UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported) February 18, 2015

WASHINGTON REAL ESTATE INVESTMENT TRUST
(Exact name of registrant as specified in its charter)

MARYLAND	1-6622	53-0261100
(State of incorporation)	(Commission File Number)	(IRS Employer Identification Number)

1775 EYE STREET, NW, SUITE 1000, WASHINGTON, DC 20006
(Address of principal executive office) (Zip code)

Registrant's telephone number, including area code: (202) 774-3200

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition

and

Item 7.01 Regulation FD Disclosure

A press release issued by the Registrant on February 19, 2015 regarding earnings for the three and twelve months ended December 31, 2014, is attached as Exhibit 99.1. Also, certain supplemental information not included in the press release is attached as Exhibit 99.2. This information is being furnished pursuant to Item 7.01 and Item 2.02 of Form 8-K. This information is not deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934 and is not incorporated by reference into any Securities Act registration statements.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On February 18, 2015, Laura M. Franklin communicated her decision to retire from Washington Real Estate Investment Trust ("Washington REIT") at the end of 2015.

In connection therewith, Washington REIT and Ms. Franklin have entered into a Separation Agreement and General Release dated February 18, 2015 (the "Separation Agreement"). Under the Separation Agreement, Ms. Franklin will resign from her position as Executive Vice President - Accounting and Administration with Washington REIT on the later of July 31, 2015 or the filing of the second quarter Form 10-Q (or such earlier date determined by Washington REITs Chief Executive Officer), after which time she will continue as a regular employee of Washington REIT through December 31, 2015. The Separation Agreement provides for the payment of various benefits to Ms. Franklin (provided she does not revoke such agreement during a seven-day revocation period). Pursuant to the Separation Agreement, Ms. Franklin will receive (a) continuation of her salary at its current level and other compensation plans available to officers through December 31, 2015, (b) awards under Washington REIT's Short-Term Incentive Plan with respect to the 2014 performance period and 2015 performance period, with any restricted shares fully vesting as of December 31, 2015, (c) awards under Washington REIT's Long-Term Incentive Plan with respect to the regular LTIP award opportunity for the three-year performance period commencing in 2014, the one-time transition award opportunity commencing in 2014 (as described under "Transition Matters" in Washington REIT's Form 8-K dated April 23, 2014) and the regular LTIP award opportunity for the three-year performance period commencing in 2015 (each calculated based on the actual level of achievement of the performance goals for the period ending on December 31, 2015 (except for the 33.34% portion of the one-time transition award, which is calculated as of December 31, 2014), with the regular 2014 award and regular 2015 award each being prorated based on the number of days during the performance period Ms. Franklin was an employee), with any restricted shares fully vesting as of December 31, 2015, (d) vesting as of December 31, 2015 of any remaining unvested restricted shares issued in connection with 2012 and 2013 performance periods under Washington REIT's previous Short-term Incentive Plan, and (e) vesting in a pro rata portion of unvested restricted stock units issued in a 25% match program contained in Washington REIT's Deferred Compensation Plan (based on the months worked by Ms. Franklin as of December 31, 2015 in comparison to the 36-month vesting period for the restricted stock units). Ms. Franklin's other existing unvested restricted share units will vest in accordance with Washington REIT's previous Long-Term Incentive Plan on or about February 2015. Ms. Franklin is already conditionally vested in her account under Washington REIT's Supplemental Executive Retirement Plan, and remains subject to compliance with the 24-month non-compete contained therein, Pursuant to the Separation Agreement, Washington REIT has agreed to a general release of claims against Ms. Franklin, and Ms. Franklin has agreed to a general release of claims against Washington REIT. Ms. Franklin also has agreed to reasonably cooperate with and provide information to Washington REIT upon request, and she will receive hourly compensation and reasonable and necessary expenses in connection therewith. The Separation Agreement also contains confidentiality and other customary provisions, as well as a 12-month non-solicitation and non-competition covenant.

A copy of the Separation Agreement is filed as an exhibit hereto. The foregoing description is qualified by reference to the Separation Agreement.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
10.1	Separation Agreement and General Release between Laura M. Franklin and Washington Real Estate Investment Trust dated February 18, 2015
99.1	Press release issued February 19, 2015 regarding earnings for the three and twelve months ended December 31, 2014
99.2	Certain supplemental information not included in the press release

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

WASHINGTON REAL ESTATE INVESTMENT TRUST

Date:	February 19, 2015	By:	/s/ Laura M. Franklin
			Laura M. Franklin
			Executive Vice President Accounting and Administration

Exhibit Index

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Exhibit 10.1

SEPARATION AGREEMENT AND GENERAL RELEASE

This Separation Agreement and General Release ("Agreement"), effective as of the date described in Section 13 below (the "Effective Date"), is made and entered into by and between Washington Real Estate Investment Trust ("WRIT") and Laura M. Franklin ("Employee").

WHEREAS, Employee has been employed by WRIT and has communicated her decision to retire from WRIT, and in order to provide for an orderly transition her employment will cease as set forth in this Agreement in connection with Employee's resignation from WRIT; and

WHEREAS, the parties desire to amicably resolve all matters between them on a full and final basis;

NOW, THEREFORE, in consideration of the promises contained herein, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

1. Resignation and Return of Property: Employee will continue to serve as Executive Vice President Accounting & Administration of WRIT through the later of July 31, 2015 or the filing of WRIT's Form 10-Q for the second quarter of 2015, or such earlier date as may be determined by the President & CEO and communicated to Employee in writing (the "Officer Resignation Date"). Commencing upon the Officer Resignation Date (a) Employee's services will cease to be full-time and the level of Employee's services are reasonably anticipated by the parties to be 20% (twenty percent) or less of the average level of services Employee performed for WRIT over the immediately preceding 36 (thirty-six) month period, as a result of which Employee shall incur a "Separation from Service" within the meaning of Section 409A of the Internal Revenue Code on the Officer Resignation Date, and (b) Employee shall not be required to work in WRIT's primary offices except as may be requested by WRIT or as may be necessary to do her work. After the Officer Resignation Date, Employee shall continue to serve as an employee of WRIT but not as an officer through December 31, 2015 (the "Resignation Date"), as of which date Employee's employment shall terminate. Consistent with the foregoing, Employee shall resign from the following positions on the Officer Resignation Date (and shall execute all documents reasonably requested by WRIT to effectuate such resignations): (i) Executive Vice President Accounting & Administration, and (ii) all officer, board of director and board of manager positions (or comparable positions) with all affiliated entities of WRIT (collectively, "Affiliates"). From the Officer Resignation Date through the Resignation Date, Employee's salary will continue at its current level and Employee will continue to participate in all compensation plans of WRIT that are available to executive officers. However, Employee will not be eligible for payment under WRIT's Executive Officer Severance Pay Plan as of the Officer Resignation Date, the Resignation Date or otherwise.

Employee will diligently pursue the responsibilities of the Executive Vice President Accounting & Administration of WRIT as long as she remains in such position. Thereafter until the Resignation Date, as an employee of WRIT, Employee will assist WRIT in (a) transitioning the roles of chief accounting& administration officer to the new person(s) elected by WRIT's

Board of Trustees and (b) performing such other duties as shall be reasonably requested by the President & CEO. On or before the Resignation Date, Employee will return all property of WRIT and its Affiliates, and all copies, excerpts or summaries of such property, in her possession, custody or control.

2. Final Paycheck and Severance Benefits: Subject to Employee's compliance with and non-revocation of this Agreement, WRIT will provide Employee with the following benefits:

(a) Accrued Salary and Vacation. WRIT will pay Employee for all earned but unpaid salary and vacation accrued up to the Resignation Date in accordance with its normal payroll practices.

(b) 2012 STIP and 2013 STIP. All of Employee's restricted shares have already been issued pursuant to the provisions of the WRIT's Short-Term Incentive Plan dated January 1, 2012 (the "2012 STIP") for the 2012 and 2013 performance years and any restricted shares that remain unvested will be fully vested as if Employee retired on the Resignation Date pursuant to the provisions of Section 4.4 of the 2012 STIP.

(c) 2014 STIP. WRIT will pay to Employee in 2015 by March 15, 2015, all compensation (if any) earned by Employee during the 2014 performance period pursuant to the provisions of the WRIT's Short-Term Incentive Plan dated January 1, 2014 (the "STIP"). Any restricted shares with respect to the 2014 performance period will be issued by March 15, 2015 and will become fully vested as of the Resignation Date as if Employee retired on the Resignation Date pursuant to the provisions dealing with retirement in Section 4.4 of the STIP.

(d) 2015 STIP. WRIT will pay to Employee in 2016 by March 15, 2016, all compensation (if any) earned by Employee during the 2015 performance period pursuant to the provisions of the STIP. Any restricted shares with respect to the 2015 performance period will be issued by March 15, 2016 and will be fully vested as if Employee retired on the Resignation Date pursuant to the provisions dealing with retirement in Section 4.4 of the STIP.

(e) 2009 LTIP. All of Employee's unvested restricted stock units under the 2009 LTIP will be vested by February 18, 2015 and all of Employee's restricted stock units (including previously vested restricted stock units that have not yet been paid) will be issued in common shares of WRIT by July 31, 2015 pursuant to WRIT's Long-Term Incentive Plan effective January 1, 2009.

(f) 2014 LTIP and 2015 LTIP. WRIT will pay to Employee six months after her Separation from Service all compensation (if any) earned by Employee under WRIT's Long-Term Incentive Plan dated January 1, 2014 (the "LTIP") during the 2014 and 2015 performance periods accruing up to the Resignation Date as if Employee had retired on the Resignation Date pursuant to the provisions dealing with retirement in Section 4.5 (in the case of clauses (i) or (ii) below) or Section 4.4 (in the cases of clause (iii) or (iv) below) of the LTIP. Pursuant to such provisions, Employee shall receive:

(i) the regular 2014 award calculated based on the actual levels of achievement of the performance goals as of the Resignation Date, but the award shall be prorated in the proportion that the number of days elapsed from the beginning of the performance period through the date Employee ceases to be an employee of WRIT bears to the total number of days in the performance period;

(ii) the regular 2015 award calculated based on the actual levels of achievement of the performance goals as of the Resignation Date, but the award shall be prorated in the proportion that the number of days elapsed from the beginning of the performance period through the date Employee ceases to be an employee of WRIT bears to the total number of days in the performance period;

(iii) the one-time transition 2014 award for the performance period ending December 31, 2014 pursuant to Section 5.12(a)(i) of the LTIP calculated based on the actual levels of achievement of the performance goals as of the end of the one-year performance period (i.e., December 31, 2014); and

(iv) the one-time transition 2014 award for the performance period ending December 31, 2015 pursuant to Section 5.12(a)(ii) of the LTIP calculated based on the actual levels of achievement of the performance goals as of the end of the two-year performance period (i.e., December 31, 2015).

Any restricted shares issued to the Participant with respect to the foregoing performance periods shall be fully vested.

(g) SERP Vesting. Employee is already conditionally vested in her account under WRIT's Supplemental Executive Retirement Plan (the "SERP"). Employee's SERP account will be paid in a lump sum, subject to compliance with the 24 month noncompete in the SERP, 90 days after 24 months following the Resignation Date pursuant to Section 6.1 of the SERP.

(h) Deferred Compensation Plan. Employee will vest in a pro rata amount of the unvested restricted stock units allocated to her matching contribution account under WRIT's Deferred Compensation Plan for Officers (the "DCP") as if Employee had retired pursuant to Section 4.3.2 of the DCP. The proration will be in the proportion that the number of months Employee worked after the allocation of restricted stock units through December 31, 2015 bears to 36, pursuant to the provisions of Section 4.3.2 of the DCP. Payment will be made when required by the DCP.

All amounts payable under this Agreement assume that Employee continues to be employed by WRIT through the Resignation Date. In the event that Employee's employment is terminated for any reason (other than by WRIT without Cause (as defined in the LTIP)) before the Resignation Date, Employee shall be entitled only to the benefits provided under the terms of the applicable plans. Nothing in Sections 2(b) to 2(h) shall be construed to modify or reduce the benefits to which Employee would otherwise be entitled under the plan documents setting forth the terms of the benefit programs referenced therein as would apply if Employee had qualified to retire and in fact retired on the Resignation Date. In the event of any conflict in the description of the benefits contained in Section 2(b) to 2(h) and the plan documents, the terms of the plan documents will control.

It is understood and agreed that in accepting the benefits set forth in clauses (a) through (h) above, Employee will forfeit any rights she may have to any other form of compensation from WRIT, including without limitation any compensation under WRIT's Executive Officer Severance Pay Plan, except as provided otherwise in Sections 2 and 3. All shares received by Employee shall become unrestricted as set forth above and Employee shall thereafter be free to sell or transfer. All amounts payable as described in this Section 2 shall be subject to applicable federal and state tax and payroll withholding requirements, which in the case of amounts issued in common shares of WRIT may be satisfied by WRIT's deduction of shares with a fair market value equal to the withholding required.

3. Benefits: If applicable, Employee (and if applicable, Employee's spouse and dependents) will continue to participate in WRIT's group health plan through the Resignation Date in accordance with its terms and conditions. Thereafter, Employee (and if applicable, Employee's spouse and dependents) will be eligible to continue participation in WRIT's group health plan at her own expense in accordance with and to the extent required by the federal COBRA law. Except as expressly provided otherwise in this Agreement, Employee's entitlement to, participation in, and accrual of, all other salary, compensation or benefits from WRIT shall cease as of the Resignation Date, except that Employee shall have such rights in such benefits as are required by law and plan documents, including without limitation, Employee's vested benefits in WRIT's 401(k) plan, in accordance with and to the extent permitted by plan documents.

4. References: Employee will direct all requests for employment references from WRIT to WRIT's Senior Vice President & General Counsel or WRIT's Director of Human Resources, Compensation & Benefits. If WRIT receives a request for reference concerning Employee which is directed to said latter person, WRIT will follow its normal policy of confirming dates of employment, position, duties and salary.

5. [Intentionally Omitted.]

6. Mutual Releases:

A. Employee's Release: In consideration for the benefits described herein, and for other good and valuable consideration, which are of greater value than Employee would normally be entitled upon the Resignation Date, Employee, on behalf of herself, her heirs, executors, administrators, attorneys, agents, representatives and assigns, hereby forever releases WRIT and its Affiliates, and its and their officers, directors, trustees, owners, shareholders, employees, insurers, benefit plans, agents, attorneys and representatives, and each of their predecessors, successors and assigns, from any and all claims, demands, suits, actions, damages, losses, expenses, charges or causes of action of any nature whatsoever, whether known or unknown, relating in any way to any act, omission, event, relationship, conduct, policy or practice prior to the Employee's execution of this Agreement, including without limitation her employment with WRIT and the termination thereof ("Claims"). This release includes without limitation Claims for discrimination, harassment, retaliation or any other violation under the Age Discrimination in Employment Act, Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, the Maryland Human Rights Act, the Montgomery County Human Rights Act, and any other Claims under all other federal, state or local laws; Claims for breach of contract; Claims for wrongful discharge; Claims for emotional distress, defamation, fraud, misrepresentation or any other personal injury; Claims for unpaid compensation; Claims relating to benefits; Claims for attorneys' fees and costs, Claims for reinstatement or employment; and all other Claims under any federal, state or local law or cause of action. Employee represents that she has not filed any such Claims, and she further agrees not to assert or file any such Claims released by this Agreement in the future, except that Employee is not prohibited from filing a charge with the Equal Opportunity Claims Commission but expressly waives her right to personal recovery as a result of such charge. It is understood and agreed that this Release does not apply to claims for breach of this Agreement or Claims that cannot be released by law.

B. WRIT's Release: In consideration for the benefits described herein, and for other good and valuable consideration, WRIT and its Affiliates hereby forever release Employee, her heirs, executors, administrators, agents, representatives and assigns, from any and all claims, demands, suits, actions, damages, losses, expenses, charges or causes of action of any nature whatsoever, whether known or unknown, relating in any way to any act, omission, event, relationship, conduct, policy or practice prior to the date Employee signs this Agreement ("WRIT's Claims"). This release includes without limitation WRIT's Claims for breach of any contract or duty; WRIT's Claims for emotional distress, defamation, fraud, misrepresentation or any other personal injury; WRIT's Claims for overpaid compensation; WRIT's Claims relating to benefits; WRIT's Claims for attorneys' fees and costs; and all other WRIT's Claims under any federal, state or local law or cause of action. WRIT represents that it has not filed any such WRIT's Claims, and it further agrees not to assert or file any such WRIT's Claims in the future. It is understood and agreed that this Release does not apply to claims for breach of this Agreement, WRIT's Claims that cannot be released by law, or WRIT's Claims for fraud, embezzlement, intentional misconduct or any other malfeasance or any WRIT's Claims as to which indemnification of officers is not permitted pursuant to WRIT's written documents governing indemnification of officers.

