



# Douglas Emmett

**Supplemental Operating and Financial Data  
For the Quarter Ended June 30, 2009**

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This Supplemental Operating and Financial Data contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Future events and actual results, financial and otherwise, may differ materially from the results discussed in the forward-looking statements. You should not rely on forward looking statements as predictions of future events. Forward looking statements involve numerous risks and uncertainties that could significantly affect anticipated results in the future and, accordingly, such results may differ materially from those expressed in any forward looking statement made by us. These risks and uncertainties include, but are not limited to: adverse economic and real estate developments in Southern California and Honolulu; decreased rental rates or increased tenant incentives and vacancy rates; defaults on, early terminations of, or non-renewal of leases by tenants; increased interest rates and operating costs; failure to generate sufficient cash flows to service our outstanding indebtedness; difficulties in identifying properties to acquire and completing acquisitions; failure to successfully operate acquired properties and operations; failure to maintain our status as a REIT under the Internal Revenue Code of 1986, as amended; possible adverse changes in rent control laws and regulations; environmental uncertainties; risks related to natural disasters; lack or insufficient amount of insurance; inability to successfully expand into new markets or submarkets; risks associated with property development; conflicts of interest with our officers; changes in real estate and zoning laws and increases in real property tax rates; the consequences of any possible future terrorist attacks; and other risks and uncertainties detailed in our Annual Report on Form 10-K filed with the Securities and Exchange Commission.

# **CORPORATE DATA**

Douglas Emmett, Inc. (NYSE: DEI) is a fully integrated, self-administered and self-managed real estate investment trust (REIT), and one of the largest owners and operators of high-quality office and multifamily properties located in submarkets in California and Hawaii. The Company's properties are concentrated in ten submarkets – Brentwood, Olympic Corridor, Century City, Santa Monica, Beverly Hills, Westwood, Sherman Oaks/Encino, Warner Center/Woodland Hills, Burbank, and Honolulu. The Company focuses on owning and acquiring a substantial share of top-tier office properties and premier multifamily communities in neighborhoods that possess significant supply constraints, high-end executive housing and key lifestyle amenities.

This Supplemental Operating and Financial Data supplements the information provided in our reports filed with the Securities and Exchange Commission. We maintain a website at [www.douglasemmett.com](http://www.douglasemmett.com).

Number of office properties owned <sup>(1)</sup>	55
Square feet owned (in thousands) <sup>(1)</sup>	13,328
Office leased rate as of June 30, 2009 <sup>(1)</sup>	90.7 %
Office occupied rate as of June 30, 2009 <sup>(1)(2)</sup>	89.9 %
Number of multifamily properties owned	9
Number of multifamily units owned	2,868
Multifamily leased rate as of June 30, 2009	99.1 %
Market capitalization (in thousands):	
Total debt <sup>(3)(4)</sup>	3,430,193
Common equity capitalization <sup>(5)</sup>	1,396,739
Total market capitalization	4,826,932
Debt/total market capitalization	71.1 %
Common stock data (NYSE:DEI):	
Range of closing prices <sup>(6)</sup>	\$7.45 - \$10.42
Closing price at quarter end	\$8.99
Weighted average fully diluted shares outstanding (in thousands) <sup>(6)(7)</sup>	155,380
Shares of common stock outstanding on June 30, 2009 (in thousands) <sup>(8)</sup>	121,399

- (1) All properties are 100% owned except Honolulu Club (78,000 square feet) owned by a joint venture in which we own a 66.7% interest and 6 properties totaling 1.4 million square feet owned by an unconsolidated real estate fund.
- (2) Represents percent leased less signed leases not yet commenced.
- (3) Excludes non-cash loan premium.
- (4) Excludes one-third of the \$18 million debt attributable to the noncontrolling interest in a consolidated joint venture; includes \$178 million of debt carried by an unconsolidated entity in which our operating partnership (OP) owns an equity interest.
- (5) Common equity capitalization represents the total number of shares of common stock and OP units outstanding multiplied by the closing price of our stock at the end of the period.
- (6) For the quarter ended June 30, 2009.
- (7) Diluted shares shown here represent ownership in our company through shares of common stock, OP units and other convertible equity instruments.
- (8) This amount represents undiluted shares, and does not include OP units.

**CORPORATE**

808 Wilshire Boulevard, Suite 200, Santa Monica, California 90401  
(310) 255-7700

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**BOARD OF DIRECTORS**

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**Dan A. Emmett**

Chairman of the Board, Douglas Emmett, Inc

**Leslie E. Bider**

Chief Executive Officer, PinnacleCare

**Thomas E. O'Hern**

Executive Vice President, Chief Financial Officer and Treasurer,  
Macerich Company

**Jordan L. Kaplan**

President and Chief Executive Officer, Douglas  
Emmett, Inc.

**Victor J. Coleman**

Managing Director, Hudson Capital, LLC

**Dr. Andrea L. Rich**

Former President and Chief Executive Officer, Los Angeles Museum  
of Art, and Former Executive Vice Chancellor and Chief Operating  
Officer, University of California Los Angeles

**Kenneth M. Panzer**

Chief Operating Officer, Douglas Emmett, Inc.

