

American Assets Trust, Inc.  
Form DEF 14A  
April 24, 2012  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**  
**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**

Filed by the Registrant ☒                      Filed by a Party other than the Registrant ☐

Check the appropriate box:

- ☐ Preliminary Proxy Statement
- ☐ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- ☒ Definitive Proxy Statement
- ☐ Definitive Additional Materials
- ☐ Soliciting Material Pursuant to §240.14a-12

**American Assets Trust, Inc.**  
(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- ☒ No fee required.
- ☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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April 24, 2012

Dear Fellow Stockholder:

On behalf of the Board of Directors of American Assets Trust, Inc., a Maryland corporation, I cordially invite you to attend our Annual Meeting of Stockholders on Tuesday, July 10, 2012, at 11455 El Camino Real, San Diego, California 92130, ICW Boardroom 2nd Floor at 9:00 a.m. (PDT).

The notice of meeting and proxy statement that follow describe the business we will consider at the meeting. We sincerely hope you will be able to attend the meeting. However, whether or not you are personally present, your vote is very important. We are pleased to offer multiple options for voting your shares. You may authorize a proxy to vote by telephone, via the Internet, by mail or in person as described beginning on page 2 of the proxy statement.

Thank you for your continued support of American Assets Trust, Inc.

Sincerely yours,

Ernest S. Rady

*Executive Chairman of the Board of Directors*

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**American Assets Trust, Inc.**

**11455 El Camino Real, Suite 200**

**San Diego, California 92130**

**(858) 350-2600**

**NOTICE OF 2012 ANNUAL MEETING OF STOCKHOLDERS**

Please join us for the 2012 Annual Meeting of Stockholders of American Assets Trust, Inc., a Maryland corporation. The meeting will be held at 9:00 a.m. (PDT), on Tuesday, July 10, 2012, at 11455 El Camino Real, San Diego, California 92130, ICW Boardroom 2nd Floor.

At the 2012 Annual Meeting of Stockholders, our stockholders will consider and vote on the following matters:

- (1) The election of seven directors, each to serve until the next annual meeting of our stockholders and until his successor is duly elected and qualifies;
- (2) The ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2012;
- (3) An advisory resolution to approve the Company's executive compensation for the fiscal year ended December 31, 2011, as described in the accompanying Proxy Statement;
- (4) An advisory determination of the frequency of future advisory votes on the Company's executive compensation; and

(5) Any other business properly introduced at the Annual Meeting or any adjournment or postponement of the Annual Meeting. You must own shares of American Assets Trust, Inc. common stock at the close of business on April 16, 2012, the record date for the 2012 Annual Meeting of Stockholders, to attend and vote at the Annual Meeting and at any adjournments or postponements of the Annual Meeting. If you plan to attend, please bring a picture I.D. and, if your shares are held in street name (i.e., through a broker, bank or other nominee), a copy of a brokerage statement reflecting your stock ownership as of the close of business on April 16, 2012. Regardless of whether you will attend, please authorize your proxy electronically through the Internet or by telephone or by completing and mailing your proxy card so that your votes can be cast at the Annual Meeting in accordance with your instructions. For specific instructions on authorizing a proxy, please refer to the instructions on the proxy card. Authorizing a proxy in any of these ways will not prevent you from voting in person at the 2012 Annual Meeting of Stockholders if you are a stockholder of record as of the record date for the Annual Meeting or if you hold a proxy from a record holder.

By Order of the Board of Directors,

Adam Wyll

*Senior Vice President, General Counsel and Secretary*

San Diego, California

April 24, 2012

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*This Proxy Statement and accompanying proxy card are available beginning April 24, 2012 in connection with the solicitation of proxies by the Board of Directors of American Assets Trust, Inc., for use at the 2012 Annual Meeting of Stockholders, which we may refer to alternatively as the Annual Meeting. We may refer to ourselves in this Proxy Statement alternatively as the Company, we, us or our and we may refer to our Board of Directors as the Board. A copy of our Annual Report to Stockholders for the 2011 fiscal year, including financial statements, is being sent simultaneously with this Proxy Statement to each stockholder.*

**Important Notice Regarding Availability of Proxy Materials For the Stockholder Meeting to be Held on July 10, 2012: The Notice of Annual Meeting of Stockholders, the Proxy Statement and our 2011 Annual Report are available at <https://materials.proxyvote.com/024013>.**

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**PROXY STATEMENT**

**QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING**

***Why am I receiving these materials?*** Our Board of Directors is making these materials available to you over the Internet or by delivering paper copies to you by mail in connection with American Assets Trust, Inc.'s Annual Meeting of Stockholders. As a stockholder, you are invited to attend the Annual Meeting and are entitled and requested to vote on the items of business described in this Proxy Statement. This proxy statement includes information that we are required to provide under Securities and Exchange Commission rules and is designed to assist you in voting your shares.