7. Reinstatement: Employee waives all claims for reinstatement or employment with WRIT and its Affiliates, and its and their successors and assigns, and she agrees not to seek such reinstatement or employment in the future unless the parties agree otherwise in writing.

8. Confidentiality: Except as necessary to enforce or effectuate this Agreement or as required by law or otherwise to satisfy SEC filing or disclosure requirements (it being understood that WRIT intends to file this Agreement and a summary of this Agreement with the SEC), or to the extent WRIT in good faith deems necessary in communications with analysts and institutional investors, the parties agree to keep this Agreement, the existence of this Agreement, and the terms of this Agreement strictly confidential. Subject to the foregoing, Employee shall not disclose the same to any third party except as necessary to her attorneys, accountants and

immediate family members (and only on the condition that they maintain such confidentiality and Employee guarantees such confidentiality). Also subject to the foregoing, WRIT shall not disclose the same to any third party except its board of trustees, officers, attorneys, accountants and employees responsible for effectuating the Agreement. Notwithstanding the foregoing, if either party is asked about the reasons for Employee's resignation, they may state in substance that Employee resigned to effectuate her retirement or words substantially to that effect.

9. Nondisparagement and Nonassistance: Employee agrees not to disparage, or provide any disparaging information relating to, WRIT or any of its Affiliates or its or their past, present or future management, officers, trustees or employees to any person or entity who is not a party to this Agreement, and she agrees not to provide any form of assistance to, or to cooperate with, any person or entity asserting or intending to assert any claim or legal proceeding against WRIT or any of its Affiliates except as may be required by law or legal process. WRIT shall instruct its Human Resources Department and its Officers not to disparage, or provide any disparaging information relating to, Employee to any person or entity who is not a party to this Agreement, and it agrees not to provide any form of assistance to, or to cooperate with, any person or entity asserting or intending to assert any claim or legal proceeding against Employee, except as may be required by law or legal process or as to any Claims that WRIT may have (if any) which it has not released pursuant to Section 6(B).

10. Cooperation: Employee agrees to reasonably cooperate with WRIT upon request by answering questions and providing information about matters of which she has personal knowledge. In the event that WRIT becomes involved in any civil or criminal litigation, administrative proceeding or governmental investigation, Employee shall, upon request, provide reasonable cooperation and assistance to WRIT, including without limitation, furnishing relevant information, attending meetings and providing statements and testimony; it being understood that she shall not be obligated if such cooperation or assistance would be in violation of any agreements which Employee may hereafter enter into, or materially interfere with Employee's employment, business or family engagements. WRIT will pay to Employee an hourly rate of $150 for time which Employee spends in furtherance of such cooperation and reimburse Employee for all reasonable and necessary expenses she incurs in complying with this Section 10, provided said time and expenses are reasonable and necessary and approved by WRIT in advance.

11. Nondisclosure, Nonsolicitation and Noncompetition: Employee shall not, except as required by law, use or disclose to any person or entity any Confidential Information. For the purposes of this Section 11, "Confidential Information" means information Employee obtained through or as a consequence of her employment with WRIT relating to WRIT's business or its tenants which is not in the public domain and includes, without limitation, trade secrets, tenant lists, lease rates, methods of operation, investment opportunities, business plans, leads, financial information, research and statistical data. Information does not lose its protection as Confidential Information if it is disclosed in violation of an obligation not to disclose it. From the date of execution of this Agreement through the Resignation Date and for a period of twelve (12) months thereafter, Employee shall not (a) directly or indirectly for herself or any other person or entity, whether as an employee, officer, director, consultant, agent, representative,

partner, owner, stockholder or in any other capacity, (i) solicit any person who then is or was at any time in the preceding six month period employed by WRIT as an employee or independent contractor, to resign from WRIT or to accept employment as an employee or independent contractor with any other person or entity; or (ii) solicit any person or entity who then is or was at any time in the preceding six month period in a business relationship with WRIT to end or curtail such relationship or to engage in business of the type engaged in by WRIT with another person or entity, or (b) perform services as an employee, officer, director or independent contractor for any publicly traded real estate investment trust that has offices in the Washington, D.C. metropolitan area and that is engaged in retail, multifamily or office real estate business. Notwithstanding the foregoing sentence, WRIT may in its sole and absolute discretion by action in writing waive or permit exceptions to the provisions of clause (b). Employee agrees that these restrictions are reasonable and necessary for the protection of WRIT's business. Employee further agrees that in the event she breaches any provision in this Section 11, WRIT shall be entitled to injunctive relief in addition to such other relief as a court may deem proper.

12. Miscellaneous: This Agreement represents the entire agreement of the parties, and supersedes all other agreements, discussions and understandings of the parties, concerning the subject matter. All other express or implied agreements of the parties not expressly contained or incorporated by reference herein are terminated and of no further force or effect. This Agreement may not be modified in any manner except in a written document signed by both parties. Should any provision of this Agreement be held to be invalid or unenforceable by a court of competent jurisdiction, it shall be deemed severed from the Agreement, and the remaining provisions of the Agreement shall continue in full force and effect, provided that, should the court determine that any provision of Section 11 is unenforceable, the court shall modify such provision to make it valid to the maximum extent permitted by law. In the event of any litigation to enforce this Agreement, the prevailing party shall be awarded his or its reasonable attorneys' fees and costs.

13. Consultation and Consideration: WRIT hereby advises Employee to consult with an attorney at her own expense prior to signing this Agreement. Employee may take up to twenty-one (21) days from the date she is given this Agreement to consider it, but she may sign it sooner if she wishes. If she signs the Agreement, she will have a period of seven (7) days to revoke her signature (the "Revocation Period"). Thus, this Agreement will not become effective or enforceable until the date that each party has signed the Agreement and the Revocation Period has expired without Employee exercising her right of revocation (the "Effective Date"). Any notice of revocation must be in writing and must be received by WRIT's General Counsel prior to the expiration of the Revocation Period. If Employee signs this Agreement, she represents that he has had sufficient time to consider it, and that he enters into it knowingly and voluntarily with full understanding of its meaning and effect.

14. Governing Law: This Agreement shall be construed exclusively in accordance with the laws of Washington D.C., without regard to the principles of conflicts of laws therein.

15. Assignment: This Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns. Employee may not assign any right or

obligation hereunder without WRIT's prior written consent. WRIT may assign its rights and obligations here under to any successor in interest.

16. Section 409A of the Code. To the extent that such requirements are applicable, this Agreement is intended to comply with the requirements of Section 409A of the Internal Revenue Code ("*Section 409A*") and shall be interpreted and administered in accordance with that intent. If any provision of the Agreement would otherwise conflict with or frustrate this intent, that provision will be interpreted and deemed amended so as to avoid the conflict. Employee will incur a "separation from service" within the meaning of Section 409A as of the Resignation Date. All amounts paid hereunder shall be paid pursuant to the provisions of the plan from which paid (except that Employee shall be treated as retiring under such plan), and in the event of any conflict between the provisions of such plan and this Agreement, the plan shall govern.

17. Counterparts: This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and together which shall constitute one and the same instrument.

18. Nonadmissions: By entering into this Agreement, neither party is admitting that it did anything wrong or improper or that it has any liability to the other party.

Employee has had an opportunity to carefully review and consider this Agreement with an attorney, and she has had sufficient time to consider it. After such careful consideration, she knowingly and voluntarily enters into this Agreement with full understanding of its meaning and effect.

[REMAINDER OF PAGE BLANK]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement.

LAURA M. FRANKLIN	**WASHINGTON REAL ESTATE INVESTMENT TRUST**
/s/ Laura M. Franklin	By: /s/ Paul T. McDermott
Signature	Title: President and CEO
Date: 02/18/15	Date: 02/18/15

WASHINGTON★REIT

NEWS RELEASE

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February 19, 2015

WASHINGTON REAL ESTATE INVESTMENT TRUST ANNOUNCES FOURTH QUARTER AND YEAR-END FINANCIAL AND OPERATING RESULTS FOR 2014

Company Continues to Post Significant Same-Store NOI Growth and Announces 213th Consecutive Quarterly Dividend

Washington REIT (Washington Real Estate Investment Trust - NYSE: WRE), a leading owner and operator of diversified properties in the Washington, DC region, reported financial and operating results today for the quarter and year ended December 31, 2014:

Highlights for the Fourth Quarter and Recent Activity

- Generated Core Funds from Operations (FFO) of $0.43 per diluted share for the quarter and $1.63 per diluted share for the year
- Increased same-store physical occupancy to 93.2%, 390 basis points higher than fourth quarter 2013, led by the office portfolio with a 550 basis point improvement
- Achieved same-store Net Operating Income (NOI) growth of approximately 8% over fourth quarter 2013
- Executed 61 new and renewal leases totaling 724,000 square feet at an average rental rate increase of 25.6% for new leases and an average rental rate increase of 5.0% for renewal leases during the quarter, as compared to prior in-place rents
- Acquired Spring Valley Retail Center, a 75,000 square foot retail shopping center located in Northwest Washington, DC for $40.5 million in an off-market transaction
- Commenced lease-up of The Maxwell development, a six-story, 163-unit mid-rise apartment community with 2,200 square feet of retail in Arlington, VA

"2014 was a key year for us as we continued to effectively execute our strategy to transition and upgrade our portfolio to more high-quality, well-located assets in urban in-fill locations," said Paul T. McDermott, President and Chief Executive Officer. "In particular, we were able to successfully redeploy the remainder of the proceeds from our disposition of the Medical Office Portfolio and acquire $300 million of assets, all located in Washington, DC. Furthermore, the actions we have taken, and continue to take, to enhance our operations are gaining traction and are positively impacting our results as demonstrated most notably by our achieving same-store NOI growth of approximately 8 percent in the fourth quarter. We are well-positioned and we will continue to take steps to appropriately balance executing leasing plans, mitigating risk and pursuing additional opportunities to further improve the quality and performance of our portfolio as part of our overall effort to drive shareholder value."

Financial Results

Core Funds from Operations (1), defined as Funds from Operations (FFO) excluding acquisition expense, gains or losses on extinguishment of debt, severance expense and impairment, was $1.63 per diluted share for the year and $0.43 per diluted share for the quarter ended December 31, 2014, as compared to $1.79 per diluted share and $0.42 per diluted share, respectively, for the corresponding periods in 2013.

FFO for the year ended December 31, 2014 was $101.1 million, or $1.51 per diluted share, compared to $113.1 million, or $1.69 per diluted share, in 2013. FFO for the quarter ended December 31, 2014 was $26.8 million, or $0.40 per diluted share, compared to $22.4 million, or $0.34 per diluted share, in the same period one year ago.

Net income attributable to the controlling interests for the year ended December 31, 2014 was $111.6 million, or $1.67 per diluted share, compared to $37.3 million, or $0.55 per diluted share, in 2013.

Net income attributable to the controlling interests for the quarter ended December 31, 2014 was $2.3 million, or $0.03 per diluted share, compared to $18.9 million, or $0.28 per diluted share, in the same period one year ago.

Operating Results

The Company's overall portfolio Net Operating Income (“NOI”) [(2)] for the fourth quarter was $48.4 million, compared to $42.9 million in the same period one year ago and $47.5 million in the third quarter of 2014. Overall portfolio physical occupancy for the fourth quarter was 90.5%, compared to 88.8% in the same period one year ago and 90.7% in the third quarter of 2014.

Same-store[(3)] portfolio physical occupancy for the fourth quarter was 93.2%, compared to 89.3% in the same period one year ago. Sequentially, same-store physical occupancy remained flat with the third quarter of 2014. Same-store portfolio NOI for the fourth quarter increased 8.0% and rental rate growth was 0.5% compared to the same period one year ago.

- **Office: 54% of Total NOI -** Office properties' same-store NOI for the fourth quarter increased 6.5% compared to the same period one year ago. Rental rate growth was 1.5% while same-store physical occupancy increased 550 basis points to 92.1%. Sequentially, same-store physical occupancy increased 20 basis points compared to the third quarter of 2014.

- **Retail: 26% of Total NOI -** Retail properties' same-store NOI for the fourth quarter increased 13.7% compared to the same period one year ago. Rental rate growth was 0.2% while same-store physical occupancy increased 320 basis points to 94.5%. Sequentially, same-store physical occupancy increased 10 basis points compared to the third quarter of 2014.

- **Multifamily: 20% of Total NOI -** Multifamily properties' same-store NOI for the fourth quarter increased 4.5% compared to the same period one year ago. Rental rates decreased 1.7% while same-store physical occupancy increased 180 basis points to 93.9%. Sequentially, same-store physical occupancy decreased 50 basis points compared to the third quarter of 2014.

Acquisitions

On October 1, 2014, Washington REIT acquired Spring Valley Retail Center, a 75,000 square foot retail shopping center located in Northwest Washington, DC for $40.5 million. Spring Valley was Washington REIT’s fourth acquisition in 2014, representing a total cumulative investment value of approximately $300 million for the year. Spring Valley Retail Center was 93% leased as of December 31, 2014 and consists of five separate buildings of multi-level retail space in the 4800 block of Massachusetts Avenue located in the affluent Spring Valley neighborhood.

Capital Markets Update

In the fourth quarter and through January 6, 2015, Washington REIT issued 1,308,853 shares at a weighted average price of $27.93 per share through its sales agency financing agreement with BNY Mellon Capital Markets, LLC, generating approximately $36.5 million in proceeds. These proceeds were used for general corporate purposes. Sales under this program are made at market prices prevailing at the time of sale and are also dependent upon a variety of factors, including, among others, market conditions, the trading price of Washington REIT's common shares, Washington REIT's liquidity position and the potential use of proceeds.

Leasing Activity

New leases signed during the year totaled approximately 326,000 square feet and renewal leases totaled approximately 1,043,000 square feet. The majority of this leasing occurred within the office portfolio which signed 243,000 square feet of new leases and 790,000 square feet of renewal leases.

During the fourth quarter, Washington REIT signed commercial leases totaling approximately 724,000 square feet, including 103,000 square feet of new leases and 621,000 square feet of renewal leases. Included in the renewal leases were the renewals of World Bank at 1776 G Street and Booz Allen Hamilton, Inc. at its headquarters location in John Marshall II in Tysons, VA. The commercial leases breakdown as follows (all dollar amounts are on a per square foot basis):

	Square Feet	Weighted Average Term (in years)	Weighted Average Rental Rates	Weighted Average Rental Rate % Increase	Tenant Improvements	Leasing Commissions and Incentives
New:						
Office	92,000	8.5	$ 38.39	26.4%	$ 49.91	$ 36.04
Retail	11,000	9.2	41.82	19.7%	11.00	25.12
Total	103,000	8.6	38.75	25.6%	45.78	34.88
Renewal:						
Office	576,000	6.1	$ 37.25	3.9%	$ 25.98	$ 15.79
Retail	45,000	6.8	40.26	21.2%	0.74	4.27
Total	621,000	6.1	37.46	5.0%	24.15	14.96

Other Developments

Washington REIT, through its joint venture with Crimson Partners, has completed the major construction work of The Maxwell development, a six-story, 163-unit mid-rise apartment community with 2,200 square feet of retail in Arlington, VA, with the first tenant having taken occupancy in January. The Maxwell is located at the corner of North Glebe Road and North Carlin Springs Road, across from Ballston Common Mall and within walking distance of the Ballston Metro Station. The total cost of the project is estimated to be $50 million.

During 2014, Washington REIT commenced a $35.0 million renovation of Silverline Center (formerly 7900 Westpark), a 530,000 square foot office complex located in Tysons, Virginia. The renovation will reposition the property to take advantage of its close proximity to the newly constructed I-495 Express Lanes and Tysons Corner Metro Station (Silver Line). The renovation is anticipated to be completed in the first quarter of 2015.

In the fourth quarter, the Company also announced plans to relocate its corporate headquarters from Rockville, MD to Washington, DC. This move was completed on January 20, 2015. The new headquarters is located in the Central Business District of Washington, DC at 1775 Eye Street, NW, which Washington REIT acquired in 2014.

On January 20, 2015, Washington REIT announced the appointment of Mr. Stephen E. Riffee as Chief Financial Officer-elect. Mr. Riffee will succeed Bill Camp who, as previously disclosed, is stepping down as CFO after the year-end reporting period. Prior to joining Washington REIT, Mr. Riffee served as Executive Vice President and Chief Financial Officer for Corporate Office Properties Trust (COPT), a public office REIT. In this role, he oversaw all financial functions, the legal department and information technology. Before joining COPT in 2006, he was Executive Vice President and Chief Financial Officer for CarrAmerica Realty Corporation, a national public office REIT. At CarrAmerica, he developed one of the industry's leading financial and IT teams.