**Ghebre Selassie Mehreteab**

Chief Executive Officer, NHP Foundation

**William Wilson III**

Former Chairman, Cornerstone Properties, Inc., Managing Partner,  
Wilson Meany Sullivan, LLC

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**EXECUTIVE AND SENIOR MANAGEMENT**

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**Jordan L. Kaplan**

President and Chief Executive Officer

**Kenneth M. Panzer**

Chief Operating Officer

**William Kamer**

Chief Financial Officer

**Allan B. Golad**

SVP, Property Management

**Gregory R. Hambly**

Chief Accounting Officer

**Michael J. Means**

SVP, Commercial Leasing

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**INVESTOR RELATIONS**

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**Mary C. Jensen**

Vice President - Investor Relations  
(310) 255-7751

Email Contact: [mjensen@douglasemmett.com](mailto:mjensen@douglasemmett.com)

Please visit our corporate website at: [www.douglasemmett.com](http://www.douglasemmett.com)

# **CONSOLIDATED FINANCIAL RESULTS**

**Douglas Emmett, Inc.****BALANCE SHEETS**  
(unaudited and in thousands)

	<u>June 30, 2009</u>	<u>December 31, 2008</u>
<b>Assets</b>		
Investment in real estate:		
Land	\$ 835,407	\$ 900,213
Buildings and improvements	5,013,389	5,528,567
Tenant improvements and lease intangibles	513,836	552,536
	<u>6,362,632</u>	<u>6,981,316</u>
Less: accumulated depreciation	(578,594)	(490,125)
Net investment in real estate	5,784,038	6,491,191
Cash and cash equivalents	43,261	8,655
Tenant receivables, net	1,215	2,427
Deferred rent receivables, net	35,858	33,039
Interest rate contracts	139,015	176,255
Acquired lease intangible assets, net	14,240	18,163
Investment in unconsolidated real estate fund	102,168	-
Other assets	26,034	31,304
Total assets	<u>\$ 6,145,829</u>	<u>\$ 6,761,034</u>
<b>Liabilities</b>		
Secured notes payable	\$ 3,258,000	\$ 3,672,300
Unamortized non-cash debt premium	18,009	20,485
Interest rate contracts	297,152	407,492
Accrued interest payable	26,088	22,982
Accounts payable and accrued expenses	39,332	46,463
Acquired lease intangible liabilities, net	156,418	195,036
Security deposits	31,928	35,890
Dividends payable	12,140	22,856
Other liabilities	-	57,316
Total liabilities	<u>3,839,067</u>	<u>4,480,820</u>
<b>Equity</b>		
Douglas Emmett, Inc. stockholders' equity		
Common stock	1,214	1,219
Additional paid-in capital	2,285,551	2,284,429
Accumulated other comprehensive income (loss)	(216,874)	(274,111)
Accumulated deficit	(269,987)	(236,348)
Total Douglas Emmett, Inc. stockholders' equity	<u>1,799,904</u>	<u>1,775,189</u>
Noncontrolling interests	506,858	505,025
Total equity	<u>2,306,762</u>	<u>2,280,214</u>
Total liabilities and equity	<u>\$ 6,145,829</u>	<u>\$ 6,761,034</u>

**QUARTERLY OPERATING RESULTS**  
(unaudited and in thousands, except per share data)

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<b>Revenues:</b>				
Office rental:				
Rental revenues	\$ 99,210	\$ 111,213	\$ 207,756	\$ 210,229
Tenant recoveries	7,134	8,179	15,100	14,188
Parking and other income	16,404	18,229	34,038	34,805
Total office revenues	<u>122,748</u>	<u>137,621</u>	<u>256,894</u>	<u>259,222</u>
Multifamily rental:				
Rental revenues	16,007	16,423	32,194	33,647
Parking and other income	1,040	1,019	2,124	2,002
Total multifamily revenues	<u>17,047</u>	<u>17,442</u>	<u>34,318</u>	<u>35,649</u>
Total revenues	<u>139,795</u>	<u>155,063</u>	<u>291,212</u>	<u>294,871</u>
<b>Operating Expenses:</b>				
Office expenses	36,665	41,802	76,977	77,723
Multifamily expenses	4,286	4,219	8,803	8,519
General and administrative	5,959	5,729	12,310	11,014
Depreciation and amortization	55,729	63,858	116,803	120,607
Total operating expenses	<u>102,639</u>	<u>115,608</u>	<u>214,893</u>	<u>217,863</u>
Operating income	37,156	39,455	76,319	77,008
Gain on disposition of interest in unconsolidated real estate fund	-	-	5,573	-
Interest and other income	60	123	2,974	532
Loss, including depreciation, from unconsolidated real estate fund	(2,128)	-	(2,806)	-
Interest expense	(44,606)	(51,791)	(93,828)	(92,994)
Net loss	<u>(9,518)</u>	<u>(12,213)</u>	<u>(11,768)</u>	<u>(15,454)</u>
Less: Net loss attributable to noncontrolling interests	2,036	2,785	2,419	3,526
Net loss attributable to common stockholders	<u>\$ (7,482)</u>	<u>\$ (9,428)</u>	<u>\$ (9,349)</u>	<u>\$ (11,928)</u>
Net loss per common share – basic and diluted <sup>(7)</sup>	<u>\$ (0.06)</u>	<u>\$ (0.08)</u>	<u>\$ (0.08)</u>	<u>\$ (0.10)</u>
Weighted average shares of common stock outstanding – basic and diluted <sup>(7)</sup>	<u>121,319</u>	<u>121,314</u>	<u>121,579</u>	<u>119,799</u>

- (1) Douglas Emmett Fund X, LLC (Fund X) was deconsolidated from our financial statements as of the end of February 2009. As a result, the consolidated operating results of Douglas Emmett, Inc. for the six months ended June 30, 2009 presented above reflect the impact of the properties owned by Fund X only for the months of January and February 2009 on a consolidated basis. Beginning March 2009, Fund X is presented on an unconsolidated basis.
- (2) The properties currently owned by Fund X were acquired by us at the end of March 2008. As such, our consolidated operating results reflect the impact of the properties now owned by Fund X for the period from March 26, 2008 through June 30, 2008.
- (3) If the properties contributed to Fund X had been an unconsolidated equity investment for the entire second quarter of 2008, total office revenues for the second quarter of 2008 would have been \$123,050 (after subtracting office revenues attributable to the properties contributed to Fund X of \$14,571) in comparison to the total office revenues of \$122,748 for the second quarter of 2009 shown above.
- (4) If the properties contributed to Fund X had been an unconsolidated equity investment for the period during the first six months of 2008 following our acquisition of the properties and for the entire first six months of 2009, total office revenues would have been \$243,773 for the first six months of 2008 (after subtracting office revenues attributable to the properties contributed to Fund X of \$15,449) in comparison to total office revenues of \$247,318 for the first six months of 2009 (after subtracting office revenues attributable to the properties contributed to Fund X of \$9,576).
- (5) If the properties contributed to Fund X had been an unconsolidated equity investment for the entire second quarter of 2008, total office expenses for the second quarter of 2008 would have been \$37,029 (after subtracting office expenses attributable to the properties contributed to Fund X of \$4,773) in comparison to the total office expenses of \$36,665 for the second quarter of 2009 shown above.
- (6) If the properties contributed to Fund X had been an unconsolidated equity investment for the period during the first six months of 2008 following our acquisition of the properties and for the entire first six months of 2009, total office expenses would have been \$72,331 for the first six months of 2008 (after subtracting office expenses attributable to the properties contributed to Fund X of \$5,392) in comparison to total office expenses of \$73,787 for the first six months of 2009 (after subtracting office expenses attributable to the properties contributed to Fund X of \$3,190).
- (7) Diluted shares are calculated in accordance with accounting principles generally accepted in the United States (GAAP) and include common stock plus dilutive equity instruments, as appropriate. This amount excludes OP units, which are included in the non-GAAP calculation of diluted shares on the "Corporate Data" page preceding this section.