***Where and when is the Annual Meeting?*** The Annual Meeting will be held at 9:00 a.m. (PDT) on Tuesday, July 10, 2012 at 11455 El Camino Real, San Diego, California 92130, ICW Boardroom 2nd Floor.

***What is the purpose of the Annual Meeting of Stockholders?*** At the Annual Meeting, stockholders will vote upon matters described in the Notice of Annual Meeting and this Proxy Statement, including the election of directors and the ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm. In addition, once the business of the Annual Meeting is concluded, members of management will respond to questions raised by stockholders, as time permits.

***Who can attend the Annual Meeting?*** All of our stockholders as of the close of business on April 16, 2012, the record date for the Annual Meeting, or individuals holding their duly appointed proxies, may attend the Annual Meeting. You should be prepared to present photo identification for admittance. Authorizing a proxy in response to this solicitation will not affect a stockholder's right to attend the Annual Meeting and to vote in person. Please note that if you hold your common stock in street name (that is, through a broker, bank or other nominee), you will need to bring a copy of a brokerage statement reflecting your stock ownership as of April 16, 2012 to gain admittance to the Annual Meeting.

***What am I voting on?*** At the Annual Meeting, you may consider and vote on:

- (1) the election of seven directors;
- (2) the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2012;
- (3) an advisory resolution to approve the Company's executive compensation for the fiscal year ended December 31, 2011;
- (4) an advisory determination of the frequency of future advisory votes on the Company's executive compensation; and
- (5) any other business properly introduced at the Annual Meeting.

***What are the Board's recommendations?*** The Board recommends a vote:



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*for* the election of each nominee named in this Proxy Statement (see Proposal No. 1);

*for* ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2012 (see Proposal No. 2);

*for* the advisory resolution to approve the Company's executive compensation (see Proposal No. 3); and

*for* submitting an advisory resolution on the compensation of our named executive officers to our stockholders every year (see Proposal No. 4).

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Unless you give other instructions on your proxy card, the persons named as proxy holders on the proxy card will vote in accordance with the recommendations of the Board.

***Who may vote?*** You may vote if you owned shares of our common stock at the close of business on April 16, 2012, which is the record date for the Annual Meeting. You are entitled to cast one vote in the election of directors for as many individuals as there are directors to be elected at the Annual Meeting and to cast one vote on each other matter presented at the Annual Meeting for each share of common stock you owned as of the record date. As of April 16, 2012, we had 39,286,206 shares of common stock outstanding.

***Who counts the votes?*** A representative of Broadridge Financial Solutions, Inc. will tabulate the votes and will act as the inspector of the election.

***Is my vote confidential?*** Yes, your proxy card, ballot, and voting records will not be disclosed to us unless applicable law requires disclosure, you request disclosure, or your vote is cast in a contested election (which is not applicable in 2012). If you write comments on your proxy card, your comments will be provided to us, but how you voted will remain confidential.

***What is a quorum for the Annual Meeting?*** The presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at the Annual Meeting will constitute a quorum at the Annual Meeting. No business may be conducted at the Annual Meeting if a quorum is not present.

If a quorum is not present at the Annual Meeting, the chairman of the meeting may adjourn the Annual Meeting to another date, time or place, not later than 120 days after the original record date of April 16, 2012 without notice other than announcement at the meeting. We may also postpone the Annual Meeting to a date that is not later than 120 days after the original record date or cancel the Annual Meeting by making a public announcement of the postponement or cancellation before the time scheduled for the Annual Meeting.

***What vote is required to approve an item of business at the Annual Meeting?*** To be elected as a director (Proposal No. 1), a nominee must receive a plurality of all the votes cast in the election of directors.

To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm (Proposal No. 2), adopt the advisory resolution on executive compensation (Proposal No. 3) and advise a frequency of future advisory votes on executive compensation (Proposal No. 4, or the Frequency Proposal), the affirmative vote of a majority of the votes cast on the proposal is required.

