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

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**FORM 8-K**

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**CURRENT REPORT**

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

Date of Report (Date of earliest event reported) July 23, 2015

**WASHINGTON REAL ESTATE  
INVESTMENT TRUST**

(Exact name of registrant as specified in its charter)

**MARYLAND**  
(State of incorporation)

**1-6622**  
(Commission File Number)

**53-0261100**  
(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))
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**Item 2.02 Results of Operations and Financial Condition**

and

**Item 7.01 Regulation FD Disclosure**

A press release issued by Washington Real Estate Investment Trust ("Washington REIT") on July 23, 2015 regarding earnings for the three and six months ended June 30, 2015, 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 July 20, 2015, the Board of Trustees of Washington REIT elected W. Drew Hammond as Vice President - Chief Accounting Officer and Controller, such election to take effect on the day after the filing of Washington REIT's Form 10-Q for the second quarter of 2015. Upon the effectiveness of such election, Mr. Hammond will serve as Washington REIT's principal accounting officer.

Mr. Hammond, 41, joined Washington REIT in October 2012 as Controller. Prior to joining Washington REIT, he served as the Controller of CapitalSource, Inc. ("CapitalSource"), from February 2007 to September 2012. His previous roles at CapitalSource were as Assistant Controller, from July 2004 to February 2007, and Manager of Financial Reporting, from December 2003 to July 2004. Prior to joining CapitalSource in 2003, Mr. Hammond was a Senior Manager at Ernst & Young LLP from May 2002 to December 2003, and held various positions in the assurance practice at Arthur Andersen LLP from 1995 to 2002. Mr. Hammond earned his undergraduate degree from Washington and Lee University in 1995 and is a certified public accountant.

**Item 9.01 Financial Statements and Exhibits**

(c) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press release issued July 23, 2015 regarding earnings for the three and six months ended June 30, 2015
99.2	Certain supplemental information not included in the press release

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**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

(Registrant)

By: /s/ Laura M. Franklin  
(Signature)

Laura M. Franklin  
Executive Vice President  
Accounting and Administration

July 23, 2015

(Date)

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**EXHIBIT INDEX**

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**CONTACT:**

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**July 23, 2015****WASHINGTON REAL ESTATE INVESTMENT TRUST ANNOUNCES  
SECOND QUARTER FINANCIAL AND OPERATING RESULTS**

*Company Posts Significant Quarter over Quarter NOI and FFO Growth and Announces 215th Consecutive Quarterly Dividend*

Washington Real Estate Investment Trust ("Washington REIT" or the "Company") (NYSE: WRE), a leading owner and operator of commercial and multifamily properties in the Washington, DC area, reported financial and operating results today for the quarter ended June 30, 2015:

**Second Quarter 2015 Highlights**

- Generated Core Funds from Operations (FFO) of \$0.42 per fully diluted share for the second quarter, a \$0.04 increase over first quarter 2015 and a \$0.01 increase over second quarter 2014
- Same-store Net Operating Income (NOI) modestly declined by 0.3%, while cash NOI grew by 1.3% over second quarter 2014
- Achieved overall same-store physical occupancy of 92.8%, 30 basis points higher than the second quarter of 2014
- Executed new and renewal commercial leases totaling 259,000 square feet at an average rental rate increase of 15.6% over in-place rents for new leases and an average rental rate increase of 14.9% over in-place rents for renewal leases
- Subsequent to quarter end, acquired The Wellington, a 711-unit apartment community with on-site density to develop approximately 360 additional units, for \$167 million
- Tightened 2015 Core FFO guidance to \$1.68 to \$1.72 from \$1.66 to \$1.74 per fully diluted share

"We continue to drive performance and operationally outperform in most of our sub-markets in what remains a highly competitive environment. Our second quarter results delivered improved occupancy, NOI and cash NOI growth in office and multifamily and strong rental rate increases in retail. We maintain the mid-point of our guidance while tightening the range by \$0.04 to reflect our increased visibility on performance for the remainder of the year," said Paul T. McDermott, President and Chief Executive Officer. "We continue to make steady progress on our strategic plan to elevate the quality of the portfolio, both through value-add acquisitions like The Wellington as well as the continued sale of legacy assets, which we would look to further accelerate under the right market conditions."

