartnerMember 2018-03-31 0001500217 aat:AmericanAssetsTrustL.P.Member
us-gaap:LimitedPartnerMember 2017-12-31 0001500217 aat:AmericanAssetsTrustL.P.Member
us-gaap:GeneralPartnerMember 2017-12-31 0001500217 aat:AmericanAssetsTrustL.P.Member 2018-03-31
0001500217 aat:AmericanAssetsTrustL.P.Member us-gaap:GeneralPartnerMember 2018-03-31 0001500217
aat:AmericanAssetsTrustL.P.Member us-gaap:SwapMember 2018-01-01 2018-03-31 0001500217
aat:AmericanAssetsTrustL.P.Member 2017-12-31 0001500217 aat:AmericanAssetsTrustL.P.Member
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2017-12-31 0001500217

Edgar Filing: American Assets Trust, Inc. - Form 10-Q

aat:AmericanAssetsTrustL.P.Member us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-03-31 0001500217 aat:AmericanAssetsTrustL.P.Member us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-01-01 2018-03-31 0001500217 aat:AmericanAssetsTrustL.P.Member us-gaap:SwapMember us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-01-01 2018-03-31 0001500217 aat:AmericanAssetsTrustL.P.Member us-gaap:LimitedPartnerMember 2019-03-31 0001500217 aat:AmericanAssetsTrustL.P.Member us-gaap:GeneralPartnerMember 2019-03-31 0001500217 aat:AmericanAssetsTrustL.P.Member us-gaap:AccumulatedOtherComprehensiveIncomeMember 2019-01-01 2019-03-31 0001500217 aat:AmericanAssetsTrustL.P.Member us-gaap:SwapMember 2019-01-01 2019-03-31 0001500217 aat:AmericanAssetsTrustL.P.Member us-gaap:GeneralPartnerMember 2018-12-31 0001500217 aat:AmericanAssetsTrustL.P.Member us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-12-31 0001500217 aat:AmericanAssetsTrustL.P.Member us-gaap:AccumulatedOtherComprehensiveIncomeMember 2019-03-31 0001500217 aat:AmericanAssetsTrustL.P.Member us-gaap:SwapMember us-gaap:AccumulatedOtherComprehensiveIncomeMember 2019-01-01 2019-03-31 0001500217 aat:AmericanAssetsTrustL.P.Member us-gaap:LimitedPartnerMember 2018-12-31 0001500217 2019-01-01 0001500217 us-gaap:AboveMarketLeasesMember 2018-12-31 0001500217 us-gaap:LeaseAgreementsMember 2019-03-31 0001500217 us-gaap:AboveMarketLeasesMember 2019-03-31 0001500217 us-gaap:LeaseAgreementsMember 2018-12-31 0001500217 us-gaap:LeasesAcquiredInPlaceMember 2019-03-31 0001500217 us-gaap:LeasesAcquiredInPlaceMember 2018-12-31 0001500217 srt:MaximumMember us-gaap:FairValueInputsLevel2Member 2019-03-31 0001500217 srt:MinimumMember us-gaap:FairValueInputsLevel2Member 2019-03-31 0001500217 us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember 2019-03-31 0001500217 us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember 2018-12-31 0001500217 us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember 2018-12-31 0001500217 us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember 2019-03-31 0001500217 us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember 2018-12-31 0001500217 us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember 2019-03-31 0001500217 us-gaap:FairValueInputsLevel2Member us-gaap:EstimateOfFairValueFairValueDisclosureMember us-gaap:SeniorNotesMember 2018-12-31 0001500217 us-gaap:FairValueInputsLevel2Member us-gaap:EstimateOfFairValueFairValueDisclosureMember us-gaap:SecuredDebtMember 2019-03-31 0001500217 us-gaap:CarryingReportedAmountFairValueDisclosureMember us-gaap:SecuredDebtMember 2019-03-31 0001500217 us-gaap:FairValueInputsLevel2Member us-gaap:EstimateOfFairValueFairValueDisclosureMember us-gaap:SecuredDebtMember 2018-12-31 0001500217 us-gaap:CarryingReportedAmountFairValueDisclosureMember us-gaap:LineOfCreditMember 2018-12-31 0001500217 us-gaap:EstimateOfFairValueFairValueDisclosureMember us-gaap:UnsecuredDebtMember 2019-03-31 0001500217 us-gaap:CarryingReportedAmountFairValueDisclosureMember us-gaap:LineOfCreditMember 2019-03-31 0001500217 us-gaap:EstimateOfFairValueFairValueDisclosureMember us-gaap:LineOfCreditMember 2018-12-31 0001500217 us-gaap:CarryingReportedAmountFairValueDisclosureMember us-gaap:SeniorNotesMember 2018-12-31 0001500217 us-gaap:EstimateOfFairValueFairValueDisclosureMember us-gaap:LineOfCreditMember 2019-03-31 0001500217 us-gaap:CarryingReportedAmountFairValueDisclosureMember us-gaap:SeniorNotesMember 2019-03-31 0001500217 us-gaap:EstimateOfFairValueFairValueDisclosureMember us-gaap:UnsecuredDebtMember 2018-12-31 0001500217 us-gaap:FairValueInputsLevel2Member us-gaap:EstimateOfFairValueFairValueDisclosureMember us-gaap:SeniorNotesMember 2019-03-31 0001500217 us-gaap:CarryingReportedAmountFairValueDisclosureMember us-gaap:UnsecuredDebtMember 2018-12-31 0001500217 us-gaap:CarryingReportedAmountFairValueDisclosureMember us-gaap:SecuredDebtMember 2018-12-31 0001500217 us-gaap:CarryingReportedAmountFairValueDisclosureMember us-gaap:UnsecuredDebtMember 2019-03-31 0001500217 aat:AmericanAssetsTrustL.P.Member aat:U.S.BankN.A.Member aat:InterestRateSwap312023Member us-gaap:CashFlowHedgingMember us-gaap:DesignatedAsHedgingInstrumentMember 2019-01-01 2019-03-31 0001500217

Edgar Filing: American Assets Trust, Inc. - Form 10-Q

aat:AmericanAssetsTrustL.P.Member aat:U.S.BankN.A.Member aat:InterestRateSwap312023Member
us-gaap:CashFlowHedgingMember us-gaap:DesignatedAsHedgingInstrumentMember 2019-03-31 0001500217
aat:AmericanAssetsTrustL.P.Member aat:WellsFargoBankN.A.Member aat:InterestRateSwap312023Member
us-gaap:CashFlowHedgingMember us-gaap:DesignatedAsHedgingInstrumentMember 2019-01-01 2019-03-31
0001500217 aat:AmericanAssetsTrustL.P.Member aat:WellsFargoBankN.A.Member
aat:InterestRateSwap312023Member us-gaap:CashFlowHedgingMember
us-gaap:DesignatedAsHedgingInstrumentMember 2019-03-31 0001500217 aat:AmericanAssetsTrustL.P.Member
aat:BankofAmericaN.A.Member aat:InterestRateSwap192021Member us-gaap:CashFlowHedgingMember
us-gaap:DesignatedAsHedgingInstrumentMember 2019-03-31 0001500217 aat:AmericanAssetsTrustL.P.Member
aat:BankofAmericaN.A.Member aat:InterestRateSwap192021Member us-gaap:CashFlowHedgingMember
us-gaap:DesignatedAsHedgingInstrumentMember 2019-01-01 2019-03-31 0001500217
aat:AmericanAssetsTrustL.P.Member aat:SeniorGuaranteedNotesSeriesAMember us-gaap:UnsecuredDebtMember
2018-12-31 0001500217 aat:AmericanAssetsTrustL.P.Member aat:SeniorGuaranteedNotesSeriesBMember
us-gaap:UnsecuredDebtMember 2019-01-01 2019-03-31 0001500217 aat:AmericanAssetsTrustL.P.Member
aat:TermLoanBMember us-gaap:UnsecuredDebtMember 2019-01-01 2019-03-31 0001500217
aat:AmericanAssetsTrustL.P.Member aat:SeniorGuaranteedNotesSeriesCMember us-gaap:UnsecuredDebtMember
2019-03-31 0001500217 aat:AmericanAssetsTrustL.P.Member aat:SeniorGuaranteedNotesSeriesDMember
us-gaap:UnsecuredDebtMember 2019-03-31 0001500217 aat:AmericanAssetsTrustL.P.Member
aat:TermLoanAMember us-gaap:UnsecuredDebtMember 2019-01-01 2019-03-31 0001500217
aat:AmericanAssetsTrustL.P.Member aat:SeniorGuaranteedNotesSeriesFMember us-gaap:UnsecuredDebtMember
2019-03-31 0001500217 aat:AmericanAssetsTrustL.P.Member us-gaap:UnsecuredDebtMember 2018-12-31
0001500217 aat:AmericanAssetsTrustL.P.Member aat:SeniorGuaranteedNotesSeriesBMember
us-gaap:UnsecuredDebtMember 2018-12-31 0001500217 aat:AmericanAssetsTrustL.P.Member
aat:SeniorGuaranteedNotesSeriesFMember us-gaap:UnsecuredDebtMember 2018-12-31 0001500217
aat:AmericanAssetsTrustL.P.Member us-gaap:UnsecuredDebtMember 2019-03-31 0001500217
aat:AmericanAssetsTrustL.P.Member aat:SeniorGuaranteedNotesSeriesFMember us-gaap:UnsecuredDebtMember
2019-01-01 2019-03-31 0001500217 aat:AmericanAssetsTrustL.P.Member
aat:SeniorGuaranteedNotesSeriesAMember us-gaap:UnsecuredDebtMember 2019-01-01 2019-03-31 0001500217
aat:AmericanAssetsTrustL.P.Member aat:SeniorGuaranteedNotesSeriesBMember us-gaap:UnsecuredDebtMember
2019-03-31 0001500217 aat:AmericanAssetsTrustL.P.Member aat:SeniorGuaranteedNotesSeriesEMember
us-gaap:UnsecuredDebtMember 2018-12-31 0001500217 aat:AmericanAssetsTrustL.P.Member
aat:SeniorGuaranteedNotesSeriesAMember us-gaap:UnsecuredDebtMember 2019-03-31 0001500217
aat:AmericanAssetsTrustL.P.Member aat:TermLoanCMember us-gaap:UnsecuredDebtMember 2018-12-31
0001500217 aat:AmericanAssetsTrustL.P.Member aat:SeniorGuaranteedNotesSeriesCMember
us-gaap:UnsecuredDebtMember 2019-01-01 2019-03-31 0001500217 aat:AmericanAssetsTrustL.P.Member
aat:TermLoanBMember us-gaap:UnsecuredDebtMember 2018-12-31 0001500217
aat:AmericanAssetsTrustL.P.Member aat:SeniorGuaranteedNotesSeriesCMember us-gaap:UnsecuredDebtMember
2018-12-31 0001500217 aat:AmericanAssetsTrustL.P.Member aat:TermLoanCMember
us-gaap:UnsecuredDebtMember 2019-03-31 0001500217 aat:AmericanAssetsTrustL.P.Member
aat:SeniorGuaranteedNotesSeriesDMember us-gaap:UnsecuredDebtMember 2018-12-31 0001500217
aat:AmericanAssetsTrustL.P.Member aat:TermLoanAMember us-gaap:UnsecuredDebtMember 2019-03-31
0001500217 aat:AmericanAssetsTrustL.P.Member aat:SeniorGuaranteedNotesSeriesDMember
us-gaap:UnsecuredDebtMember 2019-01-01 2019-03-31 0001500217 aat:AmericanAssetsTrustL.P.Member
aat:SeniorGuaranteedNotesSeriesEMember us-gaap:UnsecuredDebtMember 2019-03-31 0001500217
aat:AmericanAssetsTrustL.P.Member aat:TermLoanAMember us-gaap:UnsecuredDebtMember 2018-12-31
0001500217 aat:AmericanAssetsTrustL.P.Member aat:TermLoanBMember us-gaap:UnsecuredDebtMember
2019-03-31 0001500217 aat:AmericanAssetsTrustL.P.Member aat:TermLoanCMember
us-gaap:UnsecuredDebtMember 2019-01-01 2019-03-31 0001500217 aat:AmericanAssetsTrustL.P.Member
aat:SeniorGuaranteedNotesSeriesEMember us-gaap:UnsecuredDebtMember 2019-01-01 2019-03-31 0001500217
aat:AmericanAssetsTrustL.P.Member aat:TorreyReserveNorthCourtMember us-gaap:SecuredDebtMember
2019-03-31 0001500217 aat:AmericanAssetsTrustL.P.Member us-gaap:SecuredDebtMember 2019-03-31