On January 27, 2015, Washington REIT announced the election of Mr. Thomas H. Nolan, Jr., an additional independent member, to the Board of Trustees. Mr. Nolan currently serves as the Chairman of the Board and Chief Executive Officer of Spirit Realty Capital, Inc., a publicly traded REIT that invests primarily in single-tenant, operationally essential real estate.

Earnings Guidance

2015 Core FFO per fully diluted share is projected to be $1.66-$1.74. The following assumptions are incorporated into this guidance:

- Same-store NOI growth is projected to range from 0% to 2%, with same-store occupancy improving modestly
- Same-store office NOI growth is projected to range from 0% to 2% excluding the redevelopment project at Silverline Center (formerly 7900 Westpark Drive)
- Silverline Center is expected to contribute NOI of $0.06 to $0.08 per share
- Same-store multifamily NOI growth is projected to range from 0% to 1%
- The Maxwell development is expected to contribute NOI of $0.02 to $0.03 per share
- Same-store retail NOI growth is projected to range from 1% to 3%
- Acquisition volume is projected to be $350 to $450 million with volume and timing of the transactions having a significant impact to projected results. These acquisitions are projected to occur toward the second half of the year with the funding coming from dispositions, debt and equity with a focus on maintaining a capital structure approximating 40% debt and 60% equity. Dispositions are expected to fund 25% - 30% of the acquisition volume
- General and administrative expense is projected to range from $19 to $20 million excluding acquisition costs, severance and relocation expense
- Interest expense is projected to be approximately $61 to $62 million

Washington REIT's 2015 guidance is also based on a number of other factors, many of which are outside its control and all of which are subject to change. Washington REIT may change its guidance during the year as actual and anticipated results vary from these assumptions.

Dividends

On December 31, 2014, Washington REIT paid a quarterly dividend of $0.30 per share.

Washington REIT today announced its Board of Trustees has declared a quarterly dividend of $0.30 per share to be paid on March 31, 2015 to shareholders of record on March 16, 2015.

Conference Call Information

The Conference Call for 4th Quarter Earnings is scheduled for Friday, February 20, 2015 at 11:00 A.M. Eastern time. Conference Call access information is as follows:

USA Toll Free Number: 877-407-9205
International Toll Number: 201-689-8054

The instant replay of the Conference Call will be available until March 6, 2015 at 11:59 P.M. Eastern time. Instant replay access information is as follows:

USA Toll Free Number: 877-660-6853
International Toll Number: 201-612-7415
Conference ID: 13599812

The live on-demand webcast of the Conference Call will be available on the Investor section of Washington REIT's website at www.washreit.com. On-line playback of the webcast will be available for two weeks following the Conference Call.

About Washington REIT

Washington REIT is a self-administered, self-managed, equity real estate investment trust investing in income-producing properties in the greater Washington metro region. Washington REIT owns a diversified portfolio of 56 properties, totaling approximately 7 million square feet of commercial space and 3,053 residential units, and land held for development. These 56 properties consist of 25 office properties, 17 retail centers and 14 multifamily properties. Washington REIT shares are publicly traded on the New York Stock Exchange (NYSE: WRE).

Note: Washington REIT's press releases and supplemental financial information are available on the company website at www.Washington REIT.com or by contacting Investor Relations at (301) 984-9400.

Certain statements in our earnings release and on our conference call are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements involve known and unknown risks, uncertainties, and other factors that may cause actual results to differ materially. Such risks, uncertainties and other factors include, but are not limited to, the potential for federal government budget reductions, changes in general and local economic and real estate market conditions, the timing and pricing of lease transactions, the availability and cost of capital, fluctuations in interest rates, tenants' financial conditions, levels of competition, the effect of government regulation, the impact of newly adopted accounting principles, and other risks and uncertainties detailed from time to time in our filings with the SEC, including our 2013 Form 10-K and subsequent Quarterly Reports on Form 10-Q. We assume no obligation to update or supplement forward-looking statements that become untrue because of subsequent events.

(1) Funds From Operations ("FFO") - The National Association of Real Estate Investment Trusts, Inc. ("NAREIT") defines FFO (April, 2002 White Paper) as net income (computed in accordance with generally accepted accounting principles ("GAAP")) excluding gains (or losses) associated with sales of property, impairment of depreciable real estate and real estate depreciation and amortization. FFO is a non-GAAP measure and does not replace net income as a measure of performance or net cash provided by operating activities as a measure of liquidity. We consider FFO to be a standard supplemental measure for equity real estate investment trusts ("REITs") because it facilitates an understanding of the operating performance of our properties without giving effect to real estate depreciation and amortization, which historically assumes that the value of real estate assets diminishes predictably over time. Since real estate values have instead historically risen or fallen with market conditions, we believe that FFO more accurately provides investors an indication of our ability to incur and service debt, make capital expenditures and fund other needs.

Core Funds From Operations ("Core FFO") is calculated by adjusting FFO for the following items (which we believe are not indicative of the performance of Washington REIT's operating portfolio and affect the comparative measurement of Washington REIT's operating performance over time): (1) gains or losses on extinguishment of debt, (2) costs related to the acquisition of properties, (3) severance expense related to corporate reorganization and related to the CEO's retirement and (4) property impairments not already excluded from FFO, as appropriate. These items can vary greatly from period to period, depending upon the volume of our acquisition activity and debt retirements, among other factors. We believe that by excluding these items, Core FFO serves as a useful, supplementary measure of Washington REIT's ability to incur and service debt and to distribute dividends to its shareholders. Core FFO is a non-GAAP and non-standardized measure and may be calculated differently by other REITs.

(2) Net Operating Income ("NOI"), defined as real estate rental revenue less real estate expenses, is a non-GAAP measure. NOI is calculated as net income, less non-real estate revenue and the results of discontinued operations (including the gain on sale, if any), plus interest expense, depreciation and amortization, general and administrative expenses, acquisition costs and real estate impairment. We provide NOI as a supplement to net income calculated in accordance with GAAP. As such, it should not be considered an alternative to net income as an indication of our operating performance. It is the primary performance measure we use to assess the results of our operations at the property level.

(3) For purposes of evaluating comparative operating performance, we categorize our properties as "same-store" or "non-same-store". A same-store property is one that was owned for the entirety of the periods being evaluated and excludes properties under redevelopment or development and properties purchased or sold at any time during the periods being compared. A non-same-store property is one that was acquired, under redevelopment or development, or placed into service during either of the periods being evaluated. We define redevelopment properties as those for which we expect to spend significant development and construction costs on existing or acquired buildings pursuant to a formal plan which has a current impact on operating results, occupancy and the ability to lease space with the intended result of a higher economic return on the property. Properties under redevelopment or development are included within the non-same-store properties beginning in the period during which redevelopment or development activities commence. Redevelopment and development properties are included in the same-store pool upon completion of the redevelopment or development, and the earlier of achieving 90% occupancy or two years after completion.

(4) Funds Available for Distribution ("FAD") is a non-GAAP measure. It is calculated by subtracting from FFO (1) recurring expenditures, tenant improvements and leasing costs that are capitalized and amortized and are necessary to maintain our properties and revenue stream and (2) straight-line rents, then adding (3) non-real estate depreciation and amortization, (4) amortization of restricted share and unit compensation, and adding or subtracting amortization of lease intangibles, as appropriate. We consider FAD to be a measure of a REIT's ability to incur and service debt and to distribute dividends to its shareholders. FAD is a non-standardized measure and may be calculated differently by other REITs.

Physical Occupancy Levels by Same-Store Properties (i) and All Properties

Segment	Physical Occupancy			
	Same-Store Properties Fourth Quarter		All Properties Fourth Quarter	
	2014	2013	2014	2013
Multifamily (ii)	93.9%	92.1%	93.8%	92.1%
Office	92.1%	86.6%	86.9%	85.7%
Medical Office	—%	—%	—%	89.0%
Retail	94.5%	91.3%	94.4%	91.3%
Overall Portfolio	93.2%	89.3%	90.5%	88.8%

(i) Same-Store properties include all stabilized properties that were owned for the entirety of the current and prior reporting periods, and exclude properties under redevelopment or development and properties purchased or sold at any time during the periods being compared. We define redevelopment properties as those for which we expect to spend significant development and construction costs on existing or acquired buildings pursuant to a formal plan which has a current impact on operating results, occupancy and the ability to lease space with the intended result of a higher economic return on the property. Redevelopment and development properties are included in the same-store pool upon completion of the redevelopment or development, and the earlier of achieving 90% occupancy or two years after completion. For Q4 2014 and Q4 2013, same-store properties exclude:

Multifamily Acquisition: Yale West;
Office Acquisitions: The Army Navy Club Building and 1775 Eye Street, NW;
Office Redevelopment: Silverline Center (formally 7900 Westpark Drive);
Retail Acquisition: Spring Valley Retail Center.

Also excluded from Same-Store Properties in Q4 2014 and Q4 2013 are:

Sold Properties: 5740 Columbia Road (parcel at Gateway Overlook) and Transactions III and IV of the Medical Office Portfolio sale (Woodburn Medical Park I and II and Prosperity Medical Center I, II, and III)**;**

(ii) Physical occupancy calculations do not include The Maxwell, a 163-unit multifamily development project. Major construction activities at this project ended during December 2014. As of December 31, 2014, only two of the six residential floors were available for occupancy. We will incorporate this property into our physical occupancy calculations for all properties in Q1 2015.

WASHINGTON REAL ESTATE INVESTMENT TRUST
FINANCIAL HIGHLIGHTS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
OPERATING RESULTS	**2014**	**2013**	**2014**	**2013**
Revenue				
Real estate rental revenue	$ 74,359	$ 66,721	$ 288,637	$ 263,024
Expenses				
Real estate expenses	25,911	23,826	103,695	93,293
Depreciation and amortization	24,503	22,412	96,011	85,740
Acquisition costs	663	817	5,710	1,265
General and administrative	5,981	5,818	19,761	17,535
	57,058	52,873	225,177	197,833
Other operating income				
Gain on sale of real estate	—	—	570	—
Real estate operating income	17,301	13,848	64,030	65,191
Other income (expense):				
Interest expense	(15,183)	(15,629)	(59,785)	(63,573)
Other income	191	221	825	926
Loss on extinguishment of debt	—	(2,737)	—	(2,737)
	(14,992)	(18,145)	(58,960)	(65,384)
Income (loss) from continuing operations	2,309	(4,297)	5,070	(193)
Discontinued operations:				
Income from operations of properties sold or held for sale	—	4,256	546	15,395
Gain on sale of real estate	—	18,949	105,985	22,144
Net income	2,309	18,908	111,601	37,346
Less: Loss from operations attributable to noncontrolling interests in subsidiaries	21	—	38	—
Net income attributable to the controlling interests	$ 2,330	$ 18,908	$ 111,639	$ 37,346
Income (loss) from continuing operations	$ 2,309	$ (4,297)	$ 5,070	$ (193)
Continuing operations real estate depreciation and amortization	24,503	22,412	96,011	85,740
Gain on sale of real estate (classified as continuing operations)	—	—	(570)	—
Funds from continuing operations (1)	26,812	18,115	100,511	85,547
Discontinued Operations:				
Income from operations of properties sold or held for sale	—	4,256	546	15,395
Real estate depreciation and amortization	—	—	—	12,161
Funds from discontinued operations	—	4,256	546	27,556
Funds from operations(1)	$ 26,812	$ 22,371	$ 101,057	$ 113,103
Non-cash loss on extinguishment of debt	—	88	—	88
Tenant improvements and leasing incentives	(7,103)	(8,256)	(29,664)	(23,429)
External and internal leasing commissions capitalized	(7,800)	(5,544)	(12,083)	(12,915)
Recurring capital improvements	(1,811)	(1,953)	(6,029)	(6,902)
Straight-line rents, net	(1,087)	(353)	(2,821)	(1,757)
Non-cash fair value interest expense	33	256	290	1,020
Non real estate depreciation & amortization of debt costs	1,578	906	4,348	3,736
Amortization of lease intangibles, net	729	219	2,349	475
Amortization and expensing of restricted share and unit compensation	1,134	2,623	4,911	6,211
Real estate impairment	—	92	—	92
Funds available for distribution(4)	$ 12,485	$ 10,449	$ 62,358	$ 79,722

Per share data:		Three Months Ended December 31, 2014	Three Months Ended December 31, 2013	Twelve Months Ended December 31, 2014	Twelve Months Ended December 31, 2013
Income (loss) from continuing operations	(Basic)	$ 0.03	$ (0.06)	$ 0.08	$ —
	(Diluted)	$ 0.03	$ (0.06)	$ 0.08	$ —
Net income attributable to the controlling interests	(Basic)	$ 0.03	$ 0.28	$ 1.67	$ 0.55
	(Diluted)	$ 0.03	$ 0.28	$ 1.67	$ 0.55
Funds from continuing operations	(Basic)	$ 0.40	$ 0.27	$ 1.50	$ 1.28
	(Diluted)	$ 0.40	$ 0.27	$ 1.50	$ 1.28
Funds from operations	(Basic)	$ 0.40	$ 0.34	$ 1.51	$ 1.69
	(Diluted)	$ 0.40	$ 0.34	$ 1.51	$ 1.69
Dividends paid		$ 0.3000	$ 0.3000	$ 1.2000	$ 1.2000
Weighted average shares outstanding - basic		67,002	66,591	66,795	66,580
Fully diluted weighted average shares outstanding		67,065	66,591	66,837	66,580
Fully diluted weighted average shares outstanding (for FFO)		67,065	66,634	66,837	66,609

WASHINGTON REAL ESTATE INVESTMENT TRUST
CONSOLIDATED BALANCE SHEETS
(In thousands, except per share data)
(Unaudited)

	December 31, 2014	December 31, 2013
Assets		
Land	$ 543,546	$ 426,575
Income producing property	1,927,407	1,675,652
	2,470,953	2,102,227
Accumulated depreciation and amortization	(640,434)	(565,342)
Net income producing property	1,830,519	1,536,885
Development in progress	76,235	61,315
Total real estate held for investment, net	1,906,754	1,598,200
Investment in real estate sold or held for sale	—	79,901
Cash and cash equivalents	15,827	130,343
Restricted cash	10,299	9,189
Rents and other receivables, net of allowance for doubtful accounts of $3,392 and $6,783, respectively	59,745	48,756
Prepaid expenses and other assets	121,082	105,004
Other assets related to property sold or held for sale	—	4,100
Total assets	$ 2,113,707	$ 1,975,493
Liabilities		
Notes payable	$ 747,208	$ 846,703
Mortgage notes payable	418,525	294,671
Lines of credit	50,000	—
Accounts payable and other liabilities	54,318	51,742
Advance rents	12,528	13,529
Tenant security deposits	8,899	7,869
Other liabilities related to property sold or held for sale	—	1,533
Total liabilities	1,291,478	1,216,047
Equity		
Shareholders' equity		
Preferred shares; $0.01 par value; 10,000 shares authorized; no shares issued or outstanding	—	—
Shares of beneficial interest, $0.01 par value; 100,000 shares authorized; 66,819 and 66,531 shares issued and outstanding, respectively	678	665
Additional paid-in capital	1,184,395	1,151,174
Distributions in excess of net income	(365,518)	(396,880)
Total shareholders' equity	819,555	754,959
Noncontrolling interests in subsidiaries	2,674	4,487
Total equity	822,229	759,446
Total liabilities and equity	$ 2,113,707	$ 1,975,493

The following tables contain reconciliations of net income to same-store net operating income for the periods presented (in thousands):

Quarter Ended December 31, 2014	**Multifamily**	**Office**	**Retail**	**Total**
Same-store net operating income[3]	$ 8,854	$ 23,562	$ 12,106	$ 44,522
Add: Net operating income from non-same-store properties[3]	666	2,662	598	3,926
Total net operating income[2]	$ 9,520	$ 26,224	$ 12,704	$ 48,448
Add/(deduct):				
Other income				191
Acquisition costs				(663)
Interest expense				(15,183)
Depreciation and amortization				(24,503)
General and administrative expenses				(5,981)
Net income				2,309
Less: Net loss attributable to noncontrolling interests in subsidiaries				21
Net income attributable to the controlling interests				$ 2,330

Quarter Ended December 31, 2013	**Multifamily**	**Office**	**Retail**	**Total**
Same-store net operating income[3]	$ 8,476	$ 22,119	$ 10,643	$ 41,238
Add: Net operating income (loss) from non-same-store properties[3]	(146)	1,775	28	1,657
Total net operating income[2]	$ 8,330	$ 23,894	$ 10,671	$ 42,895
Add/(deduct):				
Other income				221
Acquisition costs				(817)
Interest expense				(15,629)
Depreciation and amortization				(22,412)
General and administrative expenses				(5,818)
Loss on extinguishment of debt				(2,737)
Discontinued operations:				
Income from operations of properties sold or held for sale				4,256
Gain on sale of real estate				18,949
Net income				18,908
Less: Net income attributable to noncontrolling interests in subsidiaries				—
Net income attributable to the controlling interests				$ 18,908