Because there are three alternatives for Proposal No. 4, one year, two years or three years, it is possible that none of the three alternatives will receive a majority of the votes cast on this proposal. If no frequency receives a majority of the votes cast on the Frequency Proposal, our Board of Directors and the Compensation Committee of our Board of Directors intend to take the results of the vote on the Frequency Proposal into account in its decision regarding the frequency with which the Company submits advisory resolutions on executive compensation in the future.

If you are a stockholder of record as of the record date for the Annual Meeting and you authorize a proxy (whether by Internet, telephone or mail) without specifying a choice on any given matter to be considered at this Annual Meeting, the proxy holders will vote your shares according to the Board's recommendation on that matter. If you are a stockholder of record as of the record date for the Annual Meeting and you fail to authorize a proxy or vote in person, assuming that a quorum is present at the Annual Meeting, it will have no effect on the result of the vote on any of the matters to be considered at the Annual Meeting.

If you hold your shares through a broker, bank or other nominee, under the rules of the New York Stock Exchange, or NYSE, your broker or other nominee may not vote with respect to certain proposals unless you have provided voting instructions with respect to that proposal. A broker non-vote results when a broker, bank or other nominee properly executes and returns a proxy but indicates that the nominee is not voting with respect

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to a particular matter because the nominee has not received voting instructions from the beneficial owner. A broker non-vote is not considered a vote cast on a proposal, however, stockholders delivering a properly-executed broker non-vote will be counted as present for purposes of determining whether a quorum is present.

If you hold your shares in a brokerage account, then, under NYSE rules and Maryland law:

With respect to Proposal No. 1 (Election of Directors), your broker, bank or other nominee is not entitled to vote your shares on this matter if no instructions are received from you. Broker non-votes will have no effect on the election of directors.

With respect to Proposal No. 2 (Ratification of Independent Registered Public Accounting Firm), your broker is entitled to vote your shares on this matter if no instructions are received from you.

With respect to Proposal No. 3 (Advisory Resolution on Executive Compensation) and Proposal No. 4 (Frequency Proposal), your broker, bank or other nominee is not entitled to vote your shares on these matters if no instructions are received from you. Broker non-votes will have no effect on the result of the vote on either of these proposals.

Because an abstention is not a vote cast, if you instruct your proxy or broker to abstain on any matter, it will have no effect on the vote on any of the matters to be considered at the Annual Meeting. However, you will still be counted as present for purposes of determining whether a quorum is present.

***How do I vote?*** If you plan to attend the Annual Meeting and wish to vote in person, we will give you a ballot at the Annual Meeting. However, if your common stock is held in the name of your broker, bank or other nominee, and you want to vote in person, you will need to obtain a legal proxy from the institution that holds your common stock.

If your common stock is held in your name, there are three ways for you to authorize a proxy:

If you received a paper copy of the proxy materials by mail, sign and mail the proxy card in the enclosed return envelope;

Call 1-800-690-6903; or

Log on to the Internet at <https://www.proxyvote.com/024013> and follow the instructions at that site. The web site address for authorizing a proxy by Internet is also provided on your Notice.

Telephone and Internet proxy authorizations will close at 11:59 p.m. (EDT) on July 9, 2012. Unless you indicate otherwise on your proxy card, the persons named as your proxies will vote your shares of common stock: FOR all of the nominees for director named in this Proxy Statement; FOR the ratification of Ernst & Young LLP as our independent registered public accounting firm; FOR the advisory resolution to approve the Company's executive compensation; and FOR submitting an advisory resolution on the compensation of our named executive officers to our stockholders every year.

If your common stock is held in the name of your broker, bank or other nominee, you should receive separate instructions from the holder of your common stock describing how to provide voting instructions.

Even if you plan to attend the Annual Meeting, we recommend that you authorize a proxy in advance as described above so that your vote will be counted if you later decide not to attend the Annual Meeting.

***Can I revoke my proxy?*** Yes, if your common stock is held in your name, you can revoke your proxy by:

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Filing written notice of revocation before or at our Annual Meeting with our Secretary, at the address shown on the front of this Proxy Statement;

Signing a proxy bearing a later date; or

Voting in person at the Annual Meeting.

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Attendance at the Annual Meeting will not, by itself, revoke a property-executed proxy. If your common stock is held in the name of your broker, bank or other nominee, please follow the voting instructions provided by the holder of your common stock regarding how to revoke your proxy.