Edgar Filing: American Assets Trust, Inc. - Form 10-Q

0001500217 aat:AmericanAssetsTrustL.P.Member aat:SolanaBeachTowneCentreMember
us-gaap:SecuredDebtMember 2019-03-31 0001500217 aat:AmericanAssetsTrustL.P.Member
aat:CityCenterBellevueMember us-gaap:SecuredDebtMember 2019-03-31 0001500217
aat:AmericanAssetsTrustL.P.Member aat:TorreyReserveMember us-gaap:SecuredDebtMember 2019-03-31
0001500217 aat:AmericanAssetsTrustL.P.Member aat:CityCenterBellevueMember us-gaap:SecuredDebtMember
2018-12-31 0001500217 aat:AmericanAssetsTrustL.P.Member aat:TorreyReserveMember
us-gaap:SecuredDebtMember 2019-01-01 2019-03-31 0001500217 aat:AmericanAssetsTrustL.P.Member
aat:SolanaBeachTowneCentreMember us-gaap:SecuredDebtMember 2019-01-01 2019-03-31 0001500217
aat:AmericanAssetsTrustL.P.Member aat:TorreyReserveNorthCourtMember us-gaap:SecuredDebtMember
2019-01-01 2019-03-31 0001500217 aat:AmericanAssetsTrustL.P.Member aat:CityCenterBellevueMember
us-gaap:SecuredDebtMember 2019-01-01 2019-03-31 0001500217 aat:AmericanAssetsTrustL.P.Member
aat:TorreyReserveNorthCourtMember us-gaap:SecuredDebtMember 2018-12-31 0001500217
aat:AmericanAssetsTrustL.P.Member aat:SolanaBeachCorporateCentreOneToTwoMember
us-gaap:SecuredDebtMember 2019-01-01 2019-03-31 0001500217 aat:AmericanAssetsTrustL.P.Member
aat:TorreyReserveMember us-gaap:SecuredDebtMember 2018-12-31 0001500217
aat:AmericanAssetsTrustL.P.Member aat:SolanaBeachCorporateCentreOneToTwoMember
us-gaap:SecuredDebtMember 2019-03-31 0001500217 aat:AmericanAssetsTrustL.P.Member
us-gaap:SecuredDebtMember 2018-12-31 0001500217 aat:AmericanAssetsTrustL.P.Member
aat:SolanaBeachCorporateCentreOneToTwoMember us-gaap:SecuredDebtMember 2018-12-31 0001500217
aat:AmericanAssetsTrustL.P.Member aat:SolanaBeachTowneCentreMember us-gaap:SecuredDebtMember
2018-12-31 0001500217 aat:AmericanAssetsTrustL.P.Member us-gaap:RevolvingCreditFacilityMember
aat:SecondAmendedandRestatedCreditFacilityMember us-gaap:LineOfCreditMember 2018-01-09 2018-01-09
0001500217 aat:AmericanAssetsTrustL.P.Member aat:SeniorGuaranteedNotesSeriesFMember
us-gaap:ForwardContractsMember 2019-03-31 0001500217 aat:AmericanAssetsTrustL.P.Member
us-gaap:ForwardContractsMember 2017-01-18 2017-01-18 0001500217 aat:AmericanAssetsTrustL.P.Member
srt:MaximumMember aat:SecondAmendedandRestatedCreditFacilityMember us-gaap:UnsecuredDebtMember
us-gaap:LondonInterbankOfferedRateLIBORMember 2018-01-09 2018-01-09 0001500217
aat:AmericanAssetsTrustL.P.Member aat:SeniorGuaranteedNotesSeriesDMember us-gaap:ForwardContractsMember
2019-03-31 0001500217 aat:AmericanAssetsTrustL.P.Member aat:TermLoanAMember
us-gaap:InterestRateSwapMember 2019-03-31 0001500217 aat:AmericanAssetsTrustL.P.Member
aat:TermLoanBMember us-gaap:UnsecuredDebtMember us-gaap:LondonInterbankOfferedRateLIBORMember
2018-01-09 2018-01-09 0001500217 aat:AmericanAssetsTrustL.P.Member srt:MinimumMember
aat:SecondAmendedandRestatedCreditFacilityMember us-gaap:UnsecuredDebtMember us-gaap:BaseRateMember
2018-01-09 2018-01-09 0001500217 aat:AmericanAssetsTrustL.P.Member aat:TermLoanAMember
us-gaap:UnsecuredDebtMember 2019-01-09 2019-01-09 0001500217 aat:AmericanAssetsTrustL.P.Member
aat:SecondAmendedandRestatedCreditFacilityMember us-gaap:UnsecuredDebtMember 2018-01-09 0001500217
aat:AmericanAssetsTrustL.P.Member srt:MinimumMember aat:TermLoanAMember us-gaap:UnsecuredDebtMember
us-gaap:LondonInterbankOfferedRateLIBORMember 2019-01-09 2019-01-09 0001500217
aat:AmericanAssetsTrustL.P.Member aat:SecondAmendedandRestatedCreditFacilityMember
us-gaap:LineOfCreditMember us-gaap:BaseRateMember 2018-01-09 2018-01-09 0001500217
aat:AmericanAssetsTrustL.P.Member srt:MaximumMember us-gaap:RevolvingCreditFacilityMember
aat:SecondAmendedandRestatedCreditFacilityMember us-gaap:LineOfCreditMember us-gaap:BaseRateMember
2018-01-09 2018-01-09 0001500217 aat:AmericanAssetsTrustL.P.Member aat:TermLoanBMember
us-gaap:InterestRateSwapMember 2019-03-31 0001500217 aat:AmericanAssetsTrustL.P.Member
srt:MinimumMember aat:TermLoanBMember us-gaap:UnsecuredDebtMember
us-gaap:LondonInterbankOfferedRateLIBORMember 2018-01-09 2018-01-09 0001500217
aat:AmericanAssetsTrustL.P.Member srt:MinimumMember aat:TermLoanBMember us-gaap:BaseRateMember
2018-01-09 2018-01-09 0001500217 aat:AmericanAssetsTrustL.P.Member aat:TermLoanAMember
us-gaap:UnsecuredDebtMember us-gaap:LondonInterbankOfferedRateLIBORMember 2019-01-09 2019-01-09
0001500217 aat:AmericanAssetsTrustL.P.Member aat:TermLoanAMember us-gaap:UnsecuredDebtMember
us-gaap:BaseRateMember 2019-01-09 2019-01-09 0001500217 aat:AmericanAssetsTrustL.P.Member