The following tables contain reconciliations of net income to same-store net operating income for the periods presented (in thousands):

Year Ended December 31, 2014	**Multifamily**	**Office**	**Retail**	**Total**
Same-store net operating income[3]	$ 31,822	$ 92,276	$ 45,617	$ 169,715
Add: Net operating income from non-same-store properties[3]	4,666	9,937	624	15,227
Total net operating income[2]	$ 36,488	$ 102,213	$ 46,241	$ 184,942
Add/(deduct):				
Other income				825
Acquisition costs				(5,710)
Interest expense				(59,785)
Depreciation and amortization				(96,011)
General and administrative expenses				(19,761)
Gain on sale of real estate				570
Discontinued operations:				
Income from operations of properties sold or held for sale				546
Gain on sale of real estate				105,985
Net income				111,601
Less: Net loss attributable to noncontrolling interests in subsidiaries				38
Net income attributable to the controlling interests				$ 111,639

Year Ended December 31, 2013	**Multifamily**	**Office**	**Retail**	**Total**
Same-store net operating income[3]	$ 31,788	$ 87,058	$ 42,308	$ 161,154
Add: Net operating income from non-same-store properties[3]	476	7,988	113	8,577
Total net operating income[2]	$ 32,264	$ 95,046	$ 42,421	$ 169,731
Add/(deduct):				
Other income (expense)				926
Acquisition costs				(1,265)
Interest expense				(63,573)
Depreciation and amortization				(85,740)
General and administrative expenses				(17,535)
Loss on extinguishment of debt				(2,737)
Discontinued operations:				
Income from operations of properties sold or held for sale				15,395
Gain on sale of real estate				22,144
Net income				37,346
Less: Net income attributable to noncontrolling interests in subsidiaries				—
Net income attributable to the controlling interests				$ 37,346

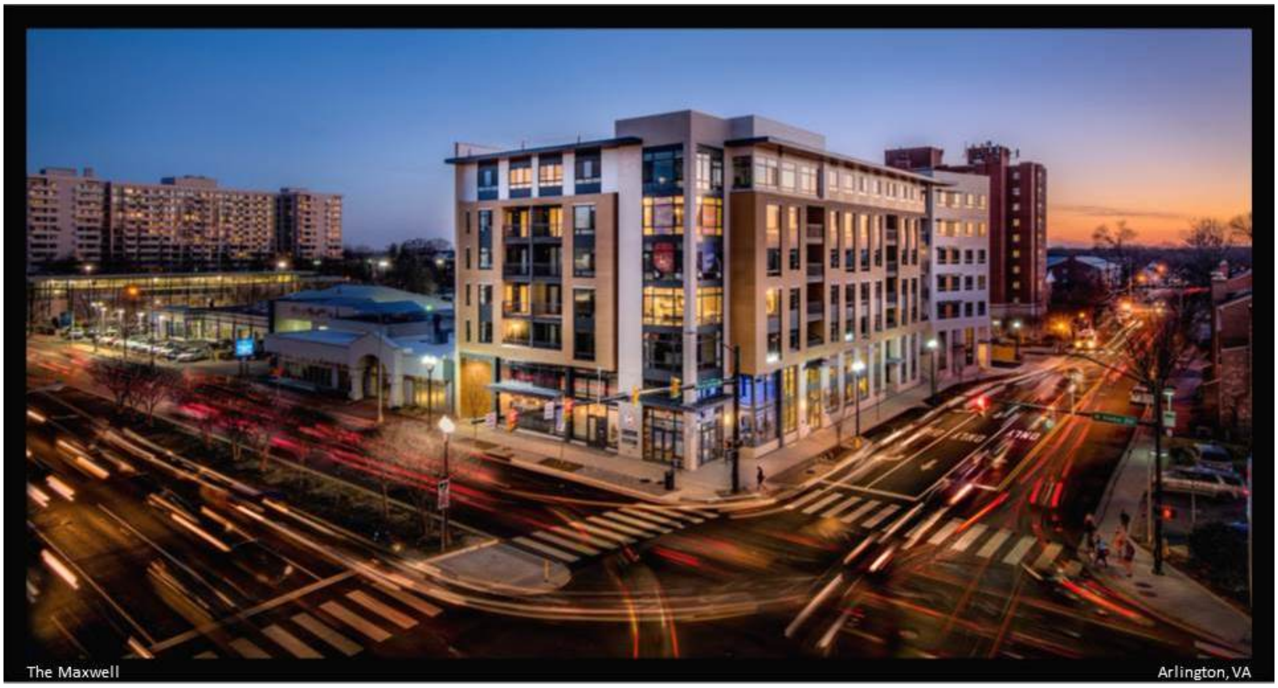
The following table contains a reconciliation of net income attributable to the controlling interests to core funds from operations for the periods presented (in thousands, except per share amounts):

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2014	2013	2014	2013
Net income	$ 2,309	$ 18,908	$ 111,601	$ 37,346
Add/(deduct):				
Real estate depreciation and amortization	24,503	22,412	96,011	85,740
Gain on sale of real estate (classified as continuing operations)	—	—	(570)	—
Discontinued operations:				
Gain on sale of real estate	—	(18,949)	(105,985)	(22,144)
Real estate depreciation and amortization	—	—	—	12,161
Funds from operations(1)	26,812	22,371	101,057	113,103
Add/(deduct):				
Loss on extinguishment of debt	—	2,737	—	2,737
Real estate impairment	—	92	—	92
Severance expense	582	2,157	1,600	2,490
Relocation expense	764	—	764	—
Acquisition costs	663	817	5,710	1,265
Core funds from operations(1)	$ 28,821	$ 28,174	$ 109,131	$ 119,687

		Three Months Ended December 31,		Twelve Months Ended December 31,	
Per share data:		2014	2013	2014	2013
Funds from operations	(Basic)	$ 0.40	$ 0.34	$ 1.51	$ 1.69
	(Diluted)	$ 0.40	$ 0.34	$ 1.51	$ 1.69
Core FFO	(Basic)	$ 0.43	$ 0.42	$ 1.63	$ 1.79
	(Diluted)	$ 0.43	$ 0.42	$ 1.63	$ 1.79
Weighted average shares outstanding		67,002	66,591	66,795	66,580
Fully diluted weighted average shares outstanding		67,065	66,634	66,837	66,609

WASHINGTON★REIT

Washington Real Estate Investment Trust
Fourth Quarter 2014



Supplemental Operating and Financial Data

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Company Background and Highlights

Fourth Quarter 2014

Washington REIT (Washington Real Estate Investment Trust - NYSE: WRE) is a self-administered, self-managed, equity real estate investment trust investing in income-producing properties in the greater Washington, DC region. Washington REIT is diversified, as it invests in office, retail, and multifamily properties and land for development.

2014 Highlights

During 2014, the remainder of the capital from the Medical Office Portfolio was reinvested. Approximately $300 million of assets were acquired, all located in Washington, DC. Washington REIT continued to improve the quality of its portfolio by acquiring a well-located assets in urban in-fill locations.

For the year, Washington REIT posted same-store GAAP rental rate growth of 0.8% and achieved 5.3% same-store GAAP net operating income growth. In 2014, over 1.4 million square feet of commercial lease transactions were executed including renewals of our large tenants, World Bank and Booz Allen Hamilton, Inc.

Washington REIT, through a joint venture with Crimson Partners, has completed the major construction work of The Maxwell development, a six-story, 163-unit mid-rise apartment community with 2,200 square feet of retail in Arlington, VA with the first tenant having taken occupancy in January. The Maxwell is located at the corner of North Glebe Road and North Carlin Springs Road, across from Ballston Common Mall and within walking distance of the Ballston Metro Station. The total cost of the project is estimated to be $50 million.

Washington REIT commenced a $35.0 million renovation of Silverline Center (formerly 7900 Westpark), a 530,000 square foot office complex located in Tysons, Virginia. The renovation will reposition the property to take advantage of its close proximity to the newly constructed I-495 Express Lanes and the completed Tysons Corner Metro Station (Silver Line). The renovation is anticipated to be completed in the first quarter of 2015.

Fourth Quarter 2014 Update and Recent Activity

During the fourth quarter, Washington REIT acquired Spring Valley Retail Center, a 75,000 square foot retail shopping center located in Northwest Washington, DC for $40.5 million in an off-market transaction. Spring Valley Retail Center consists of five separate buildings of multi-level retail space in the 4800 block of Massachusetts Avenue located in the affluent Spring Valley neighborhood.

In the fourth quarter, the Company also announced plans to relocate its corporate headquarters from Rockville, MD to Washington, DC. This was completed on January 20, 2015. The new headquarters is located in the Central Business District of Washington, DC at 1775 Eye Street, NW, which Washington REIT acquired in 2014. 1775 Eye Street is directly across the street from Farragut West (Blue and Orange Lines) and two blocks from Farragut North (Red Line) Metro stations.

During the fourth quarter and through January 6, 2015, Washington REIT issued 1,308,853 shares at a weighted average price of $27.93 per share through its Sales Agency Financing Agreement with BNY Mellon Capital Markets, LLC, generating approximately $36.5 million in proceeds. These proceeds were used for general corporate purposes.

Washington REIT signed commercial leases totaling approximately 724,000 square feet, including 103,000 square feet of new leases and 621,000 square feet of renewal leases. New leases had an average rental rate increase of 25.6% over expiring lease rates on a GAAP basis and an average lease term of 8.6

years. Commercial tenant improvements costs were $45.78 per square foot and leasing commissions and incentives were $34.88 per square foot for new leases. Renewal leases had an average rental rate increase of 5.0% over expiring lease rates on a GAAP basis and an average lease term of 6.1 years. Commercial tenant improvements costs were $24.15 per square foot and leasing commissions and incentives were $14.96 per square foot for renewal leases.

On January 20, 2015, Washington REIT announced the appointment of Mr. Stephen E. Riffee as Chief Financial Officer-elect. Mr. Riffee will succeed Bill Camp who, as previously disclosed, is stepping down as CFO after the year-end reporting period. Prior to joining Washington REIT, Mr. Riffee served as Executive Vice President and Chief Financial Officer for Corporate Office Properties Trust (COPT), a public office REIT. In this role, he oversaw all financial functions, the legal department and information technology. Before joining COPT in 2006, he was Executive Vice President and Chief Financial Officer for CarrAmerica Realty Corporation, a national public office REIT. At CarrAmerica, he developed one of the industry’s leading financial and IT teams.

On January 27, 2015, Washington REIT announced the election of Mr. Thomas H. Nolan, Jr., an additional independent member, to the Board of Trustees. Mr. Nolan currently serves as the Chairman of the Board and Chief Executive Officer of Spirit Realty Capital, Inc., a publicly traded REIT that invests primarily in single-tenant, operationally essential real estate.

As of December 31, 2014, Washington REIT owned a diversified portfolio of 56 properties totaling approximately 7 million square feet of commercial space and 3,053 multifamily units, and land held for development. These 56 properties consist of 25 office properties, 17 retail centers and 14 multifamily properties. Washington REIT shares are publicly traded on the New York Stock Exchange (NYSE: WRE).

Net Operating Income Contribution by Sector - Fourth Quarter 2014

Certain statements in our earnings release and on our conference call are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements involve known and unknown risks, uncertainties, and other factors that may cause actual results to differ materially. Such risks, uncertainties and other factors include, but are not limited to, the potential for federal government budget reductions, changes in general and local economic and real estate market conditions, the timing and pricing of lease transactions, the availability and cost of capital, fluctuations in interest rates, tenants' financial conditions, levels of competition, the effect of government regulation, the impact of newly adopted accounting principles, and other risks and uncertainties detailed from time to time in our filings with the Securities and Exchange Commission, including our 2013 Form 10-K filed on March 3, 2014 and our subsequent Quarterly Reports on Form 10-Q. We assume no obligation to update or supplement forward-looking statements that become untrue because of subsequent events.

Supplemental Financial and Operating Data

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December 31, 2014

Consolidated Statements of Operations
(In thousands, except per share data)
(Unaudited)

	Twelve Months Ended		Three Months Ended				
OPERATING RESULTS	**12/31/2014**	**12/31/2013**	**12/31/2014**	**9/30/2014**	**6/30/2014**	**3/31/2014**	**12/31/2013**
Real estate rental revenue	$ 288,637	$ 263,024	$ 74,359	$ 73,413	$ 72,254	$ 68,611	$ 66,721
Real estate expenses	(103,695)	(93,293)	(25,911)	(25,914)	(25,528)	(26,342)	(23,826)
	184,942	169,731	48,448	47,499	46,726	42,269	42,895
Real estate depreciation and amortization	(96,011)	(85,740)	(24,503)	(24,354)	(24,401)	(22,753)	(22,412)
Income from real estate	88,931	83,991	23,945	23,145	22,325	19,516	20,483
General and administrative expenses	(19,761)	(17,535)	(5,981)	(4,523)	(4,828)	(4,429)	(5,818)
Acquisition costs	(5,710)	(1,265)	(663)	(69)	(1,933)	(3,045)	(817)
Interest expense	(59,785)	(63,573)	(15,183)	(15,087)	(14,985)	(14,530)	(15,629)
Other income	825	926	191	192	219	223	221
Gain on sale of real estate	570	—	—	—	570	—	—
Loss on extinguishment of debt	—	(2,737)	—	—	—	—	(2,737)
Income (loss) from continuing operations	5,070	(193)	2,309	3,658	1,368	(2,265)	(4,297)
Discontinued operations:							
Income from operations of properties sold or held for sale	546	15,395	—	—	—	546	4,256
Gain (loss) on sale of real estate	105,985	22,144	—	—	(288)	106,273	18,949
Income (loss) from discontinued operations	106,531	37,539	—	—	(288)	106,819	23,205
Net income	111,601	37,346	2,309	3,658	1,080	104,554	18,908
Less: Net loss from noncontrolling interests	38	—	21	10	7	—	—
Net income attributable to the controlling interests	$ 111,639	$ 37,346	$ 2,330	$ 3,668	$ 1,087	$ 104,554	$ 18,908
Per Share Data:							
Net income attributable to the controlling interests	$ 1.67	$ 0.55	$ 0.03	$ 0.05	$ 0.02	$ 1.56	$ 0.28
Fully diluted weighted average shares outstanding	66,837	66,580	67,065	66,790	66,761	66,701	66,591
Percentage of Revenues:							
Real estate expenses	35.9%	35.5 %	34.8%	35.3%	35.3%	38.4 %	35.7 %
General and administrative expenses	6.8%	6.7 %	8.0%	6.2%	6.7%	6.5 %	8.7 %
Ratios:							
Adjusted EBITDA / Interest expense	2.7x	2.8x	2.8x	2.9x	2.7x	2.5x	2.6x
Income (loss) from continuing operations/Total real estate revenue	1.8%	(0.1)%	3.1%	5.0%	1.9%	(3.3)%	(6.4)%
Net income attributable to the controlling interest/Total real estate revenue	38.7%	14.2 %	3.1%	5.0%	1.5%	152.4 %	28.3 %

Note: Certain prior period amounts have been reclassified to conform to the current period presentation.

Medical Office Portfolio
(In thousands)
(Unaudited)

	Twelve Months Ended		Three Months Ended				
Income from Medical Office Portfolio [1]:	**12/31/2014**	**12/31/2013**	**12/31/2014**	**9/30/2014**	**6/30/2014**	**3/31/2014**	**12/31/2013**
Real estate rental revenue	$ 892	$ 45,445	$ —	$ —	$ —	$ 892	$ 8,651
Real estate expenses	(346)	(16,878)	—	—	—	(346)	(4,184)
	546	28,567	—	—	—	546	4,467
Real estate depreciation and amortization	—	(12,161)	—	—	—	—	—
Interest expense	—	(1,196)	—	—	—	—	(211)
Income from operations of Medical Office Portfolio [1]	**546**	**15,210**	**—**	**—**	**—**	**546**	**4,256**
Income from operations of non medical office portfolio sold properties [2]	—	185	—	—	—	—	—
Gain on sale of real estate	105,985	22,144	—	—	(288)	106,273	18,949
Income (loss) from discontinued operations	**$ 106,531**	**$ 37,539**	**$ —**	**$ —**	**$ (288)**	**$ 106,819**	**$ 23,205**

	As of				
Investment in Medical Office Portfolio [1]:	**12/31/2014**	**9/30/2014**	**6/30/2014**	**3/31/2014**	**12/31/2013**
Medical Office	$ —	$ —	$ —	$ —	$ 125,967
Less accumulated depreciation	—	—	—	—	(46,066)
Investment in Medical Office Portfolio [1]	**$ —**	**$ —**	**$ —**	**$ —**	**$ 79,901**

[1] Medical Office Portfolio:

Office - Woodholme Center and 6565 Arlington Boulevard

Medical Office - 2440 M Street, 15001 Shady Grove Road, 15505 Shady Grove Road, 19500 at Riverside Park)formerly Lansdowne Medical Office Building), 9707 Medical Center Drive, CentreMed I and II, 8301 Arlington Boulevard, Sterling Medical Office Building, Shady Grove Medical Village II, Alexandria Professional Center, Ashburn Farm Office Park I, II and III, Woodholme Medical Office Building, Woodburn Medical Park I and II, and Prosperity Medical Center I, II and III

Washington REIT entered into four separate contracts with a single buyer to sell all of the held for sale properties (collectively, the "Medical Office Portfolio") for a combined sales price of $500.8 million. The first two separate sale transactions of its medical office portfolio closed on November 21 and November 22, 2013 for an aggregate sales price of $307.2 million. The second two sales transactions closed on January 21, 2014 for an aggregate sales price of $193.6 million.