***What happens if additional matters are presented at the Annual Meeting?*** Other than the four proposals described in this Proxy Statement, we are not aware of any business that may properly be brought before the Annual Meeting. If any other matters are properly introduced for a vote at the Annual Meeting and if you properly authorize a proxy, the persons named as proxy holders will vote in their discretion on any such additional matters. As of the date of this Proxy Statement, our Board is not aware of any other individual who may properly be nominated for election as a director at the Annual Meeting or of any nominee who is unable or unwilling to serve as director. If any nominee named in this proxy statement is unwilling or unable to serve as a director, our Board may nominate another individual for election as a director at the Annual Meeting, and the persons named as proxy holders will vote for the election of any substitute nominee.

***Who pays for this proxy solicitation?*** We will bear the expense of preparing, printing and mailing this proxy statement and the proxies we solicit. Proxies may be solicited by mail, telephone, personal contact and electronic means and may also be solicited by directors and officers in person, by the Internet, by telephone or by facsimile transmission, without additional remuneration.

We will also request brokerage firms, banks, nominees, custodians and fiduciaries to forward proxy materials to the beneficial owners of shares of our common stock as of the record date and will reimburse them for the cost of forwarding the proxy materials in accordance with customary practice. Your cooperation in promptly voting your shares and submitting your proxy by the Internet or telephone, or by completing and returning the enclosed proxy card (if you received your proxy materials in the mail), will help to avoid additional expense.

***Where can I find corporate governance materials?*** Our Corporate Governance Guidelines and Code of Business Conduct and Ethics and the charters for the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee are published on the Corporate Governance page of the Investor Relations section on our web site at [www.americanassetstrust.com](http://www.americanassetstrust.com). *(We are not including the other information contained on, or available through, our web site as a part of, or incorporating such information by reference into, this Proxy Statement.)*

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At the Annual Meeting, our stockholders will elect seven directors to serve until our next annual meeting of stockholders and until their respective successors are elected and qualify. The Board seeks independent directors who represent a mix of backgrounds and experiences that will enhance the quality of the Board's deliberations and decisions. In nominating candidates, the Board considers a diversified membership in the broadest sense, including persons diverse in experience, gender and ethnicity. The Board does not discriminate on the basis of race, color, national origin, gender, religion, disability or sexual preference. Our director nominees were nominated by the Board based on the recommendation of the Nominating and Corporate Governance Committee, or Governance Committee. They were selected on the basis of outstanding achievement in their professional careers, broad experience, personal and professional integrity, their ability to make independent, analytical inquiries, financial literacy, mature judgment, high performance standards, familiarity with our business and industry, and an ability to work collegially. We also believe that all of our director nominees have a reputation for integrity, honesty and adherence to high ethical standards. All nominees are presently directors of American Assets Trust, Inc. and each of the nominees has consented, if elected as a director, to serve until his term expires.

Your proxy holder will cast your votes for each of the Board's nominees, unless you instruct otherwise. If a nominee is unable to serve as a director, your proxy holder will vote for any substitute nominee proposed by the Board.

**The Board of Directors unanimously recommends that the stockholders vote **FOR** the seven nominees listed below.**

<b>Name</b>	<b>Age</b>	<b>Position</b>
Ernest S. Rady	74	Executive Chairman of the Board of Directors
John W. Chamberlain	51	Chief Executive Officer and Director
Larry E. Finger	59	Director, Audit Committee Chairperson and Compensation Committee Member
Alan D. Gold	51	Director and Audit Committee Member
Duane A. Nelles	68	Director, Compensation Committee Member and Governance Committee Chairperson
Thomas S. Olinger	45	Director, Audit Committee Member and Governance Committee Member
Robert S. Sullivan	68	Director, Compensation Committee Chairperson and Governance Committee Member

Independent within the meaning of the NYSE listing standards.