**Financial Highlights**

Core Funds from Operations<sup>(1)</sup>, was \$28.5 million, or \$0.42 per diluted share, for the quarter ended June 30, 2015, compared to \$27.7 million, or \$0.41 per diluted share, for the corresponding prior year period. Further detail will be provided by management on the earnings call.

FFO for the quarter ended June 30, 2015 was \$22.6 million, or \$0.33 per diluted share, compared to \$25.2 million, or \$0.38 per diluted share, for the corresponding prior year period. The decline in FFO is primarily driven by the recognition of a real estate impairment loss of \$5.9 million, or \$0.09 per diluted share, on an undeveloped parcel of land in the quarter ended June 30, 2015.

Net loss attributable to the controlling interests for the quarter ended June 30, 2015 was \$2.5 million, or \$0.04 per diluted share, compared to net income of \$1.1 million, or \$0.02 per diluted share, in the corresponding prior period, due to the aforementioned impairment loss.

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## Operating Results

The Company's overall portfolio NOI<sup>(2)</sup> was \$47.0 million for the quarter ended June 30, 2015, compared to \$46.7 million in the corresponding prior year period. Overall portfolio physical occupancy for the second quarter was at 90.0%, compared to 90.1% at the end of the second quarter last year and 89.5% at the end of the first quarter 2015.

Same-store<sup>(3)</sup> portfolio physical occupancy for the second quarter of 2015 was 92.8%, compared to 92.5% at June 30, 2014 and 93.0% at the end of the first quarter 2015. Same-store portfolio NOI for the second quarter of 2015 declined by 0.3%, while cash NOI grew by 1.3% compared to the corresponding prior period.

- **Office: 56% of Total NOI** - Office properties' same-store NOI and cash NOI for the second quarter increased 0.2% and 2.5%, respectively, compared to the corresponding prior period. Rental rate growth was 1.8% while same-store physical occupancy increased 90 basis points over last year to 91.8%.
- **Retail: 26% of Total NOI** - Retail properties' same-store NOI and cash NOI for the second quarter decreased by 2.1% and 0.7%, respectively, compared to the corresponding prior year period. Rental rates increased 2.5% while same-store physical occupancy decreased 140 basis points over last year to 92.8%. Occupancy in retail is lower primarily due to known tenant move outs that are either leased or at letter of intent.
- **Multifamily: 18% of Total NOI** - Multifamily properties' same-store NOI and cash NOI increased 0.5% and 0.7%, respectively, compared to the corresponding prior year period. Rental rates declined 2.7% while same-store physical occupancy increased 90 basis points over last year to 94.5%.

## Leasing Activity

During the second quarter, Washington REIT signed commercial leases totaling 259,000 square feet, including 93,000 square feet of new leases and 166,000 square feet of renewal leases, 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
<b>New:</b>						
Office	58,000	6.8	\$ 41.61	14.5%	\$ 38.29	\$ 31.37
Retail	35,000	9.6	28.17	18.5%	16.88	16.88
<b>Total</b>	<b>93,000</b>	<b>7.8</b>	<b>36.53</b>	<b>15.6%</b>	<b>30.19</b>	<b>25.89</b>
<b>Renewal:</b>						
Office	71,000	3.9	\$ 32.43	4.9%	\$ 5.96	\$ 5.19
Retail	95,000	5.8	22.49	28.0%	0.41	2.10
<b>Total</b>	<b>166,000</b>	<b>4.9</b>	<b>26.75</b>	<b>14.9%</b>	<b>2.79</b>	<b>3.43</b>

## Acquisitions

On July 1, 2015, Washington REIT acquired The Wellington, an apartment community in Arlington, VA consisting of 711 units and on-site density to develop approximately 360 additional units, for \$167 million. This acquisition provides a value-add opportunity to renovate over 680 units to generate rental growth, and a further opportunity to develop additional density in a sub-market with limited supply and a strong population of both Class A and B renters.