[2] Non medical office portfolio sold or help for sale properties:

The Atrium Building (sold on March 19, 2013)

Consolidated Balance Sheets
(In thousands)
(Unaudited)

	12/31/2014	9/30/2014	6/30/2014	3/31/2014	12/31/2013
Assets					
Land	$ 543,546	$ 519,859	$ 519,859	$ 472,056	$ 426,575
Income producing property	1,927,407	1,867,752	1,853,982	1,784,850	1,675,652
	2,470,953	2,387,611	2,373,841	2,256,906	2,102,227
Accumulated depreciation and amortization	(640,434)	(620,279)	(600,171)	(581,644)	(565,342)
Net income producing property	1,830,519	1,767,332	1,773,670	1,675,262	1,536,885
Development in progress, including land held for development	76,235	99,500	83,970	68,963	61,315
Total real estate held for investment, net	1,906,754	1,866,832	1,857,640	1,744,225	1,598,200
Investment in real estate held for sale, net	—	—	—	—	79,901
Cash and cash equivalents	15,827	8,571	23,009	62,080	130,343
Restricted cash	10,299	9,496	11,369	107,039	9,189
Rents and other receivables, net of allowance for doubtful accounts	59,745	58,135	55,583	52,736	48,756
Prepaid expenses and other assets	121,082	116,345	112,548	109,092	105,004
Other assets related to properties sold or held for sale	—	—	—	—	4,100
Total assets	$ 2,113,707	$ 2,059,379	$ 2,060,149	$ 2,075,172	$ 1,975,493
Liabilities					
Notes payable	$ 747,208	$ 747,082	$ 746,956	$ 746,830	$ 846,703
Mortgage notes payable	418,525	413,330	406,975	404,359	294,671
Lines of credit/short-term note payable	50,000	5,000	—	—	—
Accounts payable and other liabilities	54,318	64,153	59,719	56,804	51,742
Advance rents	12,528	12,211	13,172	14,688	13,529
Tenant security deposits	8,899	8,625	8,686	8,402	7,869
Other liabilities related to properties sold or held for sale	—	—	—	—	1,533
Total liabilities	1,291,478	1,250,401	1,235,508	1,231,083	1,216,047
Equity					
Preferred shares; $0.01 par value; 10,000 shares authorized	—	—	—	—	—
Shares of beneficial interest, $0.01 par value; 100,000 shares authorized	678	667	666	666	665
Additional paid-in capital	1,184,395	1,153,344	1,152,647	1,151,353	1,151,174
Distributions in excess of net income	(365,518)	(347,724)	(331,373)	(312,417)	(396,880)
Total shareholders' equity	819,555	806,287	821,940	839,602	754,959
Noncontrolling interests in subsidiaries	2,674	2,691	2,701	4,487	4,487
Total equity	822,229	808,978	824,641	844,089	759,446
Total liabilities and equity	$ 2,113,707	$ 2,059,379	$ 2,060,149	$ 2,075,172	$ 1,975,493
Total Debt / Total Market Capitalization	0.39:1	0.41:1	0.40:1	0.42:1	0.42:1

Funds from Operations
(In thousands, except per share data)
(Unaudited)

	Twelve Months Ended		Three Months Ended				
	12/31/2014	**12/31/2013**	**12/31/2014**	**9/30/2014**	**6/30/2014**	**3/31/2014**	**12/31/2013**
Funds from operations (FFO)[1]							
Net Income	$ 111,601	$ 37,346	$ 2,309	$ 3,658	$ 1,080	$ 104,554	$ 18,908
Real estate depreciation and amortization	96,011	85,740	24,503	24,354	24,401	22,753	22,412
Gain on sale of real estate (classified as continuing operations)	(570)	—	—	—	(570)	—	—
Discontinued operations:							
Gain on sale of real estate	(105,985)	(22,144)	—	—	288	(106,273)	(18,949)
Real estate depreciation and amortization	—	12,161	—	—	—	—	—
FFO	$ 101,057	$ 113,103	$ 26,812	$ 28,012	$ 25,199	$ 21,034	$ 22,371
Loss on extinguishment of debt	—	2,737	—	—	—	—	2,737
Real estate impairment	—	92	—	—	—	—	92
Severance expense	1,600	2,490	582	394	576	48	2,157
Relocation expense	764	—	764	—	—	—	—
Acquisition costs	5,710	1,265	663	69	1,933	3,045	817
Core FFO [1]	$ 109,131	$ 119,687	$ 28,821	$ 28,475	$ 27,708	$ 24,127	$ 28,174
Allocation to participating securities[2]	$ (317)	$ (415)	$ (53)	$ (44)	$ (17)	$ (295)	$ (44)
FFO per share - basic	$ 1.51	$ 1.69	$ 0.40	$ 0.42	$ 0.38	$ 0.31	$ 0.34
FFO per share - fully diluted	$ 1.51	$ 1.69	$ 0.40	$ 0.42	$ 0.38	$ 0.31	$ 0.34
Core FFO per share - fully diluted	$ 1.63	$ 1.79	$ 0.43	$ 0.43	$ 0.41	$ 0.36	$ 0.42
Common dividend per share	$ 1.2000	$ 1.2000	$ 0.3000	$ 0.3000	$ 0.3000	$ 0.3000	$ 0.3000
Average shares - basic	66,795	66,580	67,002	66,738	66,732	66,701	66,591
Average shares - fully diluted	66,837	66,609	67,065	66,790	66,761	66,750	66,634

[1] See "Supplemental Definitions" on page 32 of this supplemental for the definitions of FFO and Core FFO.
[2] Adjustment to the numerators for FFO and Core FFO per share calculations when applying the two-class method for calculating EPS.

Funds Available for Distribution
(In thousands, except per share data)
(Unaudited)

	Twelve Months Ended		Three Months Ended				
	12/31/2014	12/31/2013	12/31/2014	9/30/2014	6/30/2014	3/31/2014	12/31/2013
Funds available for distribution (FAD)[1]							
FFO	$ 101,057	$ 113,103	$ 26,812	$ 28,012	$ 25,199	$ 21,034	$ 22,371
Non-cash loss on extinguishment of debt	—	88	—	—	—	—	88
Tenant improvements and leasing incentives	(29,664)	(23,429)	(7,103)	(7,649)	(9,612)	(5,300)	(8,256)
Leasing commissions	(12,083)	(12,915)	(7,800)	(1,323)	(1,721)	(1,239)	(5,544)
Recurring capital improvements	(6,029)	(6,902)	(1,811)	(1,720)	(1,610)	(888)	(1,953)
Straight-line rent, net	(2,821)	(1,757)	(1,087)	(658)	(723)	(353)	(353)
Non-cash fair value interest expense	290	1,020	33	32	30	195	256
Non-real estate depreciation and amortization	4,348	3,736	1,578	994	904	872	906
Amortization of lease intangibles, net	2,349	475	729	704	677	239	219
Amortization and expensing of restricted share and unit compensation	4,911	6,211	1,134	1,307	1,429	1,041	2,623
Real estate impairment	—	92	—	—	—	—	92
FAD	$ 62,358	$ 79,722	$ 12,485	$ 19,699	$ 14,573	$ 15,601	$ 10,449
Cash loss on extinguishment of debt	—	2,649	—	—	—	—	2,649
Non-share-based severance expense	1,424	1,537	546	313	517	48	1,537
Relocation expense	85	—	85	—	—	—	—
Acquisition costs	5,710	1,265	663	69	1,933	3,045	817
Core FAD [1]	$ 69,577	$ 85,173	$ 13,779	$ 20,081	$ 17,023	$ 18,694	$ 15,452
Allocation to participating securities[2]	$ (317)	$ (415)	$ (53)	$ (44)	$ (17)	$ (295)	$ (44)
FAD per share - basic	$ 0.93	$ 1.19	$ 0.19	$ 0.29	$ 0.22	$ 0.23	$ 0.16
FAD per share - fully diluted	$ 0.93	$ 1.19	$ 0.19	$ 0.29	$ 0.22	$ 0.23	$ 0.16
Core FAD per share - fully diluted	$ 1.04	$ 1.27	$ 0.20	$ 0.30	$ 0.25	$ 0.28	$ 0.23
Common dividend per share	$ 1.20	$ 1.20	$ 0.30	$ 0.30	$ 0.30	$ 0.30	$ 0.30
Average shares - basic	66,795	66,580	67,002	66,738	66,732	66,701	66,591
Average shares - fully diluted	66,837	66,609	67,065	66,790	66,761	66,750	66,634

[1] See "Supplemental Definitions" on page 32 of this supplemental for the definitions of FAD and Core FAD.
[2] Adjustment to the numerators for FAD and Core FAD per share calculations when applying the two-class method for calculating EPS.

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)
(In thousands)
(Unaudited)

	Twelve Months Ended		Three Months Ended				
	12/31/2014	12/31/2013	12/31/2014	9/30/2014	6/30/2014	3/31/2014	12/31/2013
Adjusted EBITDA[(1)]							
Net income attributable to the controlling interests	$ 111,639	$ 37,346	$ 2,330	$ 3,668	$ 1,087	$ 104,554	$ 18,908
Add:							
Interest expense, including discontinued operations	59,785	64,769	15,183	15,087	14,985	14,530	15,840
Real estate depreciation and amortization, including discontinued operations	96,011	97,901	24,503	24,354	24,401	22,753	22,412
Income tax expense	117	5	—	46	71	—	(25)
Real estate impairment	—	92	—	—	—	—	92
Non-real estate depreciation	1,279	810	793	113	180	193	196
Less:							
Gain on sale of real estate	(106,555)	(22,144)	—	—	(282)	(106,273)	(18,949)
Loss on extinguishment of debt	—	2,737	—	—	—	—	2,737
Adjusted EBITDA	$ 162,276	$ 181,516	$ 42,809	$ 43,268	$ 40,442	$ 35,757	$ 41,211

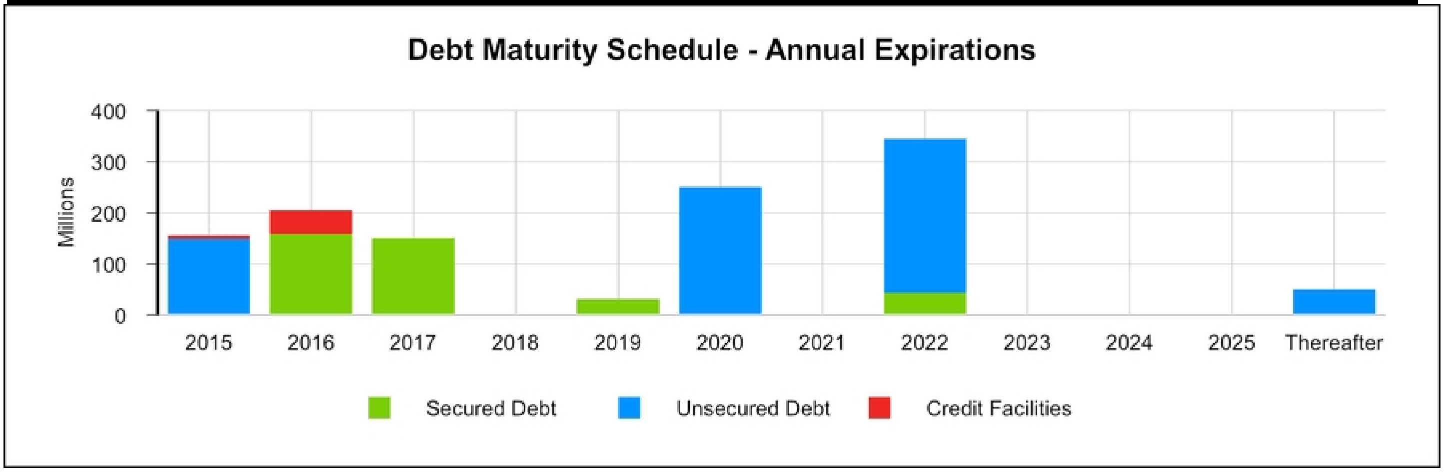
(1) Adjusted EBITDA is earnings before interest expense, taxes, depreciation, amortization, gain on sale of real estate, real estate impairment, gain/loss on extinguishment of debt and gain from non-disposal activities. We consider Adjusted EBITDA to be an appropriate supplemental performance measure because it permits investors to view income from operations without the effect of depreciation, the cost of debt or non-operating gains and losses. Adjusted EBITDA is a non-GAAP measure.

Long Term Debt Analysis
(In thousands)

	12/31/2014	9/30/2014	6/30/2014	3/31/2014	12/31/2013
Balances Outstanding					
Secured					
Conventional fixed rate	$ 418,525	$ 413,330	$ 406,975	$ 404,359	$ 294,671
Unsecured					
Fixed rate bonds and notes	747,208	747,082	746,956	746,830	846,703
Credit facility	50,000	5,000	—	—	—
Unsecured total	797,208	752,082	746,956	746,830	846,703
Total	$ 1,215,733	$ 1,165,412	$ 1,153,931	$ 1,151,189	$ 1,141,374
Average Interest Rates					
Secured					
Conventional fixed rate	5.2%	5.3%	5.3%	5.4%	6.1%
Unsecured					
Fixed rate bonds	4.9%	4.9%	4.9%	4.9%	4.9%
Credit facilities	1.4%	1.4%	—%	—%	—%
Unsecured total	4.7%	4.8%	4.9%	4.9%	4.9%
Average	4.9%	5.0%	5.0%	5.0%	5.2%

Note: The current balances outstanding of the secured and unsecured fixed rate bonds and notes are shown net of discounts/premiums of $4.0 million and $2.8 million, respectively.

Long Term Debt Maturities



Future Maturities of Debt (in thousands, except for %)

Year	Secured Debt	Unsecured Debt	Credit Facilities	Total Debt	Average Interest Rate
2015		$ 150,000	$ 5,000	$ 155,000	5.3%
2016	$ 159,456	—	45,000	204,456	4.3%
2017	150,903	—		150,903	5.9%
2018		—		—	—%
2019	31,280	—		31,280	5.4%
2020		250,000		250,000	5.1%
2021				—	—%
2022	44,517	300,000		344,517	4.0%
2023				—	—%
2024				—	—%
2025				—	—%
Thereafter		50,000		50,000	7.4%
Scheduled principal payments	$ 386,156	$ 750,000	$ 50,000	$ 1,186,156	4.9%
Scheduled amortization payments	28,344	—	—	28,344	4.7%
Net discounts/premiums	4,025	(2,792)	—	1,233	—%
Total maturities	$ 418,525	$ 747,208	$ 50,000	$ 1,215,733	4.9%

Weighted average maturity = 4.8 years

Debt Covenant Compliance

	Unsecured Notes Payable		Unsecured Line of Credit #1 ($100.0 million)		Unsecured Line of Credit #2 ($400.0 million)	
	Quarter Ended December 31, 2014	Covenant	Quarter Ended December 31, 2014	Covenant	Quarter Ended December 31, 2014	Covenant
% of Total Indebtedness to Total Assets[1]	43.8%	≤ 65.0%	N/A	N/A	N/A	N/A
Ratio of Income Available for Debt Service to Annual Debt Service	2.9	≥ 1.5	N/A	N/A	N/A	N/A
% of Secured Indebtedness to Total Assets[1]	15.1%	≤ 40.0%	N/A	N/A	N/A	N/A
Ratio of Total Unencumbered Assets[2] to Total Unsecured Indebtedness	2.7	≥ 1.5	N/A	N/A	N/A	N/A
Tangible Net Worth[3]	N/A	N/A	$ 905.8 million	≥ $673.4 million	$ 907.1 million	≥ $671.9 million
% of Total Liabilities to Gross Asset Value[5]	N/A	N/A	52.7%	≤ 60.0%	52.7%	≤ 60.0%
% of Secured Indebtedness to Gross Asset Value[5]	N/A	N/A	17.1%	≤ 35.0%	17.1%	≤ 35.0%
Ratio of EBITDA[4] to Fixed Charges[6]	N/A	N/A	2.58	≥ 1.50	2.58	≥ 1.50
Ratio of Unencumbered Pool Value[7] to Unsecured Indebtedness	N/A	N/A	2.44	≥ 1.67	2.44	≥ 1.67
Ratio of Unencumbered Net Operating Income to Unsecured Interest Expense	N/A	N/A	3.60	≥ 2.00	3.60	≥ 2.00
Ratio of Investments[8] to Gross Asset Value[5]	N/A	N/A	3.7%	≤ 15.0%	3.7%	≤ 15.0%

(1) Total Assets is calculated by applying a capitalization rate of 7.50% to the EBITDA (4) from the last four consecutive quarters, excluding EBITDA from acquired, disposed, and non-stabilized development properties.