Edgar Filing: American Assets Trust, Inc. - Form 10-Q

us-gaap:ForwardContractsMember 2017-05-11 2017-05-11 0001500217 aat:AmericanAssetsTrustL.P.Member
aat:TermLoanBMember us-gaap:UnsecuredDebtMember us-gaap:BaseRateMember 2018-01-09 2018-01-09
0001500217 aat:AmericanAssetsTrustL.P.Member aat:SeniorGuaranteedNotesSeriesAMember
us-gaap:ForwardContractsMember 2019-03-31 0001500217 aat:AmericanAssetsTrustL.P.Member
us-gaap:ForwardContractsMember 2014-09-19 2014-09-19 0001500217 aat:AmericanAssetsTrustL.P.Member
srt:MaximumMember aat:SecondAmendedandRestatedCreditFacilityMember us-gaap:UnsecuredDebtMember
us-gaap:BaseRateMember 2018-01-09 2018-01-09 0001500217 aat:AmericanAssetsTrustL.P.Member
srt:MaximumMember us-gaap:RevolvingCreditFacilityMember
aat:SecondAmendedandRestatedCreditFacilityMember us-gaap:LineOfCreditMember
us-gaap:LondonInterbankOfferedRateLIBORMember 2018-01-09 2018-01-09 0001500217
aat:AmericanAssetsTrustL.P.Member aat:SecondAmendedandRestatedCreditFacilityMember 2018-01-09
0001500217 aat:AmericanAssetsTrustL.P.Member srt:MinimumMember
aat:SecondAmendedandRestatedCreditFacilityMember us-gaap:UnsecuredDebtMember
us-gaap:LondonInterbankOfferedRateLIBORMember 2018-01-09 2018-01-09 0001500217
aat:AmericanAssetsTrustL.P.Member srt:MaximumMember aat:TermLoanAMember us-gaap:BaseRateMember
2019-01-09 2019-01-09 0001500217 aat:AmericanAssetsTrustL.P.Member srt:MinimumMember
aat:TermLoanAMember us-gaap:BaseRateMember 2019-01-09 2019-01-09 0001500217
us-gaap:LineOfCreditMember 2018-01-09 0001500217 aat:AmericanAssetsTrustL.P.Member srt:MaximumMember
aat:TermLoanBMember us-gaap:BaseRateMember 2018-01-09 2018-01-09 0001500217
aat:AmericanAssetsTrustL.P.Member us-gaap:RevolvingCreditFacilityMember
aat:SecondAmendedandRestatedCreditFacilityMember us-gaap:LineOfCreditMember 2018-01-09 0001500217
aat:AmericanAssetsTrustL.P.Member aat:TermLoanCMember us-gaap:InterestRateSwapMember 2017-12-31
0001500217 aat:AmericanAssetsTrustL.P.Member srt:MaximumMember aat:TermLoanAMember
us-gaap:UnsecuredDebtMember us-gaap:LondonInterbankOfferedRateLIBORMember 2019-01-09 2019-01-09
0001500217 aat:AmericanAssetsTrustL.P.Member aat:TermLoanBMember us-gaap:InterestRateSwapMember
2017-12-31 0001500217 aat:AmericanAssetsTrustL.P.Member srt:MinimumMember
us-gaap:RevolvingCreditFacilityMember aat:SecondAmendedandRestatedCreditFacilityMember
us-gaap:LineOfCreditMember us-gaap:BaseRateMember 2018-01-09 2018-01-09 0001500217
aat:AmericanAssetsTrustL.P.Member srt:MaximumMember aat:TermLoanBMember us-gaap:UnsecuredDebtMember
us-gaap:LondonInterbankOfferedRateLIBORMember 2018-01-09 2018-01-09 0001500217
aat:AmericanAssetsTrustL.P.Member aat:TermLoanCMember us-gaap:InterestRateSwapMember 2019-03-31
0001500217 aat:AmericanAssetsTrustL.P.Member us-gaap:ForwardContractsMember 2017-06-23 2017-06-23
0001500217 aat:AmericanAssetsTrustL.P.Member srt:MinimumMember us-gaap:RevolvingCreditFacilityMember
aat:SecondAmendedandRestatedCreditFacilityMember us-gaap:LineOfCreditMember
us-gaap:LondonInterbankOfferedRateLIBORMember 2018-01-09 2018-01-09 0001500217
aat:AmericanAssetsTrustL.P.Member us-gaap:SecuredDebtMember 2019-01-01 2019-03-31 0001500217
aat:AmericanAssetsTrustL.P.Member aat:SecondAmendedandRestatedCreditFacilityMember
us-gaap:LineOfCreditMember 2019-03-31 0001500217 aat:AmericanAssetsTrustL.P.Member
aat:TermLoanBTermLoanCMember us-gaap:UnsecuredDebtMember 2018-01-09 0001500217
aat:AmericanAssetsTrustL.P.Member aat:SeniorGuaranteedNotesSeriesEMember us-gaap:ForwardContractsMember
2019-03-31 0001500217 aat:AmericanAssetsTrustL.P.Member aat:TermLoanBMember 2018-01-09 2018-01-09
0001500217 aat:AmericanAssetsTrustL.P.Member us-gaap:RevolvingCreditFacilityMember
aat:SecondAmendedandRestatedCreditFacilityMember us-gaap:LineOfCreditMember
us-gaap:LondonInterbankOfferedRateLIBORMember 2018-01-09 2018-01-09 0001500217
aat:AmericanAssetsTrustL.P.Member aat:TermLoanAMember us-gaap:UnsecuredDebtMember 2019-01-09
0001500217 aat:AmericanAssetsTrustL.P.Member us-gaap:ForwardContractsMember 2014-08-19 2014-08-19
0001500217 aat:TermLoanAMember us-gaap:UnsecuredDebtMember aat:FederalFundsRateMember 2019-01-09
2019-01-09 0001500217 aat:SecondAmendedandRestatedCreditFacilityMember us-gaap:UnsecuredDebtMember
us-gaap:LondonInterbankOfferedRateLIBORMember 2018-01-09 2018-01-09 0001500217 aat:TermLoanAMember
us-gaap:UnsecuredDebtMember us-gaap:EurodollarMember 2019-01-09 2019-01-09 0001500217
aat:AmericanAssetsTrustL.P.Member aat:TermLoanCMember 2018-01-09 2018-01-09 0001500217

Edgar Filing: American Assets Trust, Inc. - Form 10-Q

aat:AmericanAssetsTrustL.P.Member srt:MinimumMember aat:TermLoanCMember us-gaap:BaseRateMember 2018-01-09 2018-01-09 0001500217 aat:AmericanAssetsTrustL.P.Member aat:TermLoanCMember us-gaap:UnsecuredDebtMember us-gaap:BaseRateMember 2018-01-09 2018-01-09 0001500217 aat:TermLoanCMember us-gaap:UnsecuredDebtMember us-gaap:EurodollarMember 2018-01-09 2018-01-09 0001500217 aat:TermLoanBMember us-gaap:UnsecuredDebtMember us-gaap:EurodollarMember 2016-03-01 2016-03-01 0001500217 aat:SecondAmendedandRestatedCreditFacilityMember us-gaap:LineOfCreditMember us-gaap:BaseRateMember 2018-01-09 2018-01-09 0001500217 aat:AmericanAssetsTrustL.P.Member srt:MaximumMember aat:TermLoanCMember us-gaap:BaseRateMember 2018-01-09 2018-01-09 0001500217 aat:TermLoanCMember us-gaap:UnsecuredDebtMember aat:FederalFundsRateMember 2018-01-09 2018-01-09 0001500217 aat:AmericanAssetsTrustL.P.Member aat:TermLoanCMember us-gaap:UnsecuredDebtMember us-gaap:LondonInterbankOfferedRateLIBORMember 2018-01-09 2018-01-09 0001500217 aat:AmericanAssetsTrustL.P.Member srt:MinimumMember aat:TermLoanCMember us-gaap:UnsecuredDebtMember us-gaap:LondonInterbankOfferedRateLIBORMember 2018-01-09 2018-01-09 0001500217 aat:TermLoanBMember us-gaap:UnsecuredDebtMember aat:FederalFundsRateMember 2018-01-09 2018-01-09 0001500217 aat:AmericanAssetsTrustL.P.Member srt:MaximumMember aat:TermLoanCMember us-gaap:UnsecuredDebtMember us-gaap:LondonInterbankOfferedRateLIBORMember 2018-01-09 2018-01-09 0001500217 aat:AmericanAssetsTrustL.P.Member us-gaap:CommonStockMember 2019-01-01 2019-03-31 0001500217 aat:AmericanAssetsTrustL.P.Member aat:OperatingPartnershipUnitsMember 2019-01-01 2019-03-31 0001500217 us-gaap:SubsequentEventMember aat:AtMarketEquityProgramMember 2019-04-02 2019-04-02 0001500217 aat:AtMarketEquityProgramMember 2018-03-02 2018-03-02 0001500217 aat:AtMarketEquityProgramMember 2019-03-31 0001500217 aat:AtMarketEquityProgramMember 2015-05-27 0001500217 aat:AtMarketEquityProgramMember 2015-05-27 2015-05-27 0001500217 aat:OtherOfferingCostsMember aat:AtMarketEquityProgramMember 2019-01-01 2019-03-31 0001500217 aat:AtMarketEquityProgramMember 2019-01-01 2019-03-31 0001500217 aat:CommissionsMember aat:AtMarketEquityProgramMember 2019-01-01 2019-03-31 0001500217 us-gaap:RestrictedStockUnitsRSUMember 2019-01-01 2019-03-31 0001500217 us-gaap:RestrictedStockUnitsRSUMember 2019-03-31 0001500217 us-gaap:RestrictedStockUnitsRSUMember 2018-12-31 0001500217 aat:OperatingPartnershipUnitsMember 2019-01-01 2019-03-31 0001500217 aat:OperatingPartnershipUnitsMember 2018-01-01 2018-03-31 0001500217 aat:OutriggerHotelsAndResortsMember 2019-01-01 2019-03-31 0001500217 aat:WbwHotelLesseeLlcMember 2019-01-01 2019-03-31 0001500217 aat:TotalRevenuesMember aat:OfficeSegmentMember 2019-01-01 2019-03-31 0001500217 aat:FutureTimePeriodAfterMember aat:WbwHotelLesseeLlcMember 2019-03-31 0001500217 aat:WaikikiBeachWalkRetailMember 2019-01-01 2019-03-31 0001500217 aat:FutureTimePeriodPriorMember aat:WbwHotelLesseeLlcMember 2019-03-31 0001500217 aat:TotalRevenuesMember aat:RetailSegmentMember 2019-01-01 2019-03-31 0001500217 srt:MaximumMember aat:OutriggerHotelsAndResortsMember 2019-01-01 2019-03-31 0001500217 srt:MinimumMember aat:DelMonteCenterAffiliatesMember 2019-01-01 2019-03-31 0001500217 srt:MaximumMember aat:DelMonteCenterAffiliatesMember 2019-01-01 2019-03-31 0001500217 aat:FutureYearPeriodTwoMember aat:OutriggerHotelsAndResortsMember 2019-01-01 2019-03-31 0001500217 aat:FutureYearPeriodFourMember aat:OutriggerHotelsAndResortsMember 2019-01-01 2019-03-31 0001500217 aat:FutureYearPeriodThreeMember aat:OutriggerHotelsAndResortsMember 2019-01-01 2019-03-31 0001500217 aat:FutureYearPeriodOneMember aat:OutriggerHotelsAndResortsMember 2019-01-01 2019-03-31 0001500217 aat:LandMarkAtOneMarketMember 2019-01-01 2019-03-31 0001500217 srt:MaximumMember 2019-01-01 2019-03-31 0001500217 aat:LandMarkAtOneMarketMember 2019-03-31 0001500217 srt:MinimumMember 2019-01-01 2019-03-31 0001500217 aat:MultifamilySegmentMember 2018-01-01 2018-03-31 0001500217 aat:OfficeSegmentMember 2019-01-01 2019-03-31 0001500217 aat:RetailSegmentMember 2018-01-01 2018-03-31 0001500217 aat:MixedUseSegmentMember 2019-01-01 2019-03-31 0001500217 aat:OfficeSegmentMember 2018-01-01 2018-03-31 0001500217 aat:MultifamilySegmentMember 2019-01-01 2019-03-31 0001500217 aat:RetailSegmentMember 2019-01-01 2019-03-31 0001500217 aat:MixedUseSegmentMember 2018-01-01 2018-03-31 0001500217 aat:WBWCHPLLCMember 2018-01-01 2018-03-31 0001500217 aat:AAIAviationInc.Member us-gaap:BoardOfDirectorsChairmanMember 2018-01-01 2018-03-31 0001500217 aat:InsuranceCompanyoftheWestIncMember us-gaap:BoardOfDirectorsChairmanMember 2017-07-01 0001500217 aat:AmericanAssetsInc.Member us-gaap:BoardOfDirectorsChairmanMember us-gaap:ScenarioForecastMember