**FUNDS FROM OPERATIONS AND ADJUSTED FUNDS FROM OPERATIONS**  
(unaudited and in thousands, except per share data)

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<b>Funds From Operations (FFO)</b>				
Net loss attributable to common stockholders	\$ (7,482)	\$ (9,428)	\$ (9,349)	\$ (11,928)
Depreciation and amortization of real estate assets	55,729	63,858	116,803	120,607
Net loss attributable to noncontrolling interests	(2,036)	(2,785)	(2,419)	(3,526)
Loss on asset disposition	—	32	—	32
Gain on disposition of interest in unconsolidated real estate fund	—	—	(5,573)	—
Less: adjustments attributable to consolidated joint venture and unconsolidated investment in real estate fund	3,503	(99)	4,568	(162)
FFO	<u>\$ 49,714</u>	<u>\$ 51,578</u>	<u>\$ 104,030</u>	<u>\$ 105,023</u>
<b>Adjusted Funds From Operations (AFFO)</b>				
FFO	\$ 49,714	\$ 51,578	\$ 104,030	\$ 105,023
Straight-line rent adjustment	(2,422)	(3,371)	(4,425)	(7,642)
Amortization of acquired above and below market leases	(7,839)	(11,493)	(17,940)	(21,691)
Amortization of interest rate contracts and loan premium	3,778	4,362	7,513	5,002
Amortization of prepaid financing	483	478	1,090	840
Recurring capital expenditures, tenant improvements and leasing commissions	(6,645)	(6,341)	(13,287)	(11,899)
Non-cash compensation expense	1,277	1,049	3,766	4,340
Less: adjustments attributable to consolidated joint venture and unconsolidated investment in real estate fund	(1,004)	48	(1,266)	48
AFFO	<u>\$ 37,342</u>	<u>\$ 36,310</u>	<u>\$ 79,481</u>	<u>\$ 74,021</u>
Weighted average share equivalents outstanding - fully diluted	155,380	156,724	155,703	156,573
FFO per share- fully diluted	\$ 0.32	\$ 0.33	\$ 0.67	\$ 0.67
Dividends per share declared	\$ 0.10	\$ 0.1875	\$ 0.20	\$ 0.375
AFFO payout ratio	41.48 %	80.54 %	39.06 %	78.91 %

**NOTE: Our definitions of FFO and AFFO are contained on the page titled "Definitions" which follows.**

**SAME PROPERTY STATISTICAL AND FINANCIAL DATA**  
(unaudited and in thousands, except per share data)

	<u>Three Months Ended June 30,</u>		<u>% Favorable</u>
	<u>2009</u>	<u>2008</u>	<u>(Unfavorable)</u>
<b>Same Property Office Statistics</b>			
Number of properties	49	49	
Rentable square feet	11,889,012	11,887,895	
% leased (average for 3 months)	92.4 %	95.4 %	
% occupied (average for 3 months)	91.7 %	94.4 %	
<b>Same Property Multifamily Statistics</b>			
Number of properties	9	9	
Number of units	2,868	2,868	
% leased (average for 3 months)	99.1 %	99.4 %	
<b>Same Property Net Operating Income - GAAP Basis</b>			
Total office revenues	\$ 122,748	\$ 123,050	(0.2) %
Total multifamily revenues	17,047	17,442	(2.3)
Total revenues	<u>139,795</u>	<u>140,492</u>	(0.5)
Total office expense	(36,665)	(37,029)	1.0
Total multifamily expense	(4,286)	(4,219)	(1.6)
Total property expense	<u>(40,951)</u>	<u>(41,248)</u>	0.7
Same Property NOI - GAAP basis	\$ <u>98,844</u>	\$ <u>99,244</u>	(0.4) %
<b>Same Property Net Operating Income - Cash Basis</b>			
Total office revenues	\$ 113,413	\$ 112,303	1.0 %
Total multifamily revenues	16,166	16,518	(2.1)
Total revenues	<u>129,579</u>	<u>128,821</u>	0.6
Total office expense	(36,711)	(37,194)	1.3
Total multifamily expense	(4,286)	(4,219)	(1.6)
Total property expense	<u>(40,997)</u>	<u>(41,413)</u>	1.0
Same Property NOI - cash basis	\$ <u>88,582</u>	\$ <u>87,408</u>	1.3 %

**NOTE: Our definitions of NOI, same property and cash basis are contained on the page titled "Definitions" which follows.**