(2) Total Unencumbered Assets is calculated by applying a capitalization rate of 7.50% to the EBITDA (4) from unencumbered properties from the last four consecutive quarters, excluding EBITDA from acquired, disposed, and non-stabilized development properties.

(3) Tangible Net Worth is defined as shareholders equity less accumulated depreciation at the commitment start date plus current accumulated depreciation.

(4) EBITDA is defined in our debt covenants as earnings before minority interests, depreciation, amortization, interest expense, income tax expense, and extraordinary and nonrecurring gains and losses.

(5) Gross Asset Value is calculated by applying a capitalization rate to the annualized EBITDA (4) from the most recently ended quarter, excluding EBITDA from disposed properties and current quarter acquisitions. To this amount, the purchase price of current quarter acquisitions, cash and cash equivalents and development in progress is added.

(6) Fixed Charges consist of interest expense, principal payments, ground lease payments and replacement reserve payments.

(7) Unencumbered Pool Value is calculated by applying a capitalization rate of 7.50% to the net operating income from unencumbered properties owned for the entire quarter. To this we add the purchase price of unencumbered acquisitions during the current quarter.

(8) Investments is defined as development in progress, including land held for development, plus budgeted redevelopment and development costs upon commencement of construction, if any.

Capital Analysis
(In thousands, except per share amounts)

	12/31/2014	9/30/2014	6/30/2014	3/31/2014	12/31/2013
Market Data					
Shares Outstanding	67,819	66,663	66,636	66,630	66,531
Market Price per Share	$ 27.66	$ 25.38	$ 25.98	$ 23.88	$ 23.36
Equity Market Capitalization	$ 1,875,874	$ 1,691,907	$ 1,731,203	$ 1,591,124	$ 1,554,164
Total Debt	$ 1,215,733	$ 1,165,412	$ 1,153,931	$ 1,151,189	$ 1,141,374
Total Market Capitalization	$ 3,091,607	$ 2,857,319	$ 2,885,134	$ 2,742,313	$ 2,695,538
Total Debt to Market Capitalization	0.39:1	0.41:1	0.40:1	0.42:1	0.42:1
Earnings to Fixed Charges[1]	1.1x	1.2x	1.1x	0.8x	0.7x
Debt Service Coverage Ratio[2]	2.6x	2.7x	2.5x	2.3x	2.5x
Dividend Data					
Total Dividends Paid	$ 20,124	$ 20,019	$ 20,042	$ 20,092	$ 19,972
Common Dividend per Share	$ 0.30	$ 0.30	$ 0.30	$ 0.30	$ 0.30
Payout Ratio (Core FFO per share basis)	69.8%	69.8%	73.2%	83.3%	71.4%
Payout Ratio (Core FAD per share basis)	150.0%	100.0%	120.0%	107.1%	130.4%
Payout Ratio (FAD per share basis)	157.9%	103.4%	136.4%	130.4%	187.5%

(1) The ratio of earnings to fixed charges is computed by dividing earnings by fixed charges. For this purpose, earnings consist of income from continuing operations attributable to the controlling interests plus fixed charges, less capitalized interest. Fixed charges consist of interest expense, including amortized costs of debt issuance, plus interest costs capitalized.

(2) Debt service coverage ratio is computed by dividing Adjusted EBITDA (see page 9) by interest expense and principal amortization.

Same-Store Portfolio Net Operating Income (NOI) Growth & Rental Rate Growth
2014 vs. 2013

	Three Months Ended December 31, [1]				Twelve Months Ended December 31, [2]			
	2014	2013	% Change	Rental Rate Growth	2014	2013	% Change	Rental Rate Growth
Cash Basis:								
Multifamily	$ 8,848	$ 8,339	6.1%	(1.6)%	$ 31,706	$ 31,247	1.5%	(0.4)%
Office	23,501	21,902	7.3%	1.6 %	91,761	86,195	6.5%	1.3 %
Retail	11,821	10,589	11.6%	(0.5)%	45,068	42,197	6.8%	0.2 %
Overall Same-Store Portfolio	$ 44,170	$ 40,830	8.2%	0.4 %	$ 168,535	$ 159,639	5.6%	0.7 %
GAAP Basis:								
Multifamily	$ 8,854	$ 8,476	4.5%	(1.7)%	$ 31,822	$ 31,788	0.1%	(0.4)%
Office	23,562	22,119	6.5%	1.5 %	92,276	87,058	6.0%	1.4 %
Retail	12,106	10,643	13.7%	0.2 %	45,617	42,308	7.8%	0.5 %
Overall Same-Store Portfolio	$ 44,522	$ 41,238	8.0%	0.5 %	$ 169,715	$ 161,154	5.3%	0.8 %

[1] Non same-store properties were:
Acquisitions:
Multifamily - Yale West
Office - Army Navy Club and 1775 Eye Street, NW
Retail - Spring Valley Retail Center
Development/Redevelopment:
Office - Silverline Center (formerly 7900 Westpark Drive)
Held for sale and sold properties classified as continuing operations:
Retail - 5740 Columbia Road (parcel at Gateway Overlook)
Held for sale and sold properties classified as discontinued operations:
Medical Office/Office - The Medical Office Portfolio (see Supplemental Definitions on page 32 for list of properties included in the Medical Office Portfolio)

[2] Non same-store properties were the same listed above in footnote 1, with the addition of The Paramount, a multifamily acquisition in 2013.

Same-Store Portfolio Net Operating Income (NOI) Detail
(In thousands)

	Three Months Ended December 31, 2014				
	Multifamily	Office	Retail	Corporate and Other	Total
Real estate rental revenue					
Same-store portfolio	$ 14,329	$ 37,050	$ 15,255	$ —	$ 66,634
Non same-store - acquired and in development [1]	1,428	5,498	799	—	7,725
Total	15,757	42,548	16,054	—	74,359
Real estate expenses					
Same-store portfolio	5,475	13,488	3,149	—	22,112
Non same-store - acquired and in development [1]	762	2,836	201	—	3,799
Total	6,237	16,324	3,350	—	25,911
Net Operating Income (NOI)					
Same-store portfolio	8,854	23,562	12,106	—	44,522
Non same-store - acquired and in development [1]	666	2,662	598	—	3,926
Total	$ 9,520	$ 26,224	$ 12,704	$ —	$ 48,448
Same-store portfolio NOI GAAP basis (from above)	$ 8,854	$ 23,562	$ 12,106	$ —	$ 44,522
Straight-line revenue, net for same-store properties	—	(534)	(290)	—	(824)
FAS 141 Min Rent	(6)	66	(58)	—	2
Amortization of lease intangibles for same-store properties	—	407	63	—	470
Same-store portfolio NOI, cash basis	$ 8,848	$ 23,501	$ 11,821	$ —	$ 44,170
Reconciliation of NOI to net income:					
Total NOI	$ 9,520	$ 26,224	$ 12,704	$ —	$ 48,448
Depreciation and amortization	(3,997)	(16,580)	(3,690)	(236)	(24,503)
General and administrative expenses	—	—	—	(5,981)	(5,981)
Acquisition costs	—	—	—	(663)	(663)
Interest expense	(2,524)	(3,019)	(242)	(9,398)	(15,183)
Other income	—	—	—	191	191
Net Income	2,999	6,625	8,772	(16,087)	2,309
Net income attributable to noncontrolling interests	—	—	—	21	21
Net income attributable to the controlling interests	$ 2,999	$ 6,625	$ 8,772	$ (16,066)	$ 2,330

[1] For a list of non-same-store properties and held for sale and sold properties, see page 14 of this Supplemental.

Same-Store Net Operating Income (NOI) Detail
(In thousands)

	Three Months Ended December 31, 2013					
	Multifamily	Office	Medical Office	Retail	Corporate and Other	Total
Real estate rental revenue						
Same-store portfolio	$ 14,147	$ 35,470	$ —	$ 14,050	$ —	$ 63,667
Non same-store - acquired and in development[1]	—	3,020	—	34	—	3,054
Total	14,147	38,490	—	14,084	—	66,721
Real estate expenses						
Same-store portfolio	5,671	13,351	—	3,407	—	22,429
Non same-store - acquired and in development[1]	146	1,245	—	6	—	1,397
Total	5,817	14,596	—	3,413	—	23,826
Net Operating Income (NOI)						
Same-store portfolio	8,476	22,119	—	10,643	—	41,238
Non same-store - acquired and in development[1]	(146)	1,775	—	28	—	1,657
Total	$ 8,330	$ 23,894	$ —	$ 10,671	$ —	$ 42,895
Same-store portfolio NOI GAAP basis (from above)	$ 8,476	$ 22,119	$ —	$ 10,643	$ —	$ 41,238
Straight-line revenue, net for same-store properties	(4)	(455)	—	(65)	—	(524)
FAS 141 Min Rent	(133)	67	—	(54)	—	(120)
Amortization of lease intangibles for same-store properties	—	171	—	65	—	236
Same-store portfolio NOI, cash basis	$ 8,339	$ 21,902	$ —	$ 10,589	$ —	$ 40,830
Reconciliation of NOI to net income:						
Total NOI	$ 8,330	$ 23,894	$ —	$ 10,671	$ —	$ 42,895
Depreciation and amortization	(3,700)	(14,961)	—	(3,440)	(311)	(22,412)
General and administrative expense	—	—	—	—	(5,818)	(5,818)
Acquisition costs	—	—	—	—	(817)	(817)
Interest expense	(1,912)	(2,579)	—	(261)	(10,877)	(15,629)
Other income	—	—	—	—	221	221
Loss on extinguishment of debt	—	—	—	—	(2,737)	(2,737)
Discontinued operations:						
Income from operations of properties sold or held for sale[1]	—	292	3,964	—	—	4,256
Gain on sale of real estate	—	—	—	—	18,949	18,949
Net income	2,718	6,646	3,964	6,970	(1,390)	18,908
Net income attributable to noncontrolling interests	—	—	—	—	—	—
Net income attributable to the controlling interests	$ 2,718	$ 6,646	$ 3,964	$ 6,970	$ (1,390)	$ 18,908

[1] For a list of non-same-store properties and held for sale and sold properties, see page 14 of this Supplemental.

Same-Store Net Operating Income (NOI) Detail
(In thousands)

	Twelve Months Ended December 31, 2014					
	Multifamily	Office	Medical Office	Retail	Corporate and Other	Total
Real estate rental revenue						
Same-store portfolio	$ 53,647	$ 146,542	$ —	$ 59,418	$ —	$ 259,607
Non same-store - acquired and in development[1]	8,611	19,574	—	845	—	29,030
Total	62,258	166,116	—	60,263	—	288,637
Real estate expenses						
Same-store portfolio	21,825	54,266	—	13,801	—	89,892
Non same-store - acquired and in development[1]	3,945	9,637	—	221	—	13,803
Total	25,770	63,903	—	14,022	—	103,695
Net Operating Income (NOI)						
Same-store portfolio	31,822	92,276	—	45,617	—	169,715
Non same-store - acquired and in development[1]	4,666	9,937	—	624	—	15,227
Total	$ 36,488	$ 102,213	$ —	$ 46,241	$ —	$ 184,942
Same-store portfolio NOI GAAP basis (from above)	$ 31,822	$ 92,276	$ —	$ 45,617	$ —	$ 169,715
Straight-line revenue, net for same-store properties	11	(1,843)	—	(594)	—	(2,426)
FAS 141 Min Rent	(127)	228	—	(213)	—	(112)
Amortization of lease intangibles for same-store properties	—	1,100	—	258	—	1,358
Same-store portfolio NOI, cash basis	$ 31,706	$ 91,761	$ —	$ 45,068	$ —	$ 168,535
Reconciliation of NOI to net income:						
Total NOI	$ 36,488	$ 102,213	$ —	$ 46,241	$ —	$ 184,942
Depreciation and amortization	(17,999)	(63,768)	—	(13,282)	(962)	(96,011)
General and administrative expenses	—	—	—	—	(19,761)	(19,761)
Acquisition costs	—	—	—	—	(5,710)	(5,710)
Interest expense	(9,313)	(11,606)	—	(997)	(37,869)	(59,785)
Other income	—	—	—	—	825	825
Gain on sale of real estate	—	—	—	—	570	570
Discontinued operations:						
Income from operations of properties sold or held for sale[(1)]	—		546	—	—	546
Gain on sale of real estate	—	—	—	—	105,985	105,985
Income tax expense on sale of real estate	—	—	—	—		—
Net Income	9,176	26,839	546	31,962	43,078	111,601
Net income attributable to noncontrolling interests	—	—	—	—	38	38
Net income attributable to the controlling interests	$ 9,176	$ 26,839	$ 546	$ 31,962	$ 43,116	$ 111,639

(1) For a list of non-same-store properties and held for sale and sold properties, see page14 of this Supplemental.

Same-Store Net Operating Income (NOI) Detail
(In thousands)

	Twelve Months Ended December 31, 2013					
	Multifamily	Office	Medical Office	Retail	Corporate and Other	Total
Real estate rental revenue						
Same-store portfolio	$ 53,589	$ 139,270	$ —	$ 56,055	$ —	$ 248,914
Non same-store - acquired and in development[1]	907	13,069	—	134	—	14,110
Total	54,496	152,339	—	56,189	—	263,024
Real estate expenses						
Same-store portfolio	21,801	52,212	—	13,747	—	87,760
Non same-store - acquired and in development[1]	431	5,081	—	21	—	5,533
Total	22,232	57,293	—	13,768	—	93,293
Net Operating Income (NOI)						
Same-store portfolio	31,788	87,058	—	42,308	—	161,154
Non same-store - acquired and in development[1]	476	7,988	—	113	—	8,577
Total	$ 32,264	$ 95,046	$ —	$ 42,421	$ —	$ 169,731
Same-store portfolio NOI GAAP basis (from above)	$ 31,788	$ 87,058	$ —	$ 42,308	$ —	$ 161,154
Straight-line revenue, net for same-store properties	6	(1,672)	—	(67)	—	(1,733)
FAS 141 Min Rent	(547)	223	—	(289)	—	(613)
Amortization of lease intangibles for same-store properties	—	586	—	245	—	831
Same-store portfolio NOI, cash basis	$ 31,247	$ 86,195	$ —	$ 42,197	$ —	$ 159,639
Reconciliation of NOI to Net Income						
Total NOI	$ 32,264	$ 95,046	$ —	$ 42,421	$ —	$ 169,731
Depreciation and amortization	(12,691)	(58,183)	—	(13,730)	(1,136)	(85,740)
General and administrative expenses	—	—	—	—	(17,535)	(17,535)
Acquisition costs	—	—	—	—	(1,265)	(1,265)
Interest expense	(6,973)	(10,332)	—	(1,072)	(45,196)	(63,573)
Other income	—	—	—	—	926	926
Loss on extinguishment of debt	—	—	—	—	(2,737)	(2,737)
Discontinued operations:						
Income from operations of properties sold or held for sale[(1)]	—	1,351	14,044	—	—	15,395
Gain on sale of real estate	—	—	—	—	22,144	22,144
Net income	12,600	27,882	14,044	27,619	(44,799)	37,346
Net income attributable to noncontrolling interests	—	—	—	—	—	—
Net income attributable to the controlling interests	$ 12,600	$ 27,882	$ 14,044	$ 27,619	$ (44,799)	$ 37,346

(1) For a list of non-same-store properties and held for sale and sold properties, see page14 of this Supplemental.