Originally built in 1960, The Wellington is a gated apartment community comprising three mid-rise buildings located on the eastern end of Columbia Pike, which features walkable restaurant and retail amenities, is proximate to four major highways and offers easy access to DC, The Pentagon and Crystal City. In the last four years, The Wellington has upgraded common areas, lobbies and facades and has added a rooftop fitness center.

### Earnings Guidance

Management is tightening the 2015 Core FFO guidance range to \$1.68 to \$1.72 from \$1.66 to \$1.74 per fully diluted share. The following assumptions are incorporated into the tightened guidance range:

- Same-store NOI growth remains projected to range from (0.5)% to 2%, with same-store occupancy improving modestly
- Same-store office NOI growth remains projected to range from 0% to 2%, excluding the redevelopment project at Silverline Center
- Silverline Center continues to be expected to contribute NOI of \$0.06 to \$0.08 per share in the current year and to further progress lease up in 2016
- Same-store multifamily NOI growth remains projected to range from 0% to 1%
- The Maxwell development is expected to contribute NOI of \$0.01 in 2015. The Maxwell remains on track to stabilize by year-end but the delayed delivery at the beginning of the year has extended the timing of The Maxwell's expected contribution to NOI
- Same-store retail NOI growth is projected to range from (1)% to 1% primarily due to adverse weather-related expenses at the beginning of the year, and the postponement of a few rent commencement dates to 2016
- Upon completion of the acquisition of The Wellington, our guidance does not anticipate closing any additional acquisitions in 2015 although we will continue to underwrite value-add acquisition opportunities
- Dispositions for 2015 are expected to range from \$140 to \$150 million. We are presently preparing to bring additional legacy assets to market over the next eighteen months and intend to explore accelerating some of these additional asset sales into 2016
- General and administrative expense remains projected to range from \$19 to \$20 million excluding acquisition costs, severance and relocation expense
- Interest expense is projected to be approximately \$60 to \$60.5 million

Washington REIT's 2015 Core FFO 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.

### Capital Update

Washington REIT favorably renewed its credit facility to extend maturity to June 22, 2019, and also has two six-month extension options. The new facility is better aligned with the company's value-add business model, has increased the available line of credit to \$600 million, improved financial covenants and lowered pricing, which remains based upon the company's unsecured debt rating.

### Dividends

On June 30, 2015, Washington REIT paid a quarterly dividend of \$0.30 per share.

Washington REIT announced today that its Board of Trustees has declared a quarterly dividend of \$0.30 per share to be paid on September 30, 2015 to shareholders of record on September 15, 2015.

### Conference Call Information

The Conference Call for Second Quarter Earnings is scheduled for Friday, July 24, 2015 at 11:00 A.M. Eastern time. Conference Call access information is as follows:

USA Toll Free Number: 1-877-407-9205  
International Toll Number: 1-201-689-8054

The instant replay of the Conference Call will be available until August 7, 2015 at 11:59 P.M. Eastern time. Instant replay access information is as follows:

USA Toll Free Number: 1-877-660-6853  
International Toll Number: 1-201-612-7415

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Conference ID: 13599919

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](http://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, 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 3,537 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).

Note: Washington REIT's press releases and supplemental financial information are available on the company website at [www.washreit.com](http://www.washreit.com) or by contacting Investor Relations at (202) 774-3200.

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. Forward-looking statements include statements in this earnings release preceded by, followed by or that include the words "believe," "expect," "intend," "anticipate," "potential," "project," "will" and other similar expressions. 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 2014 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.

<sup>(1)</sup> 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) expenses related to acquisition and structuring activities, (3) executive transition costs and 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 to distribute dividends to its shareholders. Core FFO is a non-GAAP and non-standardized measure and may be calculated differently by other REITs.

<sup>(2)</sup> 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 also present NOI on a cash basis ("cash NOI") which is calculated as NOI less the impact of straight-lining of rent and amortization of market intangibles. 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.

<sup>(3)</sup> 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.

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<sup>(4)</sup> 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 (excluding items contemplated prior to acquisition or associated with development / redevelopment of a property) 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.