2019-01-01 2019-12-31 0001500217 aat:AAIAviationInc.Member us-gaap:BoardOfDirectorsChairmanMember
2019-01-01 2019-03-31 0001500217 aat:WBWCHPLLCMember 2019-01-01 2019-03-31 0001500217
aat:AmericanAssetsInc.Member us-gaap:BoardOfDirectorsChairmanMember 2019-03-31 0001500217
aat:MixedUseSegmentMember 2018-12-31 0001500217 aat:OfficeSegmentMember 2018-12-31 0001500217
aat:MultifamilySegmentMember 2018-12-31 0001500217 aat:RetailSegmentMember 2018-12-31 0001500217
aat:MixedUseSegmentMember 2019-03-31 0001500217 aat:OfficeSegmentMember 2019-03-31 0001500217
aat:MultifamilySegmentMember 2019-03-31 0001500217 aat:RetailSegmentMember 2019-03-31 aat:Segment
aat:Room iso4217:USD xbrli:shares xbrli:shares xbrli:pure aat:Extension_Option iso4217:USD aat:Property
aat:Employee utreg:M aat:Agent

[Table of Contents](#)

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
X SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2019

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
O SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

AMERICAN ASSETS TRUST, INC.

(Exact Name of Registrant as Specified in its Charter)

Commission file number: 001-35030

AMERICAN ASSETS TRUST, L.P.

(Exact Name of Registrant as Specified in its Charter)

Commission file number: 333-202342-01

Maryland (American Assets Trust, Inc.)	27-3338708 (American Assets Trust, Inc.)
Maryland (American Assets Trust, L.P.)	27-3338894 (American Assets Trust, L.P.)
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

11455 El Camino Real, Suite 200,
San Diego, California
(Address of Principal Executive Offices)

92130
(Zip Code)

(858) 350-2600

(Registrant's Telephone Number, Including Area Code)

Edgar Filing: American Assets Trust, Inc. - Form 10-Q

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

American Assets Trust, Inc. Yes No

American Assets Trust, L.P. Yes No

(American Assets Trust, L.P. became subject to filing requirements under Section 13 of the Securities Exchange Act of 1934, as amended, upon effectiveness of its Registration Statement on Form S-3 on February 6, 2015 and has filed all required reports subsequent to that date.)

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files).

American Assets Trust, Inc. Yes No

American Assets Trust, L.P. Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

American Assets Trust, Inc.

Large Accelerated Filer Accelerated Filer

Non-Accelerated Filer (Do not check if a smaller reporting company) Smaller reporting company

Emerging growth company

American Assets Trust, L.P.

Large Accelerated Filer Accelerated Filer

Non-Accelerated Filer (Do not check if a smaller reporting company) Smaller reporting company

Emerging growth company

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

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

American Assets Trust, Inc. Yes No

American Assets Trust, L.P. Yes No

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

<u>Name of Registrant</u>	<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
American Assets Trust, Inc.	Common Stock, par value \$0.01 per share	AAT	New York Stock Exchange
American Assets Trust, L.P.	None	None	None

American Assets Trust, Inc. had 48,006,276 shares of common stock, par value \$0.01 per share, outstanding as of May 3, 2019.

Table of Contents

EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the quarter ended March 31, 2019 of American Assets Trust, Inc., a Maryland corporation, and American Assets Trust, L.P., a Maryland limited partnership, of which American Assets Trust, Inc. is the parent company and sole general partner. Unless otherwise indicated or unless the context requires otherwise, all references in this report to “we,” “us,” “our” or “the company” refer to American Assets Trust, Inc. together with its consolidated subsidiaries, including American Assets Trust, L.P. Unless otherwise indicated or unless the context requires otherwise, all references in this report to “our Operating Partnership” or “the Operating Partnership” refer to American Assets Trust, L.P. together with its consolidated subsidiaries.

American Assets Trust, Inc. operates as a real estate investment trust, or REIT, and is the sole general partner of the Operating Partnership. As of March 31, 2019, American Assets Trust, Inc. owned an approximate 73.3% partnership interest in the Operating Partnership. The remaining 26.7% partnership interests are owned by non-affiliated investors and certain of our directors and executive officers. As the sole general partner of the Operating Partnership, American Assets Trust, Inc. has full, exclusive and complete authority and control over the Operating Partnership’s day-to-day management and business, can cause it to enter into certain major transactions, including acquisitions, dispositions and refinancings, and can cause changes in its line of business, capital structure and distribution policies.

The company believes that combining the quarterly reports on Form 10-Q of American Assets Trust, Inc. and the Operating Partnership into a single report will result in the following benefits:

- better reflects how management and the analyst community view the business as a single operating unit;
- enhance investors' understanding of American Assets Trust, Inc. and the Operating Partnership by enabling them to view the business as a whole and in the same manner as management;
- greater efficiency for American Assets Trust, Inc. and the Operating Partnership and resulting savings in time, effort and expense; and
- greater efficiency for investors by reducing duplicative disclosure by providing a single document for their review.

Management operates American Assets Trust, Inc. and the Operating Partnership as one enterprise. The management of American Assets Trust, Inc. and the Operating Partnership are the same.

There are a few differences between American Assets Trust, Inc. and the Operating Partnership, which are reflected in the disclosures in this report. We believe it is important to understand the differences between American Assets Trust, Inc. and the Operating Partnership in the context of how American Assets Trust, Inc. and the Operating Partnership operate as an interrelated consolidated company. American Assets Trust, Inc. is a REIT, whose only material asset is its ownership of partnership interests of the Operating Partnership. As a result, American Assets Trust, Inc. does not conduct business itself, other than acting as the sole general partner of the Operating Partnership, issuing public equity from time to time and guaranteeing certain debt of the Operating Partnership. American Assets Trust, Inc. itself does not hold any indebtedness. The Operating Partnership holds substantially all the assets of the company, directly or indirectly holds the ownership interests in the company’s real estate ventures, conducts the operations of the business and is structured as a partnership with no publicly-traded equity. Except for net proceeds from public equity issuances by American Assets Trust, Inc., which are generally contributed to the Operating Partnership in exchange for partnership units, the Operating Partnership generates the capital required by the company’s business through the Operating Partnership’s operations, by the Operating Partnership’s direct or indirect incurrence of indebtedness or through the issuance of operating partnership units.

Noncontrolling interests and stockholders’ equity and partners’ capital are the main areas of difference between the consolidated financial statements of American Assets Trust, Inc. and those of American Assets Trust, L.P. The partnership interests in the Operating Partnership that are not owned by American Assets Trust, Inc. are accounted for

Edgar Filing: American Assets Trust, Inc. - Form 10-Q

as partners' capital in the Operating Partnership's financial statements and as noncontrolling interests in American Assets Trust, Inc.'s financial statements. To help investors understand the significant differences between the company and the Operating Partnership, this report presents the following separate sections for each of American Assets Trust, Inc. and the Operating Partnership:

• consolidated financial statements;

• the following notes to the consolidated financial statements:

Debt;

Equity/Partners' Capital; and

Earnings Per Share/Unit; and

Liquidity and Capital Resources in Management's Discussion and Analysis of Financial Condition and Results of Operations.

Table of Contents

This report also includes separate Item 4. Controls and Procedures sections and separate Exhibit 31 and 32 certifications for each of American Assets Trust, Inc. and the Operating Partnership in order to establish that the Chief Executive Officer and the Chief Financial Officer of American Assets Trust, Inc. have made the requisite certifications and American Assets Trust, Inc. and the Operating Partnership are compliant with Rule 13a-15 or Rule 15d-15 of the Securities Exchange Act of 1934 and 18 U.S.C. §1350.