Net Operating Income (NOI) by Region

Washington REIT Portfolio
Maryland/Virginia/DC

	Percentage of Q4 2014 GAAP NOI	Percentage of YTD 2014 GAAP NOI
DC		
Multifamily	5.9 %	5.4 %
Office	24.5 %	24.7 %
Retail	2.0 %	1.1 %
	32.4 %	**31.2 %**
Maryland		
Multifamily	2.7 %	2.7 %
Office	10.8 %	10.8 %
Retail	17.7 %	17.2 %
	31.2 %	**30.7 %**
Virginia		
Multifamily	11.0 %	11.6 %
Office	18.9 %	19.8 %
Retail	6.5 %	6.7 %
	36.4 %	**38.1 %**
Total Portfolio	**100.0 %**	**100.0 %**

Same-Store and Overall Physical Occupancy Levels by Sector

Sector	Physical Occupancy - Same-Store Properties [1]				
	12/31/2014	9/30/2014	6/30/2014	3/31/2014	12/31/2013
Multifamily	93.9%	94.3%	94.3%	92.5%	92.1%
Office	92.1%	91.8%	90.6%	86.9%	86.6%
Retail	94.5%	94.4%	94.2%	93.6%	91.3%
Overall Portfolio	**93.2%**	**93.2%**	**92.6%**	**90.2%**	**89.3%**

Sector	Physical Occupancy - All Properties				
	12/31/2014	9/30/2014	6/30/2014	3/31/2014	12/31/2013
Multifamily	93.8%	94.3%	93.7%	92.2%	92.1%
Office	86.9%	87.1%	86.2%	83.7%	85.7%
Medical Office	—%	—%	—%	—%	89.0%
Retail	94.4%	94.4%	94.2%	93.6%	91.3%
Overall Portfolio	**90.5%**	**90.7%**	**90.1%**	**88.4%**	**88.8%**

[1] Non same-store properties were:

Acquisitions:
Multifamily - Yale West
Office - The Army Navy Club Building and 1775 Eye Street, NW
Retail - Spring Valley Shopping Center
Redevelopment:
Office - Silverline Center (formally 7900 Westpark Drive)
Sold properties:
Retail - 5740 Columbia Road (parcel at Gateway Overlook)
Medical Office/Office - Transaction III and IV Medical Office Portfolio (Woodburn Medical Park I & II and Prosperity Medical Center I, II & III).

Same-Store Portfolio and Overall Economic Occupancy Levels by Sector

Sector	Economic Occupancy - Same-Store Properties[1]				
	12/31/2014	9/30/2014	6/30/2014	3/31/2014	12/31/2013
Multifamily	94.2%	94.5%	93.3%	91.7%	92.2%
Office	92.8%	92.5%	90.4%	88.2%	87.3%
Retail	94.9%	94.9%	93.9%	92.9%	91.9%
Overall Portfolio	**93.6%**	**93.5%**	**91.8%**	**90.0%**	**89.4%**

Sector	Economic Occupancy - All Properties				
	12/31/2014	9/30/2014	6/30/2014	3/31/2014	12/31/2013
Multifamily	94.2%	94.1%	92.6%	91.6%	92.2%
Office	86.8%	87.0%	86.0%	85.4%	86.0%
Medical Office	—%	—%	—%	87.4%	89.4%
Retail	94.5%	94.9%	93.9%	92.9%	92.0%
Overall Portfolio	**89.8%**	**90.0%**	**88.9%**	**88.2%**	**88.6%**

[1] Non same-store properties were:
Acquisitions:
Multifamily - Yale West
Office - The Army Navy Club Building and 1775 Eye Street, NW
Retail - Spring Valley Shopping Center
Redevelopment:
Office - Silverline Center (formally 7900 Westpark Drive)
Held for sale and sold properties:
Retail - 5740 Columbia Road (parcel at Gateway Overlook)
Medical Office/Office - Transaction III and IV Medical Office Portfolio (Woodburn I & II and Prosperity I, II & III).

Acquisition and Disposition Summary
December 31, 2014
($'s in thousands)

Acquisition Summary

		Acquisition Date	# of units	Square Feet	12/31/2014 Leased Percentage	Investment	Mortgage Assumed
Yale West	Washington, DC	February 21, 2014	216		95.4%	$ 73,000	$ 48,221
The Army Navy Club Building	Washington, DC	March 26, 2014		108,000	97.5%	79,000	52,640
1775 Eye Street, NW	Washington, DC	May 1, 2014		185,000	65.4%	104,500	N/A
Spring Valley Retail Center	Washington, DC	October 1, 2014		75,000	92.8%	40,500	N/A
				368,000		$ 297,000	$ 100,861

Disposition Summary

	Disposition Date	Property Type	Square Feet	Contract Sales Price	GAAP Gain
Medical Office Portfolio Transactions III & IV	January 21, 2014	Medical Office	427,011	$ 193,561	$ 105,985
5740 Columbia Road	May 2, 2014	Retail	3,000	1,600	570
			430,011	$ 195,161	$ 106,555

Development/Redevelopment Summary
December 31, 2014
(in thousands)

Property and Location	Total Rentable Square Feet or # of Units	Anticipated Total Cost	Cash Cost to Date	Draws on Construction Loan to Date	Construction Completion Date	Leased %
Development Summary						
The Maxwell, Arlington, VA	163 units & 2,200 square feet retail	$ 49,904	$ 44,314	$ 27,690	fourth quarter 2014	N/A [1]
Redevelopment Summary						
Silverline Center (formerly 7900 Westpark Drive), Tysons, VA	529,000 square feet	$ 35,000	$ 25,058	N/A	anticipated in first quarter 2015	59.7%

[1] Major construction activities at The Maxwell ended during December 2014. As of December 31, 2014, only two of the six residential floors were available for occupancy.

Commercial Leasing Summary - New Leases

	4th Quarter 2014	3rd Quarter 2014	2nd Quarter 2014	1st Quarter 2014	4th Quarter 2013
Gross Leasing Square Footage					
Office	92,349	37,852	69,367	43,243	144,675
Medical Office	—	—	—	—	3,826
Retail	10,965	10,408	32,191	29,527	22,631
Total	**103,314**	**48,260**	**101,558**	**72,770**	**171,132**
Weighted Average Term (yrs)					
Office	8.5	7.4	5.8	7.3	7.2
Medical Office	0.0	0.0	0.0	0.0	10.3
Retail	9.2	9.8	10.2	9.6	7.8
Total	**8.6**	**7.9**	**7.1**	**8.2**	**7.3**

Rental Rate Increases:	**GAAP**	**CASH**	**GAAP**	**CASH**	**GAAP**	**CASH**	**GAAP**	**CASH**	**GAAP**	**CASH**
Rate on expiring leases										
Office	$ 30.37	$ 31.66	$ 31.50	$ 32.62	$ 31.14	$ 32.00	$ 28.65	$ 30.53	$ 31.31	$ 32.29
Medical Office	—	—	—	—	—	—	—	—	29.56	31.13
Retail	34.95	35.52	36.96	37.29	22.59	23.39	25.27	25.96	26.23	26.91
Total	$ 30.85	$ 32.07	$ 32.68	$ 33.63	$ 28.24	$ 29.08	$ 27.28	$ 28.68	$ 30.42	$ 31.35
Rate on new leases										
Office	$ 38.39	$ 34.43	$ 33.77	$ 30.68	$ 35.71	$ 33.40	$ 32.53	$ 29.86	$ 33.78	$ 31.31
Medical Office	—	—	—	—	—	—	—	—	34.78	30.43
Retail	41.82	37.65	43.69	38.76	22.07	21.36	30.77	27.66	27.74	26.04
Total	$ 38.75	$ 34.77	$ 35.91	$ 32.43	$ 30.79	$ 29.04	$ 31.81	$ 28.97	$ 32.78	$ 30.39
Percentage Increase										
Office	26.4 %	8.8 %	7.2 %	(5.9)%	14.7 %	4.4 %	13.6 %	(2.2)%	7.9 %	(3.0)%
Medical Office	— %	— %	— %	— %	— %	— %	— %	— %	17.7 %	(2.3)%
Retail	19.7 %	6.0 %	18.2 %	4.0 %	(2.3)%	(8.7)%	21.7 %	6.5 %	5.8 %	(3.2)%
Total	25.6 %	8.4 %	9.9 %	(3.6)%	9.0 %	(0.1)%	16.6 %	1.0 %	7.8 %	(3.1)%

Tenant Improvements	**Total Dollars**	**Dollars per Square Foot**	**Total Dollars**	**Dollars per Square Foot**	**Total Dollars**	**Dollars per Square Foot**	**Total Dollars**	**Dollars per Square Foot**	**Total Dollars**	**Dollars per Square Foot**
Office Buildings	$ 4,609,137	$ 49.91	$ 1,499,573	$ 39.62	$ 2,330,006	$ 33.59	$ 1,955,769	$ 45.23	$ 6,189,544	$ 42.78
Medical Office Buildings	—	—	—	—	—	—	—	—	63,587	16.62
Retail Centers	120,600	11.00	162,180	15.58	1,616,068	50.20	38,923	1.32	215,340	9.52
Subtotal	$ 4,729,737	$ 45.78	$ 1,661,753	$ 34.43	$ 3,946,074	$ 38.86	$ 1,994,692	$ 27.41	$ 6,468,471	$ 37.80
Leasing Commissions and Incentives										
Office Buildings	$ 3,328,304	$ 36.04	$ 1,345,301	$ 35.54	$ 1,512,211	$ 21.80	$ 1,207,798	$ 27.93	$ 4,353,688	$ 30.09
Medical Office Buildings	—	—	—	—	—	—	—	—	91,665	23.96
Retail Centers	275,428	25.12	291,731	28.03	300,287	9.33	388,220	13.15	180,197	7.96
Subtotal	$ 3,603,732	$ 34.88	$ 1,637,032	$ 33.92	$ 1,812,498	$ 17.84	$ 1,596,018	$ 21.93	$ 4,625,550	$ 27.03
Tenant Improvements and Leasing Commissions and Incentives										
Office Buildings	$ 7,937,441	$ 85.95	$ 2,844,874	$ 75.16	$ 3,842,217	$ 55.39	$ 3,163,567	$ 73.16	$ 10,543,232	$ 72.87
Medical Office Buildings	—	—	—	—	—	—	—	—	155,252	40.58
Retail Centers	396,028	36.12	453,911	43.61	1,916,355	59.53	427,143	14.47	395,537	17.48
Total	$ 8,333,469	$ 80.66	$ 3,298,785	$ 68.35	$ 5,758,572	$ 56.70	$ 3,590,710	$ 49.34	$ 11,094,021	$ 64.83

Commercial Leasing Summary - Renewal Leases

	4th Quarter 2014	3rd Quarter 2014	2nd Quarter 2014	1st Quarter 2014	4th Quarter 2013
Gross Leasing Square Footage					
Office Buildings	575,499	44,214	109,686	60,108	201,109
Medical Office Buildings	—	—	—	—	12,232
Retail Centers	45,084	170,568	10,645	27,100	38,995
Total	**620,583**	**214,782**	**120,331**	**87,208**	**252,336**
Weighted Average Term (yrs)					
Office Buildings	6.1	7.4	4.8	7.0	5.8
Medical Office Buildings	0.0	0.0	0.0	0.0	7.8
Retail Centers	6.8	5.1	4.3	3.3	4.0
Total	**6.1**	**5.6**	**4.8**	**5.8**	**5.7**

Rental Rate Increases:	**4th Quarter 2014 GAAP**	**4th Quarter 2014 CASH**	**3rd Quarter 2014 GAAP**	**3rd Quarter 2014 CASH**	**2nd Quarter 2014 GAAP**	**2nd Quarter 2014 CASH**	**1st Quarter 2014 GAAP**	**1st Quarter 2014 CASH**	**4th Quarter 2013 GAAP**	**4th Quarter 2013 CASH**
Rate on expiring leases										
Office Buildings	$ 35.87	$ 37.53	$ 32.89	$ 35.79	$ 33.89	$ 35.42	$ 32.71	$ 35.31	$ 30.12	$ 33.00
Medical Office Buildings	—	—	—	—	—	—	—	—	32.36	34.47
Retail Centers	33.21	35.65	13.65	13.86	45.12	47.17	27.54	30.66	17.51	18.22
Total	$ 35.67	$ 37.39	$ 17.61	$ 18.37	$ 34.89	$ 36.46	$ 31.26	$ 34.05	$ 28.28	$ 30.79
Rate on new leases										
Office Buildings	$ 37.25	$ 35.44	$ 44.95	$ 41.11	$ 36.12	$ 34.39	$ 37.02	$ 34.06	$ 35.30	$ 32.88
Medical Office Buildings	—	—	—	—	—	—	—	—	36.28	33.16
Retail Centers	40.26	37.30	14.67	14.47	50.91	48.51	30.92	30.08	17.91	17.62
Total	$ 37.46	$ 35.57	$ 20.90	$ 19.95	$ 37.42	$ 35.64	$ 35.36	$ 33.03	$ 32.66	$ 30.53
Percentage Increase										
Office Buildings	3.9%	(5.6)%	36.7%	14.9%	6.6%	(2.9)%	13.2%	(3.6)%	17.2%	(0.4)%
Medical Office Buildings	—%	— %	—%	—%	—%	— %	—%	— %	12.1%	(3.8)%
Retail Centers	21.2%	4.6 %	7.4%	4.4%	12.8%	2.8 %	12.3%	(1.9)%	2.3%	(3.3)%
Total	5.0%	(4.9)%	18.7%	8.6%	7.3%	(2.3)%	13.1%	(3.0)%	15.5%	(0.8)%

	4th Quarter 2014 Total Dollars	**4th Quarter 2014 Dollars per Square Foot**	**3rd Quarter 2014 Total Dollars**	**3rd Quarter 2014 Dollars per Square Foot**	**2nd Quarter 2014 Total Dollars**	**2nd Quarter 2014 Dollars per Square Foot**	**1st Quarter 2014 Total Dollars**	**1st Quarter 2014 Dollars per Square Foot**	**4th Quarter 2013 Total Dollars**	**4th Quarter 2013 Dollars per Square Foot**
Tenant Improvements										
Office Buildings	$ 14,952,993	$ 25.98	$ 595,757	$ 13.47	$ 1,897,016	$ 17.29	$ 896,712	$ 14.92	$ 7,573,493	$ 37.66
Medical Office Buildings	—	—	—	—	—	—	—	—	183,219	14.98
Retail Centers	33,370	0.74	—	—	—	—	—	—	—	—
Subtotal	$ 14,986,363	$ 24.15	$ 595,757	$ 2.77	$ 1,897,016	$ 15.76	$ 896,712	$ 10.28	$ 7,756,712	$ 30.74
Leasing Commissions and Incentives										
Office Buildings	$ 9,087,273	$ 15.79	$ 532,789	$ 12.05	$ 1,517,271	$ 13.83	$ 1,318,800	$ 21.94	$ 4,065,164	$ 20.21
Medical Office Buildings	—	—	—	—	—	—	—	—	143,190	11.71
Retail Centers	192,343	4.27	51,270	0.30	27,278	2.56	32,300	1.19	32,725	0.84
Subtotal	$ 9,279,616	$ 14.96	$ 584,059	$ 2.72	$ 1,544,549	$ 12.84	$ 1,351,100	$ 15.49	$ 4,241,079	$ 16.80
Tenant Improvements and Leasing Commissions and Incentives										
Office Buildings	$ 24,040,266	$ 41.77	$ 1,128,546	$ 25.52	$ 3,414,287	$ 31.12	$ 2,215,512	$ 36.86	$ 11,638,657	$ 57.87
Medical Office Buildings	—	—	—	—	—	—	—	—	326,409	26.69
Retail Centers	225,713	5.01	51,270	0.30	27,278	2.56	32,300	1.19	32,725	0.84
Total	$ 24,265,979	$ 39.11	$ 1,179,816	$ 5.49	$ 3,441,565	$ 28.60	$ 2,247,812	$ 25.77	$ 11,997,791	$ 47.54

10 Largest Tenants - Based on Annualized Commercial Income
December 31, 2014

Tenant	Number of Buildings	Weighted Average Remaining Lease Term in Months	Percentage of Aggregate Portfolio Annualized Rent	Aggregate Rentable Square Feet	Percentage of Aggregate Occupied Square Feet
World Bank	1	72	5.96%	210,354	3.35%
Advisory Board Company	2	53	3.80%	199,762	3.18%
Booz Allen Hamilton, Inc.	1	133	2.73%	222,989	3.55%
Engility Corporation	1	33	2.57%	134,126	2.14%
Squire Patton Boggs (USA) LLP	1	28	2.44%	110,566	1.76%
Epstein Becker & Green, PC	1	24	1.36%	53,427	0.85%
General Services Administration	3	47	1.28%	52,282	0.83%
George Washington University	2	20	1.28%	69,775	1.11%
Alexandria City School Board	1	173	1.19%	87,883	1.40%
Hughes Hubbard & Reed LLP	1	38	1.18%	53,208	0.85%
Total/Weighted Average		71	23.79%	1,194,372	19.02%

