

American Assets Trust, Inc.
Form 10-Q
May 03, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2013

or

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

For the transition period from to

Commission file number: 001-35030

AMERICAN ASSETS TRUST, INC.

(Exact Name of Registrant as Specified in its Charter)

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Maryland	27-3338708
(State of Organization)	(IRS Employer Identification No.)
11455 El Camino Real, Suite 200,	
San Diego, California	92130
(Address of Principal Executive Offices)	(Zip Code)
(858) 350-2600	
(Registrant's Telephone Number, Including Area Code)	

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. Yes No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes No

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

Large Accelerated Filer <input checked="" type="checkbox"/>	Accelerated Filer <input type="checkbox"/>
Non-Accelerated Filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of Registrant's common shares outstanding on May 3, 2013 was 39,708,257.

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AMERICAN ASSETS TRUST, INC.

QUARTERLY REPORT ON FORM 10-Q

FOR THE QUARTER ENDED MARCH 31, 2013

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

	March 31, 2013 (unaudited)	December 31, 2012
ASSETS		
Real estate, at cost		
Operating real estate	\$ 1,898,070	\$ 1,891,549
Construction in progress	34,498	32,183
Held for development	15,007	14,944
	1,947,575	1,938,676
Accumulated depreciation	(283,020)	(270,494)
Net real estate	1,664,555	1,668,182
Cash and cash equivalents	43,972	42,479
Restricted cash	8,803	7,421
Accounts receivable, net	7,479	6,440
Deferred rent receivables, net	30,230	29,395
Other assets, net	69,431	73,670
TOTAL ASSETS	\$ 1,824,470	\$ 1,827,587
LIABILITIES AND EQUITY		
LIABILITIES:		
Secured notes payable	\$ 1,044,467	\$ 1,044,682
Accounts payable and accrued expenses	35,599	29,509
Security deposits payable	5,067	4,856
Other liabilities and deferred credits	60,181	62,811
Total liabilities	1,145,314	1,141,858
Commitments and contingencies (Note 10)		
EQUITY:		
American Assets Trust, Inc. stockholders' equity		
Common stock \$0.01 par value, 490,000,000 shares authorized, 39,664,212 and 39,664,212 shares outstanding at March 31, 2013 and December 31, 2012, respectively	397	397
Additional paid-in capital	664,265	663,589
Accumulated dividends in excess of net income	(30,584)	(25,625)
Total American Assets Trust, Inc. stockholders' equity	634,078	638,361
Noncontrolling interests	45,078	47,368
Total equity	679,156	685,729
TOTAL LIABILITIES AND EQUITY	\$ 1,824,470	\$ 1,827,587

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

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

	Three Months Ended March 31,	
	2013	2012
REVENUE:		
Rental income	\$ 59,222	\$ 53,008
Other property income	2,958	2,441
Total revenue	62,180	55,449
EXPENSES:		
Rental expenses	16,286	14,818
Real estate taxes	4,800	5,241
General and administrative	4,201	3,725
Depreciation and amortization	17,013	14,854
Total operating expenses	42,300	38,638
OPERATING INCOME	19,880	16,811
Interest expense	(14,736)	(13,901)
Other income (expense), net	(279)	(146)
INCOME FROM CONTINUING OPERATIONS	4,865	2,764
DISCONTINUED OPERATIONS		
Results from discontinued operations		107
NET INCOME	4,865	2,871
Net income attributable to restricted shares	(132)	(132)
Net income attributable to unitholders in the Operating Partnership	(1,495)	(883)
NET INCOME ATTRIBUTABLE TO AMERICAN ASSETS TRUST, INC. STOCKHOLDERS	\$ 3,238	\$ 1,856
EARNINGS PER COMMON SHARE, BASIC		
Continuing operations	\$ 0.08	\$ 0.05
Discontinued operations		
Basic net income attributable to common stockholders per share	\$ 0.08	\$ 0.05
Weighted average shares of common stock outstanding basic	39,033,013	38,657,170
EARNINGS PER COMMON SHARE, DILUTED		
Continuing operations	\$ 0.08	\$ 0.05
Discontinued operations		
Diluted net income attributable to common stockholders per share	\$ 0.08	\$ 0.05

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Weighted average shares of common stock outstanding diluted	57,056,448	57,053,259
Dividends declared per common share	\$ 0.21	\$ 0.21

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

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American Assets Trust, Inc.

Consolidated Statement of Equity

(Unaudited)

(In Thousands, Except Share Data)

	American Assets Trust, Inc. Stockholders Common Shares			Equity	Noncontrolling Interests - Unitholders in the Operating Partnership	Total
	Shares	Amount	Additional Paid-in Capital	Accumulated dividends in excess of net income		
Balance at December 31, 2012	39,664,212	\$ 397	\$ 663,589	\$ (25,625)	\$ 47,368	\$ 685,729
Net income				3,370	1,495	4,865
Dividends declared				(8,329)	(3,785)	(12,114)
Stock-based compensation			676			676
Balance at March 31, 2013	39,664,212	\$ 397	\$ 664,265	\$ (30,584)	\$ 45,078	\$ 679,156

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,	
	2013	2012
OPERATING ACTIVITIES		
Net income	\$ 4,865	\$ 2,871
Results from discontinued operations		(107)
Income from continuing operations	4,865	2,764
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:		
Deferred rent revenue and amortization of lease intangibles	(1,163)	(1,551)
Depreciation and amortization	17,013	14,854
Amortization of debt issuance costs and debt fair value adjustments	983	962
Stock-based compensation expense	676	699
Loss from real estate joint ventures	54	
Other, net	(1,256)	416
Changes in operating assets and liabilities		
Change in restricted cash	(500)	(595)
Change in accounts receivable	(1,198)	1,513
Change in other assets	(216)	(1,304)
Change in accounts payable and accrued expenses	5,956	408
Change in security deposits payable	211	(85)
Change in other liabilities and deferred credits	247	(209)
Net cash provided by operating activities of continuing operations	25,672	17,872
Net cash provided by operating activities of discontinued operations		