Table of Contents

**AMERICAN ASSETS TRUST, INC. AND AMERICAN ASSETS TRUST, L.P.
 QUARTERLY REPORT ON FORM 10-Q
 FOR THE QUARTER ENDED MARCH 31, 2019**

PART 1. FINANCIAL INFORMATION

Item 1. Financial Statements	
Consolidated Financial Statements of American Assets Trust, Inc.:	
<u>Consolidated Balance Sheets as of March 31, 2019 (unaudited) and December 31, 2018</u>	<u>1</u>
<u>Consolidated Statements of Comprehensive Income (unaudited) for the three months ended March 31, 2019 and 2018</u>	<u>2</u>
<u>Consolidated Statement of Equity (unaudited) for the three months ended March 31, 2019 and 2018</u>	<u>3</u>
<u>Consolidated Statements of Cash Flows (unaudited) for the three months ended March 31, 2019 and 2018</u>	<u>4</u>
Consolidated Financial Statements of American Assets Trust, L.P.:	
<u>Consolidated Balance Sheets as of March 31, 2019 (unaudited) and December 31, 2018</u>	<u>5</u>
<u>Consolidated Statements of Comprehensive Income (unaudited) for the three months ended March 31, 2019 and 2018</u>	<u>6</u>
<u>Consolidated Statement of Partners' Capital (unaudited) for the three months ended March 31, 2019 and 2018</u>	<u>7</u>
<u>Consolidated Statements of Cash Flows (unaudited) for the three months ended March 31, 2019 and 2018</u>	<u>8</u>
<u>Notes to Consolidated Financial Statements (unaudited)</u>	<u>9</u>
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>29</u>
Item 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u>	<u>43</u>
Item 4. <u>Controls and Procedures</u>	<u>44</u>
PART II. OTHER INFORMATION	
Item 1. <u>Legal Proceedings</u>	<u>45</u>
Item 1A. <u>Risk Factors</u>	<u>45</u>
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>45</u>
Item 3. <u>Defaults Upon Senior Securities</u>	<u>45</u>
Item 4. <u>Mine Safety Disclosures</u>	<u>45</u>
Item 5. <u>Other Information</u>	<u>45</u>
Item 6. <u>Exhibits</u>	<u>46</u>
<u>SIGNATURES</u>	<u>47</u>

Table of Contents**PART 1 - FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS**

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

	March 31, 2019	December 31, 2018
	(unaudited)	
ASSETS		
Real estate, at cost		
Operating real estate	\$2,569,407	\$2,549,571
Construction in progress	77,094	71,228
Held for development	9,392	9,392
	2,655,893	2,630,191
Accumulated depreciation	(609,020)	(590,338)
Net real estate	2,046,873	2,039,853
Cash and cash equivalents	54,538	47,956
Restricted cash	9,777	9,316
Accounts receivable, net	9,137	9,289
Deferred rent receivables, net	40,554	39,815
Other assets, net	56,169	52,021
TOTAL ASSETS	\$2,217,048	\$2,198,250
LIABILITIES AND EQUITY		
LIABILITIES:		
Secured notes payable, net	\$162,688	\$182,572
Unsecured notes payable, net	1,045,709	1,045,863
Unsecured line of credit, net	86,438	62,337
Accounts payable and accrued expenses	53,683	46,616
Security deposits payable	7,579	8,844
Other liabilities and deferred credits, net	55,618	49,547
Total liabilities	1,411,715	1,395,779
Commitments and contingencies (Note 11)		
EQUITY:		
American Assets Trust, Inc. stockholders' equity		
Common stock, \$0.01 par value, 490,000,000 shares authorized, 47,486,894 and 47,335,409 shares issued and outstanding at March 31, 2019 and December 31, 2018, respectively	475	474
Additional paid-in capital	928,792	920,661
Accumulated dividends in excess of net income	(130,841)	(128,778)
Accumulated other comprehensive income	8,825	10,620
Total American Assets Trust, Inc. stockholders' equity	807,251	802,977
Noncontrolling interests	(1,918)	(506)
Total equity	805,333	802,471
TOTAL LIABILITIES AND EQUITY	\$2,217,048	\$2,198,250

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

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

	Three Months Ended	
	March 31,	
	2019	2018
REVENUE:		
Rental income	\$76,831	\$ 76,201
Other property income	8,488	4,531
Total revenue	85,319	80,732
EXPENSES:		
Rental expenses	20,796	20,420
Real estate taxes	9,046	8,546
General and administrative	6,073	5,567
Depreciation and amortization	20,583	33,279
Total operating expenses	56,498	67,812
OPERATING INCOME	28,821	12,920
Interest expense	(13,349)	(13,820)
Other (expense) income, net	(229)	209
NET INCOME (LOSS)	15,243	(691)
Net (income) loss attributable to restricted shares	(93)	72
Net (income) loss attributable to unitholders in the Operating Partnership	(4,055)	166
NET INCOME (LOSS) ATTRIBUTABLE TO AMERICAN ASSETS TRUST, INC.	\$ 11,095	\$ (453)
STOCKHOLDERS		
EARNINGS (LOSS) PER COMMON SHARE		
Earnings (loss) per common share, basic	\$0.24	\$ (0.01)
Weighted average shares of common stock outstanding - basic	47,004,463	46,935,820
Earnings (loss) per common share, diluted	\$0.24	\$ (0.01)
Weighted average shares of common stock outstanding - diluted	64,182,073	46,935,820
DIVIDENDS DECLARED PER COMMON SHARE	\$0.28	\$ 0.27
COMPREHENSIVE INCOME		
Net income (loss)	\$15,243	\$ (691)
Other comprehensive (loss) income - unrealized (loss) income on swap derivative during the period	(2,132)	2,861
Reclassification of amortization of forward-starting swap included in interest expense	(320)	(320)
Comprehensive income	12,791	1,850
Comprehensive income attributable to non-controlling interest	(3,398)	(502)
Comprehensive income attributable to American Assets Trust, Inc.	\$9,393	\$ 1,348

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

American Assets Trust, Inc.
Consolidated Statement of Equity
(Unaudited)
(In Thousands, Except Share Data)

	American Assets Trust, Inc. Stockholders' Equity					Noncontrolling	
	Common Shares	Additional	Accumulated	Accumulated	Interests -	Total	
	Shares	Amount	Paid-in	Dividends in	Other	Operating	Partnership
			Capital	Excess of Net	Comprehensive		
				Income	Income (Loss)		
Balance at December 31, 2018	47,335,409	\$ 474	\$920,661	\$(128,778)	\$ 10,620	\$ (506)	) \$802,471
Net income	—	—	—	11,188	—	4,055	15,243
Common shares issued	162,531	1	7,033	—	—	—	7,034
Forfeiture of restricted stock	(11,046)) —	—	—	—	—	—
Dividends declared and paid	—	—	—	(13,251)	) —	(4,810)	) (18,061)
Stock-based compensation	—	—	1,098	—	—	—	1,098
Other comprehensive income - change in value of interest rate swaps	—	—	—	—	(1,561)	) (571)	) (2,132)
Reclassification of amortization of forward-starting swap included in interest expense	—	—	—	—	(234)	) (86)	) (320)
Balance at March 31, 2019	47,486,894	\$ 475	\$928,792	\$(130,841)	\$ 8,825	\$ (1,918)	) \$805,333
	American Assets Trust, Inc. Stockholders' Equity					Noncontrolling	
	Common Shares	Additional	Accumulated	Accumulated	Interests -	Total	
	Shares	Amount	Paid-in	Dividends in	Other	Operating	Partnership
			Capital	Excess of Net	Comprehensive		
				Income	Income (Loss)		
Balance at December 31, 2017	47,204,588	\$ 473	\$919,066	\$(97,280)	) \$ 11,451	\$ 10,434	) \$844,144
Net loss	—	—	—	(525)	) —	(166)	) (691)
Forfeiture of restricted stock	(1,104)) —	—	—	—	—	—
Dividends declared and paid	—	—	—	(12,745)	) —	(4,643)	) (17,388)
Stock-based compensation	—	—	727	—	—	—	727
Other comprehensive income - change in value of interest rate swaps	—	—	—	—	2,107	754	2,861
Reclassification of amortization of forward-starting swap included in interest expense	—	—	—	—	(234)	) (86)	) (320)
Balance at March 31, 2018	47,203,484	\$ 473	\$919,793	\$(110,550)	\$ 13,324	\$ 6,293	) \$829,333

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

American Assets Trust, Inc.
Consolidated Statements of Cash Flows
(Unaudited)
(In Thousands)

	Three Months Ended	
	March 31,	
	2019	2018
OPERATING ACTIVITIES		
Net income (loss)	\$15,243	\$(691)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Deferred rent revenue and amortization of lease intangibles	(1,111)	47
Depreciation and amortization	20,583	33,279
Amortization of debt issuance costs and debt fair value adjustments	368	446
Stock-based compensation expense	1,098	727
Lease termination income	(4,518)	—
Other noncash interest expense	(320)	(320)
Other, net	678	2,031
Changes in operating assets and liabilities		
Change in accounts receivable	466	577
Change in other assets	45	(337)
Change in accounts payable and accrued expenses	7,150	5,434
Change in security deposits payable	(1,265)	2,113
Change in other liabilities and deferred credits	(1,586)	666
Net cash provided by operating activities	36,831	43,972
INVESTING ACTIVITIES		
Capital expenditures	(20,932)	(10,138)
Leasing commissions	(1,505)	(1,227)
Net cash used in investing activities	(22,437)	(11,365)
FINANCING ACTIVITIES		
Repayment of secured notes payable	(19,909)	(74,116)
Proceeds from unsecured line of credit	24,000	35,000
Debt issuance costs	(415)	(2,656)
Proceeds from issuance of common stock, net	7,034	(176)
Dividends paid to common stock and unitholders	(18,061)	(17,388)
Net cash used in financing activities	(7,351)	(59,336)
Net increase (decrease) in cash and cash equivalents	7,043	(26,729)
Cash, cash equivalents and restricted cash, beginning of period	57,272	91,954
Cash, cash equivalents and restricted cash, end of period	\$64,315	\$65,225