**Ernest S. Rady.** Mr. Rady has served as Executive Chairman of our Board of Directors since the completion of our initial public offering. Mr. Rady has over 40 years of experience in real estate management and development. Mr. Rady founded American Assets, Inc. in 1967 and currently serves as president and chairman of the board of directors of American Assets, Inc. In 1971, he also founded Insurance Company of the West and Westcorp, a financial services holding company. From 1973 until 2006, Mr. Rady served as chairman and chief executive officer of Westcorp. He served as chairman of Western Financial Bank from 1982 until 2006 and chief executive officer of Western Financial from 1994 until 1996 and from 1998 until 2006. He also served as a director of WFS Financial Inc., an automobile finance company, from 1988 until 2006 and as chairman from 1995 until 2006. From 2006 until 2007, Mr. Rady served as chairman of dealer finance business and California banking business

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for Wachovia Corporation, and also served as a director from 2006 until 2008. Mr. Rady currently serves as chairman of the board of directors of Insurance Company of the West, chairman of the Dean's Advisory Council of the Rady School of Management at the University of California, San Diego and trustee of the Salk Institute for Biological Sciences. Mr. Rady received his degrees in commerce and law from the University of Manitoba. Our Board of Directors determined that Mr. Rady should serve as a director based on his extensive knowledge of American Assets, Inc. and his wealth of experience in the commercial real estate and finance industries.

**John W. Chamberlain.** Mr. Chamberlain has served as our Chief Executive Officer, President and a member of our Board of Directors since the completion of our initial public offering. Mr. Chamberlain brings more than 25 years of experience in commercial real estate to this position. From 1989 until the formation of the Company, Mr. Chamberlain served in executive roles within American Assets, Inc., most recently as chief executive officer. Prior to joining American Assets, Inc., Mr. Chamberlain was vice president of Coldwell Banker Real Estate Corporation, where he brokered various commercial real estate acquisitions. Mr. Chamberlain started his career as a sales associate at CW Clark, Inc., a commercial real estate development firm. In addition to serving as a director of American Assets, Inc. since 1997, Mr. Chamberlain also currently serves as a director of the Solana Beach Community Foundation. Mr. Chamberlain received his Bachelor of Arts degree in economics from the University of California, San Diego. Our Board of Directors determined that Mr. Chamberlain should serve as a director based on his extensive knowledge of American Assets, Inc. and his wealth of experience in the commercial real estate industry.

**Larry E. Finger.** Mr. Finger has served as a member of our Board of Directors since the completion of our initial public offering. Since 2008, Mr. Finger has served as president of Strategic Advisory, Inc., an advisory services company. Prior to forming Strategic Advisory, Inc., Mr. Finger served as chief financial officer of Federal Realty Investment Trust from 2002 until 2007. During his tenure at Federal Realty Investment Trust, Mr. Finger also served as executive vice president from 2005 until 2007 and as senior vice president from 2002 until 2005. From 1993 until 2001, he served as chief financial officer of Washington Real Estate Investment Trust. From 1978 until 1991, Mr. Finger served in various senior management positions at Savage/Fogarty Companies, Inc., a real estate development company, including as chief operating officer. Mr. Finger received his Juris Doctor degree from Georgetown University Law Center and his Bachelor of Science degree in accountancy from the University of Illinois. Mr. Finger was licensed as a Certified Public Accountant in Maryland in 1976 and was admitted to the District of Columbia Bar in 1981. Our Board of Directors determined that Mr. Finger should serve as a director based on his financial background and experience as an executive officer of publicly traded REITs. Mr. Finger is the chairperson of our Board's Audit Committee and is a member of our Board's Compensation Committee.

**Alan D. Gold.** Mr. Gold has served as a member of our Board of Directors since August 5, 2011. Mr. Gold has served as Chairman and Chief Executive Officer of BioMed Realty Trust, Inc. since its formation in 2004. He served as Chairman, President and Chief Executive Officer of BioMed's privately-held predecessor, Bernardo Property Advisors, Inc., since August 1998. Mr. Gold was a co-founder and served as President and a director of Alexandria Real Estate Equities, Inc., a publicly traded REIT specializing in acquiring and managing laboratory properties for lease to the life science industry, from its predecessor's inception in 1994 until he resigned as President in August 1998 and as a director at the end of 1998. Mr. Gold served as managing partner of Gold Stone Real Estate Finance and Investments, a partnership engaged in the real estate and mortgage business, from 1989 to 1994. He also served as Assistant Vice President of Commercial Real Estate for Northland Financial Company, a full service commercial property mortgage banker, from 1989 to 1990 and as Real Estate Investment Officer - Commercial Real Estate for John Burnham Company, a regional full service real estate company, from 1985 to 1989. Mr. Gold received his Bachelor of Science Degree in Business Administration and his Master of Business Administration from San Diego State University. Mr. Gold was selected by our Board based on his extensive experience in real estate investment and management. Mr. Gold is a member of our Board's Audit Committee.