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

Segment	Physical Occupancy			
	Same-Store Properties		All Properties	
	2nd QTR 2015	2nd QTR 2014	2nd QTR 2015	2nd QTR 2014
Multifamily	94.5 %	93.6 %	91.7 %	93.7 %
Office	91.8 %	90.9 %	87.6 %	86.2 %
Retail	92.8 %	94.2 %	92.9 %	94.2 %
Overall Portfolio	92.8 %	92.5 %	90.0 %	90.1 %

(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 Q2 2015 and Q2 2014, same-store properties exclude:

Multifamily Development: The Maxwell;  
Office Acquisition: 1775 Eye Street, NW;  
Office Redevelopment: Silverline Center;  
Retail Acquisition: Spring Valley Retail Center.

Also excluded from same-store properties in Q2 2015 and Q2 2014 are:

Sold Properties:  
Multifamily: Country Club Towers;  
Retail: 5740 Columbia Road (parcel at Gateway Overlook).

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

OPERATING RESULTS	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
<b>Revenue</b>				
Real estate rental revenue	\$ 74,226	\$ 72,254	\$ 149,082	\$ 140,865
<b>Expenses</b>				
Real estate expenses	27,229	25,528	56,437	51,870
Depreciation and amortization	25,503	24,401	50,778	47,154
Acquisition costs	992	1,933	1,008	4,978
General and administrative	4,306	4,828	10,386	9,257
Real estate impairment	5,909	—	5,909	—
	63,939	56,690	124,518	113,259
<b>Other operating income</b>				
Gain on sale of real estate	1,454	570	31,731	570
Real estate operating income	11,741	16,134	56,295	28,176
<b>Other income (expense):</b>				
Interest expense	(14,700)	(14,985)	(30,048)	(29,515)
Loss on extinguishment of debt	(119)	—	(119)	—
Other income	192	219	384	442
	(14,627)	(14,766)	(29,783)	(29,073)
(Loss) income from continuing operations	(2,886)	1,368	26,512	(897)
<b>Discontinued operations:</b>				
Income from operations of properties sold or held for sale	—	—	—	546
(Loss) gain on sale of real estate	—	(288)	—	105,985
(Loss) income from discontinued operations	—	(288)	—	106,531
Net (loss) income	(2,886)	1,080	26,512	105,634
Less: Net loss attributable to noncontrolling interests in subsidiaries	340	7	448	7
Net (loss) income attributable to the controlling interests	\$ (2,546)	\$ 1,087	\$ 26,960	\$ 105,641
(Loss) income from continuing operations	(2,886)	1,368	26,512	(897)
Continuing operations real estate depreciation and amortization	25,503	24,401	50,778	47,154
Gain on sale of depreciable real estate	—	(570)	(30,277)	(570)
Funds from continuing operations <sup>(1)</sup>	\$ 22,617	\$ 25,199	\$ 47,013	\$ 45,687
Income from operations of properties sold or held for sale	—	—	—	546
Funds from discontinued operations	—	—	—	546
NAREIT funds from operations <sup>(1)</sup>	\$ 22,617	\$ 25,199	\$ 47,013	\$ 46,233
Non-cash loss on extinguishment of debt	119	—	119	—
Tenant improvements	(3,417)	(9,612)	(7,147)	(14,912)
External and internal leasing commissions capitalized	(1,149)	(1,721)	(2,755)	(2,960)
Recurring capital improvements	(737)	(1,610)	(1,426)	(2,498)
Straight-line rents, net	(538)	(723)	(131)	(1,076)
Non-cash fair value interest expense	36	30	71	225
Non real estate depreciation & amortization of debt costs	1,123	904	2,061	1,776
Amortization of lease intangibles, net	970	677	1,738	916
Amortization and expensing of restricted share and unit compensation	1,195	1,429	3,021	2,470
Funds available for distribution <sup>(4)</sup>	\$ 20,219	\$ 14,573	\$ 42,564	\$ 30,174