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated balance sheets that sum to the total of the same amounts shown in the consolidated statement of cash flows:

	Three Months Ended	
	March 31,	
	2019	2018
Cash and cash equivalents	\$54,538	\$55,336
Restricted cash	9,777	9,889
Total cash, cash equivalents and restricted cash shown in the consolidated statement of cash flows	\$64,315	\$65,225

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

American Assets Trust, L.P.
Consolidated Balance Sheets
(In Thousands, Except Unit Data)

	March 31, 2019 (unaudited)	December 31, 2018
ASSETS		
Real estate, at cost		
Operating real estate	\$2,569,407	\$2,549,571
Construction in progress	77,094	71,228
Held for development	9,392	9,392
	2,655,893	2,630,191
Accumulated depreciation	(609,020)	(590,338)
Net real estate	2,046,873	2,039,853
Cash and cash equivalents	54,538	47,956
Restricted cash	9,777	9,316
Accounts receivable, net	9,137	9,289
Deferred rent receivables, net	40,554	39,815
Other assets, net	56,169	52,021
TOTAL ASSETS	\$2,217,048	\$2,198,250
LIABILITIES AND CAPITAL		
LIABILITIES:		
Secured notes payable, net	\$162,688	\$182,572
Unsecured notes payable, net	1,045,709	1,045,863
Unsecured line of credit, net	86,438	62,337
Accounts payable and accrued expenses	53,683	46,616
Security deposits payable	7,579	8,844
Other liabilities and deferred credits	55,618	49,547
Total liabilities	1,411,715	1,395,779
Commitments and contingencies (Note 11)		
CAPITAL:		
Limited partners' capital, 17,177,608 and 17,177,608 units issued and outstanding as of March 31, 2019 and December 31, 2018, respectively	(5,232)	(4,477)
General partner's capital, 47,486,894 and 47,335,409 units issued and outstanding as of March 31, 2019 and December 31, 2018, respectively	798,426	792,357
Accumulated other comprehensive income	12,139	14,591
Total capital	805,333	802,471
TOTAL LIABILITIES AND CAPITAL	\$2,217,048	\$2,198,250

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

American Assets Trust, L.P.
Consolidated Statements of Comprehensive Income
(Unaudited)
(In Thousands, Except Shares and Per Unit Data)

	Three Months Ended	
	March 31,	
	2019	2018
REVENUE:		
Rental income	\$76,831	\$ 76,201
Other property income	8,488	4,531
Total revenue	85,319	80,732
EXPENSES:		
Rental expenses	20,796	20,420
Real estate taxes	9,046	8,546
General and administrative	6,073	5,567
Depreciation and amortization	20,583	33,279
Total operating expenses	56,498	67,812
OPERATING INCOME	28,821	12,920
Interest expense	(13,349)	(13,820)
Other (expense) income, net	(229)	209
NET INCOME (LOSS)	15,243	(691)
Net income (loss) attributable to restricted shares	(93)	72
NET INCOME (LOSS) ATTRIBUTABLE TO AMERICAN ASSETS TRUST, L.P.	\$15,150	\$ (619)
EARNINGS (LOSS) PER UNIT - BASIC		
Earnings (loss) per unit, basic	\$0.24	\$ (0.01)
Weighted average units outstanding - basic	64,182,073	64,130,800
EARNINGS (LOSS) PER UNIT - DILUTED		
Earnings (loss) per unit, diluted	\$0.24	\$ (0.01)
Weighted average units outstanding - diluted	64,182,073	64,130,800
DISTRIBUTIONS PER UNIT		
	\$0.28	\$ 0.27
COMPREHENSIVE INCOME		
Net income (loss)	\$15,243	\$ (691)
Other comprehensive income (loss) - unrealized income (loss) on swap derivative during the period	(2,132)	2,861
Reclassification of amortization of forward-starting swap included in interest expense	(320)	(320)
Comprehensive income	12,791	1,850
Comprehensive income attributable to Limited Partners	(3,398)	(502)
Comprehensive income attributable to General Partner	\$9,393	\$ 1,348

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

American Assets Trust, L.P.
Consolidated Statement of Partners' Capital
(Unaudited)
(In Thousands, Except Unit Data)

	Limited Partners' Capital (1)		General Partner's Capital (2)		Accumulated Other Comprehensive Income (Loss)	Total Capital
	Units	Amount	Units	Amount		
Balance at December 31, 2018	17,177,608	\$(4,477)	47,335,409	\$792,357	\$ 14,591	\$802,471
Net income	—	4,055	—	11,188	—	15,243
Contributions from American Assets Trust, Inc.	—	—	162,531	7,034	—	7,034
Forfeiture of restricted units	—	—	(11,046)	—	—	—
Distributions	—	(4,810)	—	(13,251)	—	(18,061)
Stock-based compensation	—	—	—	1,098	—	1,098
Other comprehensive income - change in value of interest rate swap	—	—	—	—	(2,132)	(2,132)
Reclassification of amortization of forward-starting swap included in interest expense	—	—	—	—	(320)	(320)
Balance at March 31, 2019	17,177,608	\$(5,232)	47,486,894	\$798,426	\$ 12,139	\$805,333

	Limited Partners' Capital (1)		General Partner's Capital (2)		Accumulated Other Comprehensive Income (Loss)	Total Capital
	Units	Amount	Units	Amount		
Balance at December 31, 2017	17,194,980	\$6,135	47,204,588	\$822,259	\$ 15,750	\$844,144
Net loss	—	(166)	—	(525)	—	(691)
Forfeiture of restricted units	—	—	(1,104)	—	—	—
Distributions	—	(4,643)	—	(12,745)	—	(17,388)
Stock-based compensation	—	—	—	727	—	727
Other comprehensive income - change in value of interest rate swap	—	—	—	—	2,861	2,861
Reclassification of amortization of forward-starting swap included in interest expense	—	—	—	—	(320)	(320)
Balance at March 31, 2018	17,194,980	\$1,326	47,203,484	\$809,716	\$ 18,291	\$829,333

(1) Consists of limited partnership interests held by third parties.

(2) Consists of general partnership interests held by American Assets Trust, Inc.

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

American Assets Trust, L.P.
Consolidated Statements of Cash Flows
(Unaudited, In Thousands)

	Three Months Ended	
	March 31,	
	2019	2018
OPERATING ACTIVITIES		
Net income (loss)	\$15,243	\$(691)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Deferred rent revenue and amortization of lease intangibles	(1,111)	47
Depreciation and amortization	20,583	33,279
Amortization of debt issuance costs and debt fair value adjustments	368	446
Stock-based compensation expense	1,098	727
Lease termination income	(4,518)	—
Other noncash interest expense	(320)	(320)
Other, net	678	2,031
Changes in operating assets and liabilities		
Change in accounts receivable	466	577
Change in other assets	45	(337)
Change in accounts payable and accrued expenses	7,150	5,434
Change in security deposits payable	(1,265)	2,113
Change in other liabilities and deferred credits	(1,586)	666
Net cash provided by operating activities	36,831	43,972
INVESTING ACTIVITIES		
Capital expenditures	(20,932)	(10,138)
Leasing commissions	(1,505)	(1,227)
Net cash used in investing activities	(22,437)	(11,365)
FINANCING ACTIVITIES		
Repayment of secured notes payable	(19,909)	(74,116)
Proceeds from unsecured line of credit	24,000	35,000
Debt issuance costs	(415)	(2,656)
Contributions from American Assets Trust, Inc.	7,034	(176)
Distributions	(18,061)	(17,388)
Net cash used in financing activities	(7,351)	(59,336)
Net increase (decrease) in cash and cash equivalents	7,043	(26,729)
Cash, cash equivalents and restricted cash, beginning of period	57,272	91,954
Cash, cash equivalents and restricted cash, end of period	\$64,315	\$65,225

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated balance sheets that sum to the total of the same amounts shown in the consolidated statement of cash flows:

	Three Months Ended	
	March 31,	
	2019	2018
Cash and cash equivalents	\$54,538	\$55,336
Restricted cash	9,777	9,889
Total cash, cash equivalents and restricted cash shown in the consolidated statement of cash flows	\$64,315	\$65,225

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

American Assets Trust, Inc. and American Assets Trust, L.P.

Notes to Consolidated Financial Statements

March 31, 2019

(Unaudited)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business and Organization

American Assets Trust, Inc. (which may be referred to in these financial statements as the “Company,” “we,” “us,” or “our”) is a Maryland corporation formed on July 16, 2010 that did not have any operating activity until the consummation of our initial public offering on January 19, 2011. The Company is the sole general partner of American Assets Trust, L.P., a Maryland limited partnership formed on July 16, 2010 (the “Operating Partnership”). The Company’s operations are carried on through our Operating Partnership and its subsidiaries, including our taxable real estate investment trust (“REIT”) subsidiary (“TRS”). Since the formation of our Operating Partnership, the Company has controlled our Operating Partnership as its general partner and has consolidated its assets, liabilities and results of operations.

We are a full service, vertically integrated, and self-administered REIT with approximately 186 employees providing substantial in-house expertise in asset management, property management, property development, leasing, tenant improvement construction, acquisitions, repositioning, redevelopment and financing.