Industry Diversification
December 31, 2014

Industry Classification (NAICS)	Annualized Base Rental Revenue	Percentage of Aggregate Annualized Rent	Aggregate Rentable Square Feet	Percentage of Aggregate Square Feet
Professional, Scientific, and Technical Services	$ 72,743,514	37.73%	2,163,074	34.06%
Credit Intermediation and Related Activities	18,380,776	9.53%	339,960	5.35%
Religious, Grantmaking, Civic, Professional, and Similar Organizations	11,860,775	6.15%	327,523	5.16%
Food Services and Drinking Places	8,712,295	4.52%	280,044	4.41%
Educational Services	8,091,335	4.20%	274,371	4.32%
Food and Beverage Stores	6,625,178	3.44%	334,922	5.27%
Ambulatory Health Care Services	4,983,312	2.59%	158,583	2.50%
Executive, Legislative, and Other General Government Support	4,895,705	2.54%	132,521	2.09%
Furniture and Home Furnishings Stores	4,395,442	2.28%	216,318	3.41%
Health and Personal Care Stores	3,919,474	2.03%	107,853	1.70%
Securities, Commodity Contracts, and Other Financial Investments and Related Activities	3,675,793	1.91%	102,022	1.61%
Personal and Laundry Services	3,583,878	1.86%	111,799	1.76%
Sporting Goods, Hobby, Book, and Music Stores	3,318,522	1.72%	201,827	3.18%
Electronics and Appliance Stores	3,067,458	1.59%	169,094	2.66%
Administrative and Support Services	2,986,850	1.55%	82,199	1.29%
Miscellaneous Store Retailers	2,923,561	1.52%	152,620	2.40%
Broadcasting (except Internet)	2,881,734	1.49%	70,672	1.11%
Publishing Industries (except Internet)	2,763,105	1.43%	79,659	1.25%
Clothing and Clothing Accessories Stores	2,602,345	1.35%	134,838	2.12%
Amusement, Gambling, and Recreation Industries	2,327,309	1.21%	123,998	1.95%
General Merchandise Stores	2,050,440	1.06%	235,965	3.72%
Nursing and Residential Care Facilities	1,837,275	0.95%	66,810	1.05%
Telecommunications	1,583,739	0.82%	41,334	0.65%
Real Estate	1,520,177	0.79%	46,541	0.73%
Merchant Wholesalers, Durable Goods	1,077,752	0.56%	32,539	0.51%
Social Assistance	962,910	0.50%	40,408	0.64%
Chemical Manufacturing	918,560	0.48%	20,036	0.32%
Building Material and Garden Equipment and Supplies Dealers	912,397	0.47%	29,470	0.46%
Insurance Carriers and Related Activities	799,607	0.41%	25,182	0.40%
Construction of Buildings	647,536	0.34%	21,965	0.35%
Motor Vehicle and Parts Dealers	601,815	0.31%	36,832	0.58%
Transportation Equipment Manufacturing	542,685	0.28%	19,864	0.31%
Repair and Maintenance	510,500	0.26%	22,449	0.35%
Other	4,088,993	2.13%	147,924	2.33%
Total	**$ 192,792,747**	**100.00%**	**6,351,216**	**100.00%**

Lease Expirations
December 31, 2014

Year	Number of Leases	Rentable Square Feet	Percent of Rentable Square Feet	Annualized Rent [(1)]	Average Rental Rate	Percent of Annualized Rent [(1)]
Office:						
2015	90	388,741	9.22%	$ 13,758,719	$ 35.39	8.18%
2016	104	411,138	9.75%	16,061,685	39.07	9.55%
2017	84	520,648	12.35%	20,385,122	39.15	12.12%
2018	78	429,471	10.19%	16,184,108	37.68	9.62%
2019	83	620,918	14.73%	25,429,569	40.95	15.12%
2020 and thereafter	195	1,845,861	43.76%	76,372,587	41.38	45.41%
	634	4,216,777	100.00%	$ 168,191,790	39.89	100.00%
Retail:						
2015	48	216,599	9.49%	$ 4,908,465	$ 22.66	9.22%
2016	30	211,969	9.29%	4,580,313	21.61	8.61%
2017	48	261,640	11.46%	7,076,420	27.05	13.29%
2018	41	366,907	16.07%	5,347,095	14.57	10.05%
2019	37	166,823	7.31%	4,975,812	29.83	9.35%
2020 and thereafter	117	1,058,552	46.38%	26,339,497	24.88	49.48%
	321	2,282,490	100.00%	$ 53,227,602	23.32	100.00%
Total:						
2015	138	605,340	9.31%	$ 18,667,184	$ 30.84	8.43%
2016	134	623,107	9.59%	20,641,998	33.13	9.32%
2017	132	782,288	12.04%	27,461,542	35.10	12.40%
2018	119	796,378	12.25%	21,531,203	27.04	9.72%
2019	120	787,741	12.12%	30,405,381	38.60	13.73%
2020 and thereafter	312	2,904,413	44.69%	102,712,084	35.36	46.40%
	955	6,499,267	100.00%	$ 221,419,392	34.07	100.00%

[(1)] *Annualized Rent is equal to the rental rate effective at lease expiration (cash basis) multiplied by 12.*

Schedule of Properties
December 31, 2014

PROPERTIES	LOCATION	YEAR ACQUIRED	YEAR CONSTRUCTED	NET RENTABLE SQUARE FEET[1]
Office Buildings				
1901 Pennsylvania Avenue	Washington, DC	1977	1960	101,000
51 Monroe Street	Rockville, MD	1979	1975	221,000
515 King Street	Alexandria, VA	1992	1966	75,000
6110 Executive Boulevard	Rockville, MD	1995	1971	201,000
1220 19th Street	Washington, DC	1995	1976	103,000
1600 Wilson Boulevard	Arlington, VA	1997	1973	166,000
Silverline Center (formerly 7900 Westpark Drive)	Tysons, VA	1997	1972/1986/1999/2014	526,000
600 Jefferson Plaza	Rockville, MD	1999	1985	113,000
Wayne Plaza	Silver Spring, MD	2000	1970	99,000
Courthouse Square	Alexandria, VA	2000	1979	116,000
One Central Plaza	Rockville, MD	2001	1974	267,000
1776 G Street	Washington, DC	2003	1979	263,000
West Gude Drive	Rockville, MD	2006	1984/1986/1988	276,000
Monument II	Herndon, VA	2007	2000	208,000
2000 M Street	Washington, DC	2007	1971	230,000
2445 M Street	Washington, DC	2008	1986	290,000
925 Corporate Drive	Stafford, VA	2010	2007	133,000
1000 Corporate Drive	Stafford, VA	2010	2009	136,000
1140 Connecticut Avenue	Washington, DC	2011	1966	183,000
1227 25th Street	Washington, DC	2011	1988	135,000
Braddock Metro Center	Alexandria, VA	2011	1985	353,000
John Marshall II	Tysons, VA	2011	1996/2010	223,000
Fairgate at Ballston	Arlington, VA	2012	1988	142,000
Army Navy Club Building	Washington, DC	2014	1912/1987	108,000
1775 Eye Street, NW	Washington, DC	2014	1964	185,000
Subtotal				4,853,000

Schedule of Properties
December 31, 2014

PROPERTIES	LOCATION	YEAR ACQUIRED	YEAR CONSTRUCTED	NET RENTABLE SQUARE FEET (1)
Retail Centers				
Takoma Park	Takoma Park, MD	1963	1962	51,000
Westminster	Westminster, MD	1972	1969	150,000
Concord Centre	Springfield, VA	1973	1960	76,000
Wheaton Park	Wheaton, MD	1977	1967	74,000
Bradlee Shopping Center	Alexandria, VA	1984	1955	171,000
Chevy Chase Metro Plaza	Washington, DC	1985	1975	49,000
Montgomery Village Center	Gaithersburg, MD	1992	1969	197,000
Shoppes of Foxchase	Alexandria, VA	1994	1960/2006	134,000
Frederick County Square	Frederick, MD	1995	1973	227,000
800 S. Washington Street	Alexandria, VA	1998/2003	1955/1959	47,000
Centre at Hagerstown	Hagerstown, MD	2002	2000	332,000
Frederick Crossing	Frederick, MD	2005	1999/2003	295,000
Randolph Shopping Center	Rockville, MD	2006	1972	82,000
Montrose Shopping Center	Rockville, MD	2006	1970	145,000
Gateway Overlook	Columbia, MD	2010	2007	220,000
Olney Village Center	Olney, MD	2011	1979/2003	199,000
Spring Valley Retail Center	Washington, DC	2014	1941/1950	75,000
Subtotal				2,524,000

Schedule of Properties
December 31, 2014

PROPERTIES	LOCATION	YEAR ACQUIRED	YEAR CONSTRUCTED	NET RENTABLE SQUARE FEET [(1)]
Multifamily Buildings / # units				
3801 Connecticut Avenue / 307	Washington, DC	1963	1951	179,000
Roosevelt Towers / 191	Falls Church, VA	1965	1964	170,000
Country Club Towers / 227	Arlington, VA	1969	1965	159,000
Park Adams / 200	Arlington, VA	1969	1959	173,000
Munson Hill Towers / 279	Falls Church, VA	1970	1963	258,000
The Ashby at McLean / 256	McLean, VA	1996	1982	274,000
Walker House Apartments / 212	Gaithersburg, MD	1996	1971/2003	157,000
Bethesda Hill Apartments / 195	Bethesda, MD	1997	1986	225,000
Bennett Park / 224	Arlington, VA	2007	2007	214,000
Clayborne / 74	Alexandria, VA	2008	2008	60,000
Kenmore Apartments / 374	Washington, DC	2008	1948	268,000
The Paramount/ 135	Arlington, VA	2013	1984	141,000
Yale West / 216	Washington, DC	2014	2011	173,000
The Maxwell/163	Arlington, VA	2014	2014	143,000
Subtotal (3,053 units)				2,594,000
TOTAL				**9,971,000**

[(1)] Multifamily buildings are presented in gross square feet.

Adjusted EBITDA (a non-GAAP measure) is earnings attributable to the controlling interest before interest expense, taxes, depreciation, amortization, real estate impairment, gain on sale of real estate, gain/loss on extinguishment of debt and gain/loss from non-disposal activities.

Annualized base rent ("ABR") is calculated as monthly base rent (cash basis) per the lease, as of the reporting period, multiplied by 12.

Debt service coverage ratio is computed by dividing earnings attributable to the controlling interest before interest expense, taxes, depreciation, amortization, real estate impairment, gain on sale of real estate, gain/loss on extinguishment of debt and gain/loss from non-disposal activities by interest expense (including interest expense from discontinued operations) and principal amortization.

Debt to total market capitalization is total debt divided by the sum of total debt plus the market value of shares outstanding at the end of the period.

Earnings to fixed charges ratio is computed by dividing earnings attributable to the controlling interest by fixed charges. For this purpose, earnings consist of income from continuing operations (or net income if there are no discontinued operations) plus fixed charges, less capitalized interest. Fixed charges consist of interest expense (excluding interest expense from discontinued operations), including amortized costs of debt issuance, plus interest costs capitalized.

Economic occupancy is calculated as actual real estate rental revenue recognized for the period indicated as a percentage of gross potential real estate rental revenue for that period. We determine gross potential real estate rental revenue by valuing occupied units or square footage at contract rates and vacant units or square footage at market rates for comparable properties. We do not consider percentage rents and expense reimbursements in computing economic occupancy percentages.

Funds from operations ("FFO") is defined by The National Association of Real Estate Investment Trusts, Inc. ("NAREIT") in an April, 2002 White Paper as net income (computed in accordance with generally accepted accounting principles ("GAAP")) excluding gains (or losses) associated with sales of property and impairment of depreciable real estate, plus real estate depreciation and amortization. We consider FFO to be a standard supplemental measure for equity real estate investment trusts ("REITs") because it facilitates an understanding of the operating performance of our properties without giving effect to real estate depreciation and amortization, which historically assumes that the value of real estate assets diminishes predictably over time. Since real estate values have instead historically risen or fallen with market conditions, we believe that FFO more accurately provides investors an indication of our ability to incur and service debt, make capital expenditures and fund other needs. FFO is a non-GAAP measure.

Core Funds From Operations ("Core FFO") is calculated by adjusting FFO for the following items (which we believe are not indicative of the performance of Washington REIT's operating portfolio and affect the comparative measurement of Washington REIT's operating performance over time): (1) gains or losses on extinguishment of debt, (2) costs related to the acquisition of properties, (3) severance expense related to corporate reorganization and related to executive retirements or resignations, (4) property impairments not already excluded from FFO, as appropriate and (5) relocation expense. These items can vary greatly from period to period, depending upon the volume of our acquisition activity and debt retirements, among other factors. We believe that by excluding these items, Core FFO serves as a useful, supplementary measure of Washington REIT's ability to incur and service debt, and distribute dividends to its shareholders. Core FFO is a non-GAAP and non-standardized measure, and may be calculated differently by other REITs.

Funds Available for Distribution ("FAD") is calculated by subtracting from FFO (1) recurring expenditures, tenant improvements and leasing costs, that are capitalized and amortized and are necessary to maintain our properties and revenue stream and (2) straight line rents, then adding (3) non-real estate depreciation and amortization, (4) non-cash fair value interest expense and (5) amortization of restricted share compensation, then adding or subtracting the (6) amortization of lease intangibles , (7) real estate impairment and (8) non-cash gain/loss on extinguishment of debt, as appropriate. FAD is included herein, because we consider it to be a measure of a REIT's ability to incur and service debt and to distribute dividends to its shareholders. FAD is a non-GAAP and non-standardized measure, and may be calculated differently by other REITs.

Core Funds Available for Distribution ("Core FAD") is calculated by adjusting FAD for the following items (which we believe are not indicative of the performance of Washington REIT's operating portfolio and affect the comparative measurement of Washington REIT's operating performance over time): (1) gains or losses on extinguishment of debt, (2) costs related to the acquisition of properties, (3) non-share-based severance expense related to corporate reorganization and related to executive retirements or resignations, (4) property impairments not already excluded from FAD, as appropriate and (5) relocation expense. These items can vary greatly from period to period, depending upon the volume of our acquisition activity and debt retirements, among other factors. We believe that by excluding these items, Core FAD serves as a useful, supplementary measure of Washington REIT's ability to incur and service debt, and distribute dividends to its shareholders. Core FAD is a non-GAAP and non-standardized measure, and may be calculated differently by other REITs.

The Medical Office Portfolio consists of every medical property, as well as undeveloped land, 4661 Kenmore Ave, and two office properties, Woodholme Center and 6565 Arlington Boulevard. We entered into four separate purchase and sale agreements. **Transaction I of the Medical Office Portfolio** sale and purchase agreement consists of medical office properties (2440 M Street, 15001 Shady Grove Road, 15505 Shady Grove Road, 19500 at Riverside Park formerly Lansdowne Medical Office Building, 9707 Medical Center Drive, CentreMed I and II, 8301 Arlington Boulevard, Sterling Medical Office Building, Shady Grove Medical Village II, Alexandria Professional Center, Ashburn Farm Office Park I, Ashburn Farm Office Park II, Ashburn Farm Office Park III and Woodholme Medical Office Building) and two office properties (6565 Arlington Boulevard and Woodholme Center). **Transaction II of the Medical Office Portfolio** purchase and sale agreement consists of undeveloped land (4661 Kenmore Ave). **Transaction III of the Medical Office Portfolio** purchase and sale agreement consists of medical office properties (Woodburn Medical Park I and Woodburn Medical Park II). **Transaction IV of the Medical Office Portfolio** purchase and sale agreement consists of a medical office properties (Prosperity Medical Center I and II, and Prosperity Medical Center III)**.**

Physical occupancy is calculated as occupied square footage as a percentage of total square footage as of the last day of that period.

Recurring capital expenditures represent non-accretive building improvements and leasing costs required to maintain current revenues. Recurring capital expenditures do not include acquisition capital that was taken into consideration when underwriting the purchase of a building or which are incurred to bring a building up to "operating standard."

Rent increases on renewals and rollovers are calculated as the difference, weighted by square feet, of the net ABR due the first month after a term commencement date and the net ABR due the last month prior to the termination date of the former tenant's term.

Same-store portfolio properties include all stabilized properties that were owned for the entirety of the current and prior reporting periods, and exclude properties under redevelopment or development and properties purchased or sold at any time during the periods being compared. We define redevelopment properties as those for which we expect to spend significant development and construction costs on existing or acquired buildings pursuant to a formal plan which has a current impact on operating results, occupancy and the ability to lease space with the intended result of a higher economic return on the property. Redevelopment and development properties are included in the same-store pool upon completion of the redevelopment or development, and the earlier of achieving 90% occupancy or two years after completion.

Same-store portfolio net operating income (NOI) growth is the change in the NOI of the same-store portfolio properties from the prior reporting period to the current reporting period.