**RECONCILIATION OF SAME PROPERTY NOI TO GAAP NET INCOME (LOSS)**  
(unaudited and in thousands)

	<b>Three Months Ended June 30,</b>	
	<b>2009</b>	<b>2008</b>
Same property office revenues - cash basis	\$ 113,413	\$ 112,303
GAAP adjustments	9,335	10,747
Same property office revenues - GAAP basis	<u>122,748</u>	<u>123,050</u>
Same property multifamily revenues - cash basis	16,166	16,518
GAAP adjustments	881	924
Same property multifamily revenues - GAAP basis	<u>17,047</u>	<u>17,442</u>
Same property revenues - GAAP basis	<u>139,795</u>	<u>140,492</u>
Same property office expenses - cash basis	(36,711)	(37,194)
GAAP adjustments	46	165
Same property office expenses - GAAP basis	<u>(36,665)</u>	<u>(37,029)</u>
Same property multifamily expenses - cash basis	(4,286)	(4,219)
GAAP adjustments	-	-
Same property multifamily expenses - GAAP basis	<u>(4,286)</u>	<u>(4,219)</u>
Same property expenses - GAAP basis	<u>(40,951)</u>	<u>(41,248)</u>
Same property Net Operating Income (NOI) - GAAP basis	98,844	99,244
Non-comparable office revenues	-	14,571
Non-comparable office expenses	-	(4,773)
Total property NOI - GAAP basis	<u>98,844</u>	<u>109,042</u>
General and administrative expenses	(5,959)	(5,729)
Depreciation and amortization	(55,729)	(63,858)
Operating income	<u>37,156</u>	<u>39,455</u>
Interest and other income	60	123
Loss, net of depreciation, from unconsolidated real estate fund	(2,128)	-
Interest expense	(44,606)	(51,791)
Net loss	<u>(9,518)</u>	<u>(12,213)</u>
Less: Net loss attributable to noncontrolling interests	2,036	2,785
Net loss attributable to common stockholders	<u>\$ (7,482)</u>	<u>\$ (9,428)</u>

**NOTE: Our definitions of NOI, same property and cash basis are contained on the page titled "Definitions" which follows.**

**Funds From Operations (FFO):** We calculate funds from operations before noncontrolling interest (FFO) in accordance with the standards established by the National Association of Real Estate Investment Trusts (NAREIT). FFO represents net income (loss), computed in accordance with accounting principles generally accepted in the United States of America (GAAP), excluding gains (or losses) from sales of depreciable operating property, real estate depreciation and amortization (excluding amortization of deferred financing costs) and after adjustments for unconsolidated partnerships and joint ventures. We use FFO as a supplemental performance measure because, in excluding real estate depreciation and amortization and gains and losses from property dispositions, it provides a performance measure that, when compared year over year, captures trends in occupancy rates, rental rates and operating costs. We also believe that, as a widely recognized measure of the performance of REITs, FFO will be used by investors as a basis to compare our operating performance with that of other REITs. However, because FFO excludes depreciation and amortization and captures neither the changes in the value of our properties that results from use or market conditions nor the level of capital expenditures and leasing commissions necessary to maintain the operating performance of our properties, all of which have real economic effect and could materially impact our results from operations, the utility of FFO as a measure of our performance is limited. Other equity REITs may not calculate FFO in accordance with the NAREIT definition and, accordingly, our FFO may not be comparable to such other REITs' FFO. Accordingly, FFO should be considered only as a supplement to net income as a measure of our performance. FFO should not be used as a measure of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to pay dividends. FFO should not be used as a supplement to or substitute for cash flow from operating activities computed in accordance with GAAP.

**Adjusted Funds From Operations (AFFO):** Adjusted Funds From Operations (AFFO) is a non-GAAP financial measure we believe is a useful supplemental measure of our performance. We compute AFFO by adding to FFO the non-cash compensation expense, amortization of prepaid financing costs and straight-line rents, and then subtracting recurring capital expenditures, tenant improvements and leasing commissions. AFFO is not intended to represent cash flow for the period, and it only provides an additional perspective on our ability to fund cash needs and make distributions to shareholders by adjusting the effect of the non-cash items included in FFO, as well as recurring capital expenditures and leasing costs. We believe that net income is the most directly comparable GAAP financial measure to AFFO. We also believe that AFFO provides useful information to the investment community about our financial position as compared to other REITs since AFFO is a widely reported measure used by other REITs. However, other REITs may use different methodologies for calculating AFFO and, accordingly, our AFFO may not be comparable to other REITs.

**Net Operating Income (NOI):** Reported net income (or loss) is computed in accordance with GAAP. In contrast, net operating income (NOI) is a non-GAAP measure consisting of the revenue and expense attributable to the real estate properties that we own and operate. Although NOI is considered a non-GAAP measure, we present NOI on a "GAAP basis" by using property revenues and expenses calculated in accordance with GAAP. The most directly comparable GAAP measure to NOI is net income (or loss), adjusted to exclude general and administrative expense, depreciation and amortization expense, interest income, interest expense, income from unconsolidated partnerships, income (or loss) attributable to noncontrolling interests, gains (or losses) from sales of depreciable operating properties, net income from discontinued operations and extraordinary items. We use NOI as a supplemental performance measure because, in excluding real estate depreciation and amortization expense and gains (or losses) from property dispositions, it provides a performance measure that, when compared year over year, captures trends in occupancy rates, rental rates and operating costs. We also believe that NOI will be useful to investors as a basis to compare our operating performance with that of other REITs. However, because NOI excludes depreciation and amortization expense and captures neither the changes in the value of our properties that result from use or market conditions, nor the level of capital expenditures and leasing commissions necessary to maintain the operating performance of our properties (all of which have real economic effect and could materially impact our results from operations), the utility of NOI as a measure of our performance is limited. Other equity REITs may not calculate NOI in a similar manner and, accordingly, our NOI may not be comparable to such other REITs' NOI. Accordingly, NOI should be considered only as a supplement to net income as a measure of our performance. NOI should not be used as a measure of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to pay dividends. NOI should not be used as a substitute for cash flow from operating activities computed in accordance with GAAP.

**Same Property NOI:** To facilitate a more meaningful comparison of NOI between periods, we calculate comparable amounts for a subset of our owned properties referred to as "same properties." Same property amounts are calculated as the amounts attributable to properties which have been owned and operated by us, and reported in our consolidated results, during the entire span of both periods compared. Therefore, any properties either acquired after the first day of the earlier comparison period or sold, contributed or otherwise removed from our consolidated financial statements before the last day of the later comparison period are excluded from same properties. We may also exclude from the same property set any property that is undergoing a major repositioning project that would impact the comparability of its results between two periods.