As of March 31, 2019, we owned or had a controlling interest in 27 office, retail, multifamily and mixed-use operating properties, the operations of which we consolidate. Additionally, as of March 31, 2019, we owned land at three of our properties that we classify as held for development and/or construction in progress. A summary of the properties owned by us is as follows:

Retail

Carmel Country Plaza	Gateway Marketplace	Alamo Quarry Market
Carmel Mountain Plaza	Del Monte Center	Hassalo on Eighth - Retail
South Bay Marketplace	Geary Marketplace	
Lomas Santa Fe Plaza	The Shops at Kalakaua	
Solana Beach Towne Centre	Waialeke Center	

Office

Torrey Reserve Campus	First & Main
Torrey Point	Lloyd District Portfolio
Solana Crossing (formerly Solana Beach Corporate Centre)	City Center Bellevue
The Landmark at One Market	
One Beach Street	

Multifamily

Loma Palisades	Hassalo on Eighth - Residential
Imperial Beach Gardens	
Mariner's Point	
Santa Fe Park RV Resort	
Pacific Ridge Apartments	

Mixed-Use

Waikiki Beach Walk Retail and Embassy Suites™ Hotel

Held for Development and/or Construction in Progress

Solana Crossing – Land
Solana Beach – Highway 101 – Land

Lloyd District Portfolio – Construction in Progress

9

Table of Contents**American Assets Trust, Inc. and American Assets Trust, L.P.****Notes to Consolidated Financial Statements—(Continued)****March 31, 2019****(Unaudited)*****Basis of Presentation***

Our consolidated financial statements include the accounts of the Company, our Operating Partnership and our subsidiaries. The equity interests of other investors in our Operating Partnership are reflected as noncontrolling interests.

All significant intercompany transactions and balances are eliminated in consolidation.

The accompanying consolidated financial statements of the Company and the Operating Partnership have been prepared in accordance with the rules applicable to Form 10-Q and include all information and footnotes required for interim financial statement presentation, but do not include all disclosures required under accounting principles generally accepted in the United States (“GAAP”) for annual financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments, except as otherwise noted) considered necessary for a fair presentation have been included. These financial statements should be read in conjunction with the audited consolidated financial statements and notes therein included in the Company's and Operating Partnership's annual report on Form 10-K for the year ended December 31, 2018.

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that in certain circumstances affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and revenues and expenses. These estimates are prepared using our best judgment, after considering past, current and expected events and economic conditions. Actual results could differ from these estimates.

Any reference to the number of properties, number of units, square footage, employee numbers or percentages of beneficial ownership of our shares are unaudited and outside the scope of our independent registered public accounting firm's review of our financial statements in accordance with the standards of the United States Public Company Accounting Oversight Board.

Consolidated Statements of Cash Flows—Supplemental Disclosures

The following table provides supplemental disclosures related to the Consolidated Statements of Cash Flows (in thousands):

	Three Months Ended	
	March 31,	
	2019	2018
Supplemental cash flow information		
Total interest costs incurred	\$ 13,534	\$ 14,277
Interest capitalized	\$ 185	\$ 457
Interest expense	\$ 13,349	\$ 13,820
Cash paid for interest, net of amounts capitalized	\$ 13,301	\$ 14,059
Cash paid for income taxes	\$ 157	\$ 31
Supplemental schedule of noncash investing and financing activities		
Accounts payable and accrued liabilities for construction in progress	\$ 12,838	\$ 5,674
Accrued leasing commissions	\$ 663	\$ 710
Reduction to capital for prepaid offering costs	\$ —	\$ 176

Significant Accounting Policies

We describe our significant accounting policies in Note 1 to the consolidated financial statements in Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2018. Except for the adoption of the accounting standards during the first quarter of 2019 as discussed below, there have been no changes to our significant accounting policies during the three months ended March 31, 2019.

Segment Information

Segment information is prepared on the same basis that our chief operating decision maker reviews information for operational decision-making purposes. We operate in four business segments: the acquisition, redevelopment, ownership and management of retail real estate, office real estate, multifamily real estate and mixed-use real estate. The products for our retail segment primarily include rental of retail space and other tenant services, including tenant reimbursements, parking and storage

Table of Contents

American Assets Trust, Inc. and American Assets Trust, L.P.

Notes to Consolidated Financial Statements—(Continued)

March 31, 2019

(Unaudited)

space rental. The products for our office segment primarily include rental of office space and other tenant services, including tenant reimbursements, parking and storage space rental. The products for our multifamily segment include rental of apartments and other tenant services. The products of our mixed-use segment include rental of retail space and other tenant services, including tenant reimbursements, parking and storage space rental and operation of a 369-room all-suite hotel.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2016-02, *Leases (Topic 842)*, which provides the principles for the recognition, measurement, presentation and disclosure of leases. This ASU significantly changes the accounting for leases by requiring lessees to recognize assets and liabilities for leases greater than 12 months on their balance sheet. The lessor model stays substantially the same; however, there were modifications to conform lessor accounting with the lessee model, eliminate real estate specific guidance, further define certain lease and non-lease components, and change the definition of initial direct costs of leases requiring significantly more leasing related costs to be expensed upfront.

We adopted the provisions of ASU No. 2016-02 effective January 1, 2019 using the modified retrospective approach. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, which allows lessors to elect a practical expedient by class of underlying assets to not separate non-lease components from the lease component if certain conditions are met. The lessor's practical expedient election would be limited to circumstances in which the non-lease components otherwise would be accounted for under the new revenue guidance and both (i) the timing and pattern of transfer are the same for the non-lease component and the related lease component and (ii) the lease component would be classified as an operating lease. The Company elected the practical expedient, which allows the Company the ability to combine the lease and non-lease components if the underlying asset meets the criteria above. Due to our election of the practical expedient approach, approximately \$7.8 million of non-lease components are combined with lease rental income. ASU 2018-11 also includes an optional transition method in addition to the existing requirements for transition to the new standard by recognizing a cumulative effect adjustment to the opening balance sheet of retained earnings in the period of adoption. Consequently, a company's reporting for the comparative periods presented in the financial statements would continue to be in accordance with previous GAAP (Topic 840). The Company elected this practical expedient as well. Further, bad debt expense, which has previously been recorded in rental expenses, has now been classified as a contra-revenue account in rental income in the Company's consolidated statements of comprehensive income.

We evaluated all leases within this scope under existing accounting standards and under the new ASU lease standard recognized approximately \$7.7 million of right-of-use assets and lease liabilities. Approximately \$0.8 million of deferred rent expense was reclassified to lease liability within the other liabilities and deferred credits, net.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. The pronouncement was issued to clarify the principles for recognizing revenue and to develop a common revenue standard and disclosure requirements for U.S. GAAP and International Financial Reporting Standards. The pronouncement is effective for reporting periods beginning after December 15, 2017. We adopted the provisions of the ASU effective January 1, 2018 using the modified retrospective approach. As discussed above, leases are specifically excluded from this and are governed by the applicable lease codification.

We evaluated the revenue recognition for all contracts within this scope under existing accounting standards and under the new revenue recognition ASU and confirmed that there were no differences in the amounts recognized or the pattern of recognition. This evaluation included revenues from the hotel portion of our mixed-use property, parking income and excise taxes charged to customers. Therefore, the adoption of this ASU did not result in an adjustment to our retained earnings on January 1, 2018.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Topics*. The pronouncement requires companies to adopt a new approach to estimating credit losses on certain types of financial instruments, such as trade and other receivables and loans. The standard requires entities to estimate a lifetime expected credit loss for most financial instruments, including trade receivables. The pronouncement is effective for fiscal years and for interim periods within those fiscal years, beginning after December 15, 2019, with early adoption permitted. We continue to evaluate the impact this pronouncement will have on our consolidated financial statements.

Table of Contents**American Assets Trust, Inc. and American Assets Trust, L.P.****Notes to Consolidated Financial Statements—(Continued)****March 31, 2019****(Unaudited)****NOTE 2. ACQUIRED IN-PLACE LEASES AND ABOVE/BELOW MARKET LEASES**

The following summarizes our acquired lease intangibles and leasing costs, which are included in other assets and other liabilities and deferred credits, as of March 31, 2019 and December 31, 2018 (in thousands):

	March 31, 2019	December 31, 2018
In-place leases	\$40,884	\$40,884
Accumulated amortization	(35,058)	(34,603)
Above market leases	11,963	11,963
Accumulated amortization	(11,587)	(11,445)
Acquired lease intangible assets, net	\$6,202	\$6,799
Below market leases	\$63,172	\$63,172
Accumulated accretion	(38,288)	(37,220)
Acquired lease intangible liabilities, net	\$24,884	\$25,952

NOTE 3. FAIR VALUE OF FINANCIAL INSTRUMENTS

A fair value measurement is based on the assumptions that market participants would use in pricing an asset or liability. The hierarchy for inputs used in measuring fair value is as follows:

1. Level 1 Inputs—quoted prices in active markets for identical assets or liabilities
2. Level 2 Inputs—observable inputs other than quoted prices in active markets for identical assets and liabilities
3. Level 3 Inputs—unobservable inputs

Except as disclosed below, the carrying amounts of our financial instruments approximate their fair value. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

We measure the fair value of our deferred compensation liability, which is included in other liabilities and deferred credits on the consolidated balance sheet, on a recurring basis using Level 2 inputs. We measure the fair value of this liability based on prices provided by independent market participants that are based on observable inputs using market-based valuation techniques.

The fair value of the interest rate swap agreements are based on the estimated amounts we would receive or pay to terminate the contract at the reporting date and are determined using interest rate pricing models and interest rate related observable inputs. The effective portion of changes in the fair value of the derivatives that are designated as cash flow hedges are being recorded in accumulated other comprehensive income (loss) and will be subsequently reclassified into earnings during the period in which the hedged forecasted transaction affects earnings.

We incorporate credit valuation adjustments to appropriately reflect both our own non-performance risk and the respective counterparty's non-performance risk in the fair value measurements. In adjusting the fair value of our derivative contracts for the effect of non-performance risk, we considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts, and guarantees.

Although we have determined that the majority of the inputs used to value our derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by itself and its counterparties. However, as of

March 31, 2019 we have assessed the significance of the impact of the credit valuation adjustments on the overall valuation of our derivative position and have determined that the credit valuation adjustments are not significant to the overall valuation of our derivative. As a result, we have determined that our derivative valuation in its entirety is classified in Level 2 of the fair value hierarchy.