**Duane A. Nelles.** Mr. Nelles has served as a member of our Board of Directors since the completion of our initial public offering. From 1987 until 2000, Mr. Nelles served as president of CICA, Inc., a private personal

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investment business. From 1968 until 1987, Mr. Nelles was a partner in the international public accounting firm of Coopers & Lybrand LLP. Mr. Nelles has served as a director of Qualcomm, Inc. since August 1988. From 2003 until 2006, Mr. Nelles served as a director of Westcorp, a financial services holding company, and Western Financial Bank. Mr. Nelles also served as a director of WFS Financial Inc., an automobile finance company, from 1995 until 2006. Mr. Nelles earned his Master of Business Administration degree from the University of Michigan and his Bachelor of Arts degree in economics and mathematics from Albion College. Our Board of Directors determined that Mr. Nelles should serve as a director based on his expertise with publicly traded companies, as well as his financial background. Mr. Nelles is the chairperson of our Board's Governance Committee and is a member of our Board's Compensation Committee.

**Thomas S. Olinger.** Mr. Olinger has served as a member of our Board of Directors since the completion of our initial public offering. Since June 2011, Mr. Olinger has served as Chief Integration Officer of Prologis, Inc., a global operator and developer of industrial real estate. Mr. Olinger is expected to become the Chief Financial Officer of Prologis, Inc. in May 2012. From 2007 to June 2011, Mr. Olinger served as chief financial officer of AMB Property Corporation, a global operator and developer of industrial real estate, which was merged with and into Prologis, Inc. in June 2011. From 2002 until 2007, Mr. Olinger served as vice president and corporate controller of Oracle Corporation, a computer hardware and software company. Mr. Olinger began his professional career in 1988 with Arthur Andersen LLP as an auditor and he became a partner in 1999, during which time he served various REITs. Mr. Olinger received his Bachelor of Science degree in finance from Indiana University. Our Board of Directors determined that Mr. Olinger should serve as a director based on his wealth of experience in the real estate industry, as well as his financial background. Mr. Olinger is a member of our Board's Audit Committee and Governance Committee.

**Robert S. Sullivan.** Dr. Sullivan has served as a member of our Board of Directors since the completion of our initial public offering. Since 2003, Dr. Sullivan has been dean of the Rady School of Management at University of California, San Diego. From 1997 until 2002, he was dean of Kenan-Flagler Business School at University of North Carolina, Chapel Hill. From 1976 until 1998, Dr. Sullivan served in a variety of senior positions at the University of Texas and Carnegie Mellon University. Since 2004, Dr. Sullivan has served on the board of directors of Cubic Corporation, and is currently its lead independent director. From 1991 until 2006, Dr. Sullivan served as a director of Stewart and Stevenson Services, Inc. Dr. Sullivan received his Doctor of Philosophy degree from Pennsylvania State University. He received his Master of Business Administration degree from Cornell University and his Bachelor of Arts degree in mathematics from Boston College. Our Board of Directors determined that Dr. Sullivan should serve as a director based on his leadership expertise and extensive experience as a director of public and private companies. Dr. Sullivan is the chairperson of our Board's Compensation Committee and a member of our Board's Governance Committee.

**DIRECTOR COMPENSATION**

<b>Name<sup>(1)</sup></b>	<b>Fee Earned in Cash (\$)<sup>(2)</sup></b>	<b>Stock Awards (\$)<sup>(3)</sup></b>	<b>Total (\$)</b>
Larry E. Finger	\$ 43,500	\$ 39,996	\$ 83,496
Alan D. Gold	\$ 10,833	\$ 40,001	\$ 50,834
Duane A. Nelles	\$ 37,500	\$ 40,016	\$ 77,516
Thomas S. Olinger	\$ 32,500	\$ 39,996	\$ 72,496
Robert S. Sullivan	\$ 34,500	\$ 39,996	\$ 74,496

- (1) Mr. Rady, our Executive Chairman, and Mr. Chamberlain, our Chief Executive Officer and President, are not included in this table as they are employees of our Company and do not receive compensation for their services as directors. All compensation paid to Messrs. Rady and Chamberlain for the services they provide to us is reflected in the Summary Compensation Table.
- (2) Reflects retainer and meeting fees earned in 2011 following the completion of our initial public offering.