**Cash Basis NOI:** NOI as defined above includes the revenue and expense directly attributable to our real estate properties calculated in accordance with GAAP, and is specifically labeled as "GAAP basis." We also believe that NOI calculated on a cash basis is useful for investors to understand our operations. Cash basis NOI is also a non-GAAP measure, which we calculate by excluding from GAAP basis NOI our straight-line rent adjustments and the amortization of above/below market lease intangible assets and liabilities. Accordingly, cash basis NOI should be considered only as a supplement to net income as a measure of our performance. Cash basis NOI should not be used as a measure of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to pay dividends. Cash basis NOI should not be used as a substitute for cash flow from operating activities computed in accordance with GAAP.

**DEBT BALANCES**  
as of June 30, 2009  
(unaudited and in thousands)

	<u>Maturity Date<sup>(1)</sup></u>	<u>Principal Balance</u>	<u>Variable Rate</u>	<u>Effective Annual Fixed Rate<sup>(2)</sup></u>	<u>Swap Maturity Date<sup>(1)</sup></u>
<b>Variable Rate Swapped to Fixed Rate:</b>					
Fannie Mae Loan I <sup>(3)</sup>	06/01/12	\$ 293,000	DMBS + 0.60%	4.70%	08/01/11
Fannie Mae Loan II <sup>(3)</sup>	06/01/12	95,080	DMBS + 0.60%	5.78	08/01/11
Modified Term Loan <sup>(4)(5)</sup>	08/31/12	2,300,000	LIBOR + 0.85%	5.13	08/01/10 - 08/01/12
Fannie Mae Loan III <sup>(3)</sup>	02/01/15	36,920	DMBS + 0.60%	5.78	08/01/11
Fannie Mae Loan IV <sup>(3)</sup>	02/01/15	75,000	DMBS + 0.76%	4.86	08/01/11
Term Loan <sup>(6)</sup>	04/01/15	340,000	LIBOR + 1.50%	4.77	01/02/13
Fannie Mae Loan V <sup>(3)</sup>	02/01/16	82,000	LIBOR + 0.62%	5.62	03/01/12
Fannie Mae Loan VI <sup>(3)</sup>	06/01/17	18,000	LIBOR + 0.62%	5.82	06/01/12
<b>Subtotal</b>		<u>3,240,000</u> <sup>(6)</sup>		<b>5.10%</b> <sup>(2)</sup>	
<b>Variable Rate:</b>					
Wells Fargo Loan <sup>(7)</sup>	03/01/11 <sup>(8)</sup>	12,000	LIBOR + 1.25%	--	--
Secured Revolving Credit Facility <sup>(9)</sup>	10/30/11 <sup>(10)</sup>	-	LIBOR / Fed Funds + <sup>(11)</sup>	--	--
<b>Subtotal</b>		<u>12,000</u>			
<b>Consolidated total, net of portion attributable to noncontrolling interest in consolidated joint venture</b>		<u>3,252,000</u> <sup>(12)</sup>			
<b>Debt Attributable from Unconsolidated Real Estate Fund:</b>					
Term Loan <sup>(13)</sup>	08/18/13	178,193	LIBOR + 1.65%	5.52%	09/04/12
<b>Total consolidated and unconsolidated debt</b>		<u>\$ 3,430,193</u>			

- (1) As of June 30, 2009, the weighted average remaining life of our consolidated outstanding debt is 3.6 years, and the weighted average remaining life of the interest rate swaps is 1.9 years.
- (2) Includes the effect of interest rate contracts. Based on actual/360-day basis and excludes amortization of loan fees and unused fees on credit line. The total consolidated effective rate on an actual/365-day basis is 5.17% at June 30, 2009.
- (3) Secured by four separate collateralized pools. Fannie Mae Discount Mortgage-Backed Security (DMBS) has historically tracked 90-day LIBOR, although volatility may exist between the two rates, resulting in an immaterial amount of swap ineffectiveness.
- (4) Secured by seven separate collateralized pools. Requires monthly payments of interest only, with outstanding principal due upon maturity.
- (5) Includes \$1.11 billion swapped to 4.96% until August 1, 2010; \$545.0 million swapped to 5.83% until December 1, 2010; \$322.5 million swapped to 5.05% until August 1, 2011; and \$322.5 million swapped to 5.09% until August 1, 2012.
- (6) Secured by four properties in a collateralized pool. Requires monthly payments of interest only, with outstanding principal due upon maturity.
- (7) This is an \$18 million loan held by a consolidated entity in which our Operating Partnership owns a two-thirds interest. The loan has a one-year extension option.
- (8) Represents maturity date of March 1, 2010 which we may extend to March 1, 2011.
- (9) This \$370 million credit facility is secured by nine properties and has no borrowings outstanding. The facility has two one-year extension options available.
- (10) Represents maturity date of October 30, 2009 which we may extend to October 30, 2011.
- (11) This revolver bears interest at either LIBOR +0.70% or Fed Funds +0.95% at our election. If the amount outstanding exceeds \$262.5 million, the credit facility bears interest at either LIBOR +0.80% or Fed Funds +1.05% at our election.
- (12) Excludes the unamortized non-cash debt premium of \$18,009 which represents the mark-to-market adjustment recorded on all variable rate debt outstanding at the time of our IPO.
- (13) This is a \$365 million loan held by an unconsolidated real estate fund in which our Operating Partnership owns an equity interest. Secured by six properties in a cross-collateralized pool. Requires monthly payments of interest only, with outstanding principal due upon maturity.