Table of Contents**American Assets Trust, Inc. and American Assets Trust, L.P.****Notes to Consolidated Financial Statements—(Continued)****March 31, 2019****(Unaudited)**

A summary of our financial liabilities that are measured at fair value on a recurring basis, by level within the fair value hierarchy is as follows (in thousands):

	March 31, 2019			December 31, 2018		
	Level 1	Level 2	Level 3 Total	Level 1	Level 2	Level 3 Total
Deferred compensation liability	\$1,438	\$	\$-1,438	\$1,424	\$	\$-1,424
Interest rate swap asset	\$4,160	\$	\$-4,160	\$6,002	\$	\$-6,002
Interest rate swap liability	\$1,092	\$	\$-1,092	\$801	\$	\$-801

The fair value of our secured notes payable and unsecured senior guaranteed notes are sensitive to fluctuations in interest rates. Discounted cash flow analysis using observable market interest rates (Level 2) is generally used to estimate the fair value of our secured notes payable, using rates ranging from 3.8% to 4.6%.

Considerable judgment is necessary to estimate the fair value of financial instruments. The estimates of fair value presented herein are not necessarily indicative of the amounts that could be realized upon disposition of the financial instruments. The carrying values of our revolving line of credit and term loan set forth below are deemed to be at fair value since the outstanding debt is directly tied to monthly LIBOR contracts. A summary of the carrying amount and fair value of our secured financial instruments, all of which are based on Level 2 inputs, is as follows (in thousands):

	March 31, 2019		December 31, 2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Secured notes payable, net	\$162,688	\$166,043	\$182,572	\$183,253
Unsecured term loans, net	\$248,494	\$250,000	\$248,765	\$250,000
Unsecured senior guaranteed notes, net	\$797,215	\$802,198	\$797,098	\$790,267
Unsecured line of credit, net	\$86,438	\$88,000	\$62,337	\$64,000

NOTE 4. DERIVATIVE AND HEDGING ACTIVITIES

Our objectives in using interest rate derivatives are to add stability to interest expense and to manage our exposure to interest rate movements. To accomplish these objectives, we primarily use interest rate swaps as part of our interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for us making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

The following is a summary of the terms of our outstanding interest rate swaps as of March 31, 2019 (dollars in thousands):

Swap Counterparty	Notional Amount	Effective Date	Maturity Date	Fair Value
Bank of America, N.A.	\$100,000	1/9/2019	1/9/2021	\$(1,092)
U.S. Bank N.A.	\$100,000	3/1/2016	3/1/2023	\$2,763
Wells Fargo Bank, N.A.	\$50,000	5/2/2016	3/1/2023	\$1,397

The effective portion of changes in the fair value of the derivatives that are designated as cash flow hedges are being recorded in accumulated other comprehensive income and will be subsequently reclassified into earnings during the period in which the hedged forecasted transaction affects earnings for as long as hedged cash flows remain probable. The valuation of these instruments is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of the derivative. This analysis reflects the contractual terms of the derivative, including the period to maturity, counter party credit risk and uses observable market-based inputs,

including interest rate curves, and implied volatilities. The fair value of the interest rate swap is determined using the market standard methodology of netting the discounted future fixed cash receipts (or payments) and the discounted expected variable cash payments (or receipts). The variable cash payments (or receipts) are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves.

Table of Contents**American Assets Trust, Inc. and American Assets Trust, L.P.****Notes to Consolidated Financial Statements—(Continued)****March 31, 2019****(Unaudited)****NOTE 5. OTHER ASSETS**

Other assets consist of the following (in thousands):

	March 31, 2019	December 31, 2018
Leasing commissions, net of accumulated amortization of \$29,537 and \$28,597, respectively	\$28,895	\$ 28,796
Interest rate swap asset	4,160	6,002
Acquired above market leases, net	376	518
Acquired in-place leases, net	5,826	6,281
Lease incentives, net of accumulated amortization of \$385 and \$299, respectively	676	747
Other intangible assets, net of accumulated amortization of \$1,025 and \$981, respectively	2,949	2,994
Right-of-use lease asset	6,973	—
Prepaid expenses and other	6,314	6,683
Total other assets	\$56,169	\$ 52,021

NOTE 6. OTHER LIABILITIES AND DEFERRED CREDITS

Other liabilities and deferred credits consist of the following (in thousands):

	March 31, 2019	December 31, 2018
Acquired below market leases, net	\$24,884	\$ 25,952
Prepaid rent and deferred revenue	11,020	11,634
Interest rate swap liability	1,092	801
Deferred rent expense and lease intangible	1,424	2,210
Deferred compensation	1,438	1,424
Deferred tax liability	93	93
Straight-line rent liability	7,929	7,393
Lease liability	7,692	—
Other liabilities	46	40
Total other liabilities and deferred credits, net	\$55,618	\$ 49,547

Straight-line rent liability relates to leases which have rental payments that decrease over time or one-time upfront payments for which the rental revenue is deferred and recognized on a straight-line basis.

NOTE 7. DEBT***Debt of American Assets Trust, Inc.***

American Assets Trust, Inc. does not hold any indebtedness. All debt is held directly or indirectly by the Operating Partnership; however, American Assets Trust, Inc. has guaranteed the Operating Partnership's obligations under the (i) amended and restated credit facility, (ii) term loans, and (iii) senior guaranteed notes. Additionally, American Assets Trust, Inc. has provided carve-out guarantees on certain property-level mortgage debt.

Table of Contents**American Assets Trust, Inc. and American Assets Trust, L.P.****Notes to Consolidated Financial Statements—(Continued)****March 31, 2019****(Unaudited)*****Debt of American Assets Trust, L.P.*****Secured notes payable**

The following is a summary of our total secured notes payable outstanding as of March 31, 2019 and December 31, 2018 (in thousands):

Description of Debt	Principal Balance as of		Stated Interest Rate as of March 31, 2019	Stated Maturity Date
	March 31, 2019	December 31, 2018		
Torrey Reserve—North Court ⁽¹⁾⁽²⁾	—	19,620	7.22 %	June 1, 2019
Torrey Reserve—VCI, VCII, VCIII ⁽²⁾	6,600	6,635	6.36 %	June 1, 2020
Solana Crossing I-II ⁽²⁾	10,444	10,502	5.91 %	June 1, 2020
Solana Beach Towne Centre ⁽²⁾	34,812	35,008	5.91 %	June 1, 2020
City Center Bellevue ⁽³⁾	111,000	111,000	3.98 %	November 1, 2022
	162,856	182,765		
Debt issuance costs, net of accumulated amortization of \$406 and \$671, respectively	(168)	(193)		
Total Secured Notes Payable Outstanding	\$162,688	\$182,572		

(1) Loan repaid in full, without premium or penalty, on March 1, 2019.

(2) Principal payments based on a 30-year amortization schedule.

(3) Interest only.

Certain loans require us to comply with various financial covenants. As of March 31, 2019, the Operating Partnership was in compliance with these financial covenants.

Table of Contents**American Assets Trust, Inc. and American Assets Trust, L.P.****Notes to Consolidated Financial Statements—(Continued)****March 31, 2019****(Unaudited)****Unsecured notes payable**

The following is a summary of the Operating Partnership's total unsecured notes payable outstanding as of March 31, 2019 and December 31, 2018 (in thousands):

Description of Debt	Principal Balance as of		Stated Interest Rate as of March 31, 2019	Stated Maturity Date
	March 31, 2019	December 31, 2018		
Term Loan A	\$ 100,000	\$ 100,000	Variable (1)	January 9, 2021
Senior Guaranteed Notes, Series A	150,000	150,000	4.04 % (2)	October 31, 2021
Term Loan B	100,000	100,000	Variable (3)	March 1, 2023
Term Loan C	50,000	50,000	Variable (4)	March 1, 2023
Senior Guaranteed Notes, Series F	100,000	100,000	3.78 % (5)	July 19, 2024
Senior Guaranteed Notes, Series B	100,000	100,000	4.45 %	February 2, 2025
Senior Guaranteed Notes, Series C	100,000	100,000	4.50 %	April 1, 2025
Senior Guaranteed Notes, Series D	250,000	250,000	4.29 % (6)	March 1, 2027
Senior Guaranteed Notes, Series E	100,000	100,000	4.24 % (7)	May 23, 2029
	1,050,000	1,050,000		
Debt issuance costs, net of accumulated amortization of \$7,084 and \$6,844, respectively	(4,291)	(4,137)		
Total Unsecured Notes Payable	\$1,045,709	\$1,045,863		

(1) The Operating Partnership has entered into an interest rate swap agreement that is intended to fix the interest rate associated with Term Loan A at approximately 4.13% through its stated maturity date, subject to adjustments based on our consolidated leverage ratio.

(2) The Operating Partnership entered into a one-month forward-starting seven years swap contract on August 19, 2014, which was settled on September 19, 2014 at a gain of approximately \$1.6 million. The forward-starting seven-year swap contract was deemed to be a highly effective cash flow hedge, accordingly, the effective interest rate is approximately 3.88% per annum.

(3) The Operating Partnership has entered into an interest rate swap agreement that is intended to fix the interest rate associated with Term Loan B at approximately 3.15% through its maturity date, subject to adjustments based on our consolidated leverage ratio. Effective March 1, 2018, the effective interest rate associated with Term Loan B is approximately 2.75%, subject to adjustments based on our consolidated leverage ratio.

(4) The Operating Partnership has entered into an interest rate swap agreement that is intended to fix the interest rate associated with Term Loan C at approximately 3.14% through its maturity date, subject to adjustments based on our consolidated leverage ratio. Effective March 1, 2018, the effective interest rate associated with Term Loan C is approximately 2.74%, subject to adjustments based on our consolidated leverage ratio.

(5) The Operating Partnership entered into a treasury lock contract on May 31, 2017, which was settled on June 23, 2017 at a loss of approximately \$0.5 million.

(6) The treasury lock contract was deemed to be a highly effective cash flow hedge, accordingly, the effective interest rate is approximately 3.85% per annum.

(7) The Operating Partnership entered into forward-starting interest rate swap contracts on March 29, 2016 and April 7, 2016, which were settled on January 18, 2017 at a gain of approximately \$10.4 million. The forward-starting interest rate swap contracts were deemed to be a highly effective cash flow hedge,

accordingly, the effective interest rate is approximately 3.87% per annum.

(7)