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- (3) Amounts reflect the full grant-date fair value of restricted stock awards granted in 2011 computed in accordance with ASC Topic 718, rather than the amounts paid to or realized by the named individual. We provide information regarding the assumptions used to calculate the value of all restricted stock awards made to directors in Note 10 to the consolidated financial statements contained in our Annual Report on Form 10-K. As of December 31, 2011, each non-employee director held 1,951 shares of unvested restricted stock, other than (i) Mr. Gold, who held 1,957 shares of unvested restricted stock, and (ii) Mr. Nelles, who held 1,952 shares of unvested restricted stock.

**Narrative Disclosure to Director Compensation Table**

*Non-Employee Director Compensation Program*

The compensation program for our non-employee directors is intended to fairly compensate our directors for the time and effort necessary to serve on our Board. Non-employee members of our Board receive a combination of cash and equity-based compensation.

In connection with our initial public offering, in January 2011 our Board of Directors approved a compensation program for our non-employee directors, which consists of annual cash retainers, meeting fees and long-term equity awards.

*Cash Compensation.* Pursuant to this program, each non-employee director will receive an annual base retainer for his or her services of \$20,000, payable in cash in quarterly installments in conjunction with quarterly meetings of the Board of Directors. In addition, each non-employee director who serves as the chair of the Audit, Compensation or Governance Committees will receive an additional annual cash retainer of \$10,000, \$5,000 or \$5,000, respectively. Directors also receive additional cash consideration equal to \$1,500 for each board meeting attended in person, \$750 for each telephonic board meeting, \$1,000 for each committee meeting attended in person and \$500 for each telephonic committee meeting. Directors are permitted to elect to receive these cash amounts in the form of fully vested shares of our common stock.

We reimburse each of our directors for his travel expenses incurred in connection with his attendance at full Board and committee meetings.

*Equity Compensation.* Concurrently with the closing of our initial public offering in January 2011, we granted each of our non-employee directors 1,951 restricted shares of our common stock (except Mr. Nelles was granted 1,952 restricted shares) pursuant to our 2011 Equity Incentive Award Plan, or our 2011 Plan. Mr. Gold was granted 1,957 shares when he was appointed to the Board of Directors in August 2011. These awards of restricted stock vest ratably as to one-third of the shares subject to each grant on each of the first three anniversaries of the date of grant, subject to the director's continued service on our Board of Directors.

Each of our non-employee directors is also eligible to receive automatic grants of restricted stock under our 2011 Plan. On the date of each annual meeting of stockholders, beginning with the Annual Meeting, each non-employee director who will continue to serve on our Board of Directors following such annual meeting will be granted an award of restricted stock with a value equal to \$40,000, based on the closing price of our common stock on the date of such grant. These awards of restricted stock will vest ratably as to one-third of the shares subject to each grant on each of the first three anniversaries of the date of grant, subject to the director's continued service on our Board of Directors. All awards of restricted stock granted to each non-employee director will vest in full upon a change in control (as defined in the 2011 Plan).

**BOARD STRUCTURE, LEADERSHIP AND RISK MANAGEMENT**

We have structured our corporate governance in a manner we believe closely aligns our interests with those of our stockholders. Notable features of our corporate governance structure include the following:

our Board of Directors is not staggered, with each of our directors subject to re-election annually;

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of the seven persons who serve on our Board of Directors, our Board of Directors has determined that five, or 71%, of our directors satisfy the listing standards for independence of the NYSE and Rule 10A-3 under the Securities Exchange Act of 1934, as amended, or the Exchange Act;

at least one of our directors qualifies as an audit committee financial expert as defined by the SEC;

we have opted out of the control share acquisition statute in the Maryland General Corporation Law, or MGCL, and the business combination provisions of the MGCL; and

we do not have a stockholder rights plan.

Our directors stay informed about our business by attending meetings of our Board of Directors and its committees and through supplemental reports and communications. Our independent directors meet regularly in executive sessions without the presence of our corporate officers or non-independent directors.

Our Board of Directors is currently chaired by Mr. Rady, our Executive Chairman. Our Board of Directors believes that Mr. Rady's service as our Executive Chairman is in the best interests of our Company and our stockholders because Mr. Rady possesses detailed and in-depth knowledge of the issues, opportunities and challenges we face, and because he is the person best positioned to develop agendas that ensure that our Board of Directors' time and attention is focused on the most critical matters. Our Board of Directors believes that his role as Executive Chairman enables decisive leadership, ensures clear accountability and enhances our ability to communicate our message and strategy clearly and consistently to stockholders, employees and tenants.