# **PORTFOLIO DATA**

<u>Submarket</u>	<u>Number of Properties</u>	<u>Rentable Square Feet <sup>(2)</sup></u>	<u>Square Feet as a Percent of Total</u>
West Los Angeles			
Brentwood	13	1,390,772	10.4 %
Olympic Corridor	5	1,096,080	8.2
Century City	3	915,980	6.9
Santa Monica	8	969,982	7.3
Beverly Hills	6	1,343,185	10.1
Westwood	2	396,807	3.0
San Fernando Valley			
Sherman Oaks/Encino	11	3,181,035	23.9
Warner Center/Woodland Hills	3	2,855,865	21.4
Tri-Cities			
Burbank	1	420,949	3.1
Honolulu	3	757,641	5.7
Total	<u>55</u>	<u>13,328,296</u>	<u>100.0 %</u>

(1) All properties are 100% owned except Honolulu Club (78,000 square feet) owned by a joint venture in which we own a 66.7% interest and 6 properties totaling 1.4 million square feet owned by an unconsolidated real estate fund.

(2) Based on BOMA 1996 remeasurement. Total consists of 11,927,207 leased square feet, 1,242,595 available square feet, 76,441 building management use square feet, and 82,053 square feet of BOMA 1996 adjustment on leased space.

Submarket	Percent Leased <sup>(2)</sup>	Annualized Rent <sup>(3)</sup>	Annualized Rent Per Leased Square Foot <sup>(4)</sup>	Monthly Rent Per Leased Square Foot
West Los Angeles				
Brentwood	95.8%	\$ 51,207,939	\$ 39.14	\$ 3.26
Olympic Corridor	92.3	32,750,221	33.21	2.77
Century City	98.4	32,937,644	37.07	3.09
Santa Monica <sup>(5)</sup>	94.5	46,542,313	51.74	4.31
Beverly Hills	88.0	45,271,377	39.30	3.28
Westwood	90.8	13,356,430	37.52	3.13
San Fernando Valley				
Sherman Oaks/Encino	90.9	88,915,593	31.63	2.64
Warner Center/Woodland Hills	83.9	68,315,461	29.11	2.43
Tri-Cities				
Burbank	100.0	13,415,742	31.87	2.66
Honolulu	88.9	22,108,489	34.08	2.84
Total / Weighted Average	90.7	\$ 414,821,209	35.10	2.93

Recurring Capital Expenditures <sup>(1)</sup>

- Office (per rentable square foot) for the three months ended June 30, 2009	\$ 0.08
- Office (per rentable square foot) for the six months ended June 30, 2009	\$ 0.12

(1) All properties are 100% owned except Honolulu Club (78,000 square feet) owned by a joint venture in which we own a 66.7% interest and 6 properties totaling 1.4 million square feet owned by an unconsolidated real estate fund.

(2) Includes 109,256 square feet with respect to signed leases not yet commenced.

(3) Represents annualized monthly cash base rent under leases commenced as of June 30, 2009 (excluding 109,256 square feet with respect to signed leases not yet commenced). The amount reflects total cash base rent before abatements. For our Burbank and Honolulu office properties, annualized base rent is converted from triple net to gross by adding expense reimbursements to base rent.

(4) Represents annualized rent divided by leased square feet (excluding 109,256 square feet with respect to signed leases not commenced) as set forth in note (2) above for the total.

(5) Includes \$1,287,232 of annualized rent attributable to our corporate headquarters at our Lincoln/Wilshire property.



<u>Submarket</u>	<u>Number of Properties</u>	<u>Number of Units</u>	<u>Units as a Percent of Total</u>
West Los Angeles			
Brentwood	5	950	33 %
Santa Monica	2	820	29
Honolulu	2	1,098	38
Total	<u>9</u>	<u>2,868</u>	<u>100 %</u>

<u>Submarket</u>	<u>Percent Leased</u>	<u>Annualized Rent <sup>(1)</sup></u>	<u>Monthly Rent Per Leased Unit</u>
West Los Angeles			
Brentwood	99.5 %	\$ 23,101,044	\$ 2,037
Santa Monica <sup>(2)</sup>	99.3	20,410,488	2,090
Honolulu	98.5	17,995,474	1,386
Total / Weighted Average	99.1	<u>\$ 61,507,006</u>	1,804

Recurring Capital Expenditures

- Multifamily (per unit) for the three months ended June 30, 2009	\$ 54
- Multifamily (per unit) for the six months ended June 30, 2009	<u>\$ 159</u>

(1) Represents annualized monthly multifamily rental income under leases commenced as of June 30, 2009.

(2) Excludes 10,013 square feet of ancillary retail space, which generates \$294,875 of annualized rent as of June 30, 2009.

**Douglas Emmett, Inc.**

**TENANT DIVERSIFICATION <sup>(1)</sup>**  
**(1.0% or Greater of Annualized Rent)**  
**as of June 30, 2009**

	<u>Number of Leases</u>	<u>Number of Properties</u>	<u>Lease Expiration <sup>(2)</sup></u>	<u>Total Leased Square Feet</u>	<u>Percent of Rentable Square Feet</u>	<u>Annualized Rent <sup>(3)</sup></u>	<u>Percent of Annualized Rent</u>
Time Warner <sup>(4)</sup>	4	4	2010-2019	642,845	4.8 %	\$ 21,386,790	5.2 %
AIG (Sun America Life Insurance)	1	1	2013	182,010	1.3	5,704,276	1.4
Bank of America <sup>(5)</sup>	13	9	2009-2018	129,018	1.0	5,104,769	1.2
The Endeavor Agency, LLC	2	1	2019	117,098	0.9	5,103,117	1.2
The Macerich Partnership, L.P.	1	1	2018	90,832	0.7	4,316,881	1.0
<b>Total</b>	<u>21</u>	<u>16</u>		<u>1,161,803</u>	<u>8.7 %</u>	<u>\$ 41,615,833</u>	<u>10.0 %</u>

- (1) All properties are 100% owned except Honolulu Club (78,000 square feet) owned by a joint venture in which we own a 66.7% interest and 6 properties totaling 1.4 million square feet owned by an unconsolidated real estate fund.
- (2) Expiration dates are per leases and do not assume exercise of renewal, extension or termination options. For tenants with multiple leases, expirations are shown as a range.
- (3) Represents annualized monthly cash base rent under leases commenced as of June 30, 2009. The amount reflects total cash base rent before abatements. For our Burbank and Honolulu office properties, annualized base rent is converted from triple net to gross by adding expense reimbursements to base rent.
- (4) Includes a 62,000 square foot lease expiring in June 2010, a 10,000 square foot lease expiring in October 2013, a 150,000 square foot lease expiring in April 2016, and a 421,000 square foot lease expiring in September 2019.
- (5) Includes a 5,000 square foot lease expiring in September 2009, a 9,000 square foot lease expiring in September 2010, a 7,000 square foot lease expiring in December 2010, two leases totaling 19,000 square feet expiring in January 2011, a 2,000 square foot lease expiring in May 2011, a 16,000 square foot lease expiring in July 2011, a 41,000 square foot lease expiring in January 2012, a 6,000 square foot lease expiring in May 2012, an 8,000 square foot lease expiring in July 2013, a 4,000 square foot lease expiring in February 2015, and a 12,000 square foot lease expiring in March 2018.