### **EXECUTIVE SESSIONS OF NON-MANAGEMENT DIRECTORS**

Our non-management directors meet without management present each time the full Board convenes for a regularly scheduled meeting. If the Board convenes for a special meeting, the non-management directors will meet in executive session if circumstances warrant. We currently do not have a lead independent director.

The Board welcomes communications from stockholders. For information on how to communicate with our independent directors, please refer to the information set forth under the heading Communications with the Board.

### **BOARD MEETINGS**

The Board held six regularly scheduled and special meetings in 2011 since our initial public offering to review significant developments, engage in strategic planning, and act on matters requiring Board approval. Each incumbent director attended an aggregate of at least 75 percent of the Board meetings, and the meetings of committees on which he served, during the period that he served in 2011.

### **BOARD COMMITTEES**

Our Board of Directors has established three standing committees: an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. The principal functions of each committee are briefly described below. We comply with the listing requirements and other rules and regulations of the NYSE, as amended or modified from time to time, with respect to each of these committees and each of these committees is comprised exclusively of independent directors. Additionally, our Board of Directors may from time to time establish other committees to facilitate the management of our company.

#### **Audit Committee**

Our Audit Committee consists of three of our independent directors. We have determined that the Chairperson of our Audit Committee qualifies as an audit committee financial expert as that term is defined by the applicable

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SEC regulations and NYSE corporate governance listing standards. Our Board of Directors has determined that each of the Audit Committee members is financially literate as that term is defined by the NYSE corporate governance listing standards. We have adopted an Audit Committee charter, which details the principal functions of the Audit Committee, including oversight related to:

our accounting and financial reporting processes;

the integrity of our consolidated financial statements and financial reporting process;

our systems of disclosure controls and procedures and internal control over financial reporting;

our compliance with financial, legal and regulatory requirements;

the evaluation of the qualifications, independence and performance of our independent registered public accounting firm;

the performance of our internal audit function; and

our overall risk profile.

The Audit Committee is also responsible for engaging an independent registered public accounting firm, reviewing with the independent registered public accounting firm the plans and results of the audit engagement, approving professional services provided by the independent registered public accounting firm, including all audit and non-audit services, reviewing the independence of the independent registered public accounting firm, considering the range of audit and non-audit fees and reviewing the adequacy of our internal accounting controls. The Audit Committee also prepares the Audit Committee report required by SEC regulations to be included in our annual proxy statement. Mr. Finger is chairperson, as well as our Audit Committee Financial Expert, and Messrs. Gold and Olinger are members of the Audit Committee. During 2011, the Audit Committee met a total of five times.

## **Compensation Committee**

Our Compensation Committee consists of three of our independent directors. We adopted a Compensation Committee charter, which details the principal functions of the Compensation Committee, including:

reviewing and approving on an annual basis the corporate goals and objectives relevant to our Chief Executive Officer's compensation, evaluating our Chief Executive Officer's performance in light of such goals and objectives and determining and approving the remuneration of our Chief Executive Officer based on such evaluation;

reviewing and approving the compensation of all of our other executive officers;

reviewing our executive compensation policies and plans;

implementing and administering our incentive compensation equity-based remuneration plans;

assisting management in complying with our proxy statement and annual report disclosure requirements;

producing a report on executive compensation to be included in our annual proxy statement; and

reviewing, evaluating and recommending changes, if appropriate, to the remuneration for directors.

The Compensation Committee may delegate its responsibilities to a subcommittee of the Compensation Committee, provided that such responsibilities do not pertain to matters involving executive compensation or certain matters determined to involve compensation intended to comply with Section 162(m) of the Internal Revenue Code of 1986, as amended. Dr. Sullivan is chairperson and Messrs. Finger and Nelles are members of the Compensation Committee. During 2011, the Compensation Committee met a total of seven times.

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**Nominating and Corporate Governance Committee**

Our Nominating and Corporate Governance Committee, or Governance Committee, consists of three of our independent directors. We adopted a Nominating and Corporate Governance Committee charter, which details the principal functions of the Governance Committee, including:

identifying and recommending to the full Board of Directors qualified candidates for election as directors and recommending nominees for election as directors at the annual meeting of stockholders;

developing and recommending to the Board of Directors corporate governance guidelines and principles and implementing and monitoring such guidelines and principles;