<b>Industry</b>	<b>Number of Leases</b>	<b>Annualized Rent as a Percent of Total</b>
Legal	348	16.3 %
Financial Services	259	14.6
Entertainment	115	11.8
Real Estate	150	9.5
Accounting & Consulting	210	8.5
Health Services	289	8.3
Insurance	84	7.9
Retail	163	7.0
Technology	64	3.8
Advertising	53	3.3
Public Administration	31	1.8
Educational Services	10	0.7
Other	251	6.5
Total	2,027	100.0 %

(1) All properties are 100% owned except Honolulu Club (78,000 square feet) owned by a joint venture in which we own a 66.7% interest and 6 properties totaling 1.4 million square feet owned by an unconsolidated real estate fund.

	<b>Number of Leases</b>	<b>Leases as a Percent of Total</b>	<b>Rentable Square Feet <sup>(2)</sup></b>	<b>Square Feet as a Percent of Total</b>	<b>Annualized Rent <sup>(3)</sup></b>	<b>Annualized Rent as a Percent of Total</b>
2,500 or less	1,012	49.9%	1,380,870	10.4%	\$ 51,360,956	12.4%
2,501-10,000	737	36.4	3,612,966	27.1	128,140,927	30.9
10,001-20,000	183	9.0	2,565,293	19.2	88,796,378	21.4
20,001-40,000	67	3.3	1,846,474	13.9	64,657,739	15.6
40,001-100,000	22	1.1	1,300,372	9.8	46,581,939	11.2
Greater than 100,000	6	0.3	1,111,976	8.3	35,283,270	8.5
Subtotal	2,027	100.0%	11,817,951 <sup>(5)</sup>	88.7%	414,821,209	100.0%
Available	-	-	1,242,595	9.3	-	-
BOMA Adjustment <sup>(4)</sup>	-	-	82,053	0.6	-	-
Building Management Use	-	-	76,441	0.6	-	-
Signed leases not commenced	-	-	109,256	0.8	-	-
<b>Total</b>	<b>2,027</b>	<b>100.0%</b>	<b>13,328,296</b>	<b>100.0%</b>	<b>\$ 414,821,209</b>	<b>100.0%</b>

- (1) All properties are 100% owned except Honolulu Club (78,000 square feet) owned by a joint venture in which we own a 66.7% interest and 6 properties totaling 1.4 million square feet owned by an unconsolidated real estate fund.
- (2) Based on BOMA 1996 remeasurement. Total consists of 11,927,207 leased square feet (includes 109,256 square feet with respect to signed leases not commenced), 1,242,595 available square feet, 76,441 building management use square feet, and 82,053 square feet of BOMA 1996 adjustment on leased space.
- (3) Represents annualized monthly cash base rent (i.e., excludes tenant reimbursements, parking and other revenue) under leases commenced as of June 30, 2009 (does not include 109,256 square feet with respect to signed leases not yet commenced). The amount reflects total cash base rent before abatements. For our Burbank and Honolulu office properties, annualized base rent is converted from triple net to gross by adding expense reimbursements to base rent.
- (4) Represents square footage adjustments for leases that do not reflect BOMA 1996 remeasurement.
- (5) Average tenant size is approximately 5,800 square feet. Median is approximately 2,500 square feet.

<u>Year of Lease Expiration</u>	<u>Number of Leases Expiring</u>	<u>Rentable Square Feet<sup>(2)</sup></u>	<u>Expiring Square Feet as a Percent of Total</u>	<u>Annualized Rent<sup>(3)</sup></u>	<u>Annualized Rent as a Percent of Total</u>	<u>Annualized Rent Per Leased Square Foot<sup>(4)</sup></u>	<u>Annualized Rent Per Leased Square Foot at Expiration<sup>(5)</sup></u>
Available	-	1,242,595	9.3%	\$ -	- %	\$ -	\$ -
2009	217	831,240	6.2	27,990,803	6.8	33.67	33.72
2010	461	1,827,740	13.7	62,757,121	15.1	34.34	35.08
2011	389	1,743,565	13.1	61,297,186	14.8	35.16	37.25
2012	328	1,625,092	12.2	55,482,005	13.4	34.14	37.59
2013	263	1,664,921	12.5	61,837,809	14.9	37.14	42.30
2014	184	1,229,842	9.2	41,548,198	10.0	33.78	39.92
2015	66	680,797	5.1	22,967,592	5.5	33.74	41.30
2016	36	646,923	4.9	21,583,626	5.2	33.36	39.70
2017	29	328,033	2.5	11,663,323	2.8	35.56	47.70
2018	28	308,798	2.3	14,601,804	3.5	47.29	64.62
2019	19	726,074	5.5	25,656,703	6.2	35.34	45.80
Thereafter	7	204,926	1.5	7,435,039	1.8	36.28	52.01
BOMA Adjustment <sup>(6)</sup>	-	82,053	0.6	-	-	-	-
Building Management Use	-	76,441	0.6	-	-	-	-
Signed leases not commenced	-	109,256	0.8	-	-	-	-
<b>Total/Weighted Average</b>	<b>2,027</b>	<b>13,328,296</b>	<b>100.0%</b>	<b>\$ 414,821,209</b>	<b>100.0%</b>	<b>\$ 35.10</b>	<b>\$ 39.85</b>

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(2) Based on BOMA 1996 remeasurement. Total consists of 11,927,207 leased square feet (includes 109,256 square feet with respect to signed leases not commenced), 1,242,595 available square feet, 76,441 building management use square feet, and 82,053 square feet of BOMA 1996 adjustment on leased space.

(3) Represents annualized monthly base rent under leases commenced as of June 30, 2009. The amount reflects total base rent before abatements.

(4) Represents annualized base rent divided by leased square feet.

(5) Represents annualized base rent at expiration divided by leased square feet.

(6) Represents the square footage adjustments for leases that do not reflect BOMA 1996 remeasurement.

**QUARTERLY LEASE EXPIRATIONS – NEXT FOUR QUARTERS** <sup>(1)</sup>  
as of June 30, 2009

<u>Submarket</u>		<u>Q3 2009</u>		<u>Q4 2009</u>		<u>Q1 2010</u>		<u>Q2 2010</u>
<b>West Los Angeles</b>								
Brentwood	Expiring SF	40,534		83,812		69,905		87,606
	Rent per SF <sup>(2)</sup>	\$ 34.49		\$ 30.59		\$ 39.00		\$ 46.52
Olympic Corridor	Expiring SF	52,185		56,162		62,981		37,422
	Rent per SF <sup>(2)</sup>	\$ 30.40		\$ 32.57		\$ 31.13		\$ 30.89
Century City	Expiring SF	23,235		16,765		35,262		17,847
	Rent per SF <sup>(2)</sup>	\$ 31.10		\$ 33.06		\$ 38.21		\$ 32.13
Santa Monica	Expiring SF	2,595		43,314		8,691		78,108
	Rent per SF <sup>(2)</sup>	\$ 41.66		\$ 62.58		\$ 44.75		\$ 38.75
Beverly Hills	Expiring SF	46,505		69,989		59,343		55,545
	Rent per SF <sup>(2)</sup>	\$ 32.42		\$ 33.33		\$ 31.53		\$ 37.72
Westwood	Expiring SF	-		6,562		4,384		24,234
	Rent per SF <sup>(2)</sup>	\$ -		\$ 36.24		\$ 37.04		\$ 36.33
<b>San Fernando Valley</b>								
Sherman Oaks/Encino	Expiring SF	122,644		111,518		90,615		81,216
	Rent per SF <sup>(2)</sup>	\$ 30.55		\$ 31.94		\$ 30.96		\$ 30.20
Warner Center/Woodland Hills	Expiring SF	24,575		71,934		58,352		56,355
	Rent per SF <sup>(2)</sup>	\$ 26.92		\$ 28.99		\$ 29.72		\$ 27.52
<b>Tri-Cities</b>								
Burbank	Expiring SF	-		-		-		-
	Rent per SF <sup>(2)</sup>	\$ -		\$ -		\$ -		\$ -
<b>Honolulu</b>								
	Expiring SF	44,770		14,141		31,876		22,349
	Rent per SF <sup>(2)</sup>	\$ 43.85		\$ 32.25		\$ 30.82		\$ 32.93
<b>Total</b>	Expiring SF	357,043 <sup>(3)</sup>		474,197 <sup>(4)</sup>		421,409 <sup>(5)</sup>		460,682 <sup>(6)</sup>
	Rent per SF <sup>(2)</sup>	\$ 32.75		\$ 34.44		\$ 33.17		\$ 35.92

(1) All properties are 100% owned except Honolulu Club (78,000 square feet) owned by a joint venture in which we own a 66.7% interest and 6 properties totaling 1.4 million square feet owned by an unconsolidated real estate fund.

(2) Represents annualized base rent (i.e., excludes tenant reimbursements, parking and other revenue) per leased square foot at expiration. The amount reflects total cash base rent before abatements. For our Burbank and Honolulu office properties, annualized base rent is converted from triple net to gross by adding expense reimbursements to base rent.

(3) As of June 30, 2009, 160,285 rentable square feet had been renewed for leases that were previously scheduled to expire in the quarter ending September 30, 2009.

(4) As of June 30, 2009, 126,017 rentable square feet had been renewed for leases that were previously scheduled to expire in the quarter ending December 31, 2009.

(5) As of June 30, 2009, 56,704 rentable square feet had been renewed for leases that were previously scheduled to expire in the quarter ending March 31, 2010.

(6) As of June 30, 2009, 47,096 rentable square feet had been renewed for leases that were previously scheduled to expire in the quarter ending June 30, 2010.

Gross New Leasing Activity		
Rentable square feet		131,581
Number of leases		56
Gross Renewal Leasing Activity		
Rentable square feet		417,469
Number of leases		94
Net Absorption		
Leased rentable square feet		(109,655)
Cash Rent Growth <sup>(2)</sup>		
Expiring Rate	\$	32.50
New/Renewal Rate	\$	33.03
Increase		1.6%
Straight-Line Rent Growth <sup>(3)</sup>		
Expiring Rate	\$	30.65
New/Renewal Rate	\$	35.09
Increase		14.5%
Weighted Average Lease Terms		
New (in months)		64
Renewal (in months)		56

	<b>Total Lease Transaction Costs</b>	<b>Annual Lease Transaction Costs</b>
Tenant Improvement and Leasing Commissions (per rentable square foot) <sup>(4)</sup>		
New leases	\$ 22.61	\$ 4.26
Renewal leases	\$ 13.15	\$ 2.84
Blended	\$ 15.41	\$ 3.22

- (1) All properties are 100% owned except Honolulu Club (78,000 square feet) owned by a joint venture in which we own a 66.7% interest and 6 properties totaling 1.4 million square feet owned by an unconsolidated real estate fund.
- (2) Represents the difference between initial stabilized cash rents on new and renewal leases as compared to the expiring cash rents on the same space.
- (3) Represents a comparison between straight-line rent on expiring leases and the straight-line rent for new leases on the same space.
- (4) Represents weighted average lease transaction costs based on the leases executed in the current quarter in our properties, including repositioned properties.