Per share data:		Three Months Ended June 30,		Six Months Ended June 30,	
		2015	2014	2015	2014
(Loss) income from continuing operations	(Basic)	\$ (0.04)	\$ 0.02	\$ 0.39	\$ (0.01)
	(Diluted)	\$ (0.04)	\$ 0.02	\$ 0.39	\$ (0.01)
Net income	(Basic)	\$ (0.04)	\$ 0.02	\$ 0.39	\$ 1.58
	(Diluted)	\$ (0.04)	\$ 0.02	\$ 0.39	\$ 1.58
Funds from continuing operations	(Basic)	\$ 0.33	\$ 0.38	\$ 0.69	\$ 0.68
	(Diluted)	\$ 0.33	\$ 0.38	\$ 0.69	\$ 0.68
NAREIT funds from operations	(Basic)	\$ 0.33	\$ 0.38	\$ 0.69	\$ 0.69
	(Diluted)	\$ 0.33	\$ 0.38	\$ 0.69	\$ 0.69
Dividends paid		\$ 0.30	\$ 0.30	\$ 0.60	\$ 0.60
Weighted average shares outstanding		68,176	66,732	68,159	66,718
Fully diluted weighted average shares outstanding		68,176	66,761	68,283	66,718
Fully diluted weighted average shares outstanding (for FFO)		68,375	66,761	68,283	66,744

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

	June 30, 2015 (unaudited)	December 31, 2014
<b>Assets</b>		
Land	\$ 542,654	\$ 543,546
Income producing property	1,966,612	1,927,407
	2,509,266	2,470,953
Accumulated depreciation and amortization	(670,103)	(640,434)
Net income producing property	1,839,163	1,830,519
Properties under development or held for future development	35,314	76,235
Total real estate held for investment, net	1,874,477	1,906,754
Cash and cash equivalents	22,778	15,827
Restricted cash	13,705	10,299
Rents and other receivables, net of allowance for doubtful accounts of \$2,975 and \$3,392, respectively	61,577	59,745
Prepaid expenses and other assets	117,657	121,082
Total assets	<u>\$ 2,090,194</u>	<u>\$ 2,113,707</u>
<b>Liabilities</b>		
Notes payable	\$ 597,442	\$ 747,208
Mortgage notes payable	419,755	418,525
Lines of credit	185,000	50,000
Accounts payable and other liabilities	50,281	54,318
Advance rents	13,733	12,528
Tenant security deposits	9,053	8,899
Total liabilities	1,275,264	1,291,478
<b>Equity</b>		
<b>Shareholders' equity</b>		
Preferred shares; \$0.01 par value; 10,000 shares authorized; no shares issued and outstanding	—	—
Shares of beneficial interest, \$0.01 par value; 100,000 shares authorized; 68,162 and 67,819 shares issued and outstanding, respectively	682	678
Additional paid-in capital	1,191,594	1,184,395
Distributions in excess of net income	(379,577)	(365,518)
Total shareholders' equity	812,699	819,555
Noncontrolling interests in subsidiaries	2,231	2,674
Total equity	814,930	822,229
Total liabilities and equity	<u>\$ 2,090,194</u>	<u>\$ 2,113,707</u>

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

Three months ended June 30, 2015	Multifamily	Office	Retail	Total
Same-store net operating income <sup>(3)</sup>	\$ 8,702	\$ 24,415	\$ 11,270	\$ 44,387
Add: Net operating income from non-same-store properties <sup>(3)</sup>	(44)	1,886	768	2,610
Total net operating income <sup>(2)</sup>	\$ 8,658	\$ 26,301	\$ 12,038	\$ 46,997
Add/(deduct):				
Other income				192
Acquisition costs				(992)
Interest expense				(14,700)
Depreciation and amortization				(25,503)
General and administrative expenses				(4,306)
Loss on extinguishment of debt				(119)
Gain on sale of real estate				1,454
Real estate impairment				(5,909)
Net loss				(2,886)
Less: Net loss attributable to noncontrolling interests in subsidiaries				340
Net loss attributable to the controlling interests				\$ (2,546)

Three months ended June 30, 2014	Multifamily	Office	Retail	Total
Same-store net operating income <sup>(3)</sup>	\$ 8,660	\$ 24,360	\$ 11,517	\$ 44,537
Add: Net operating income from non-same-store properties <sup>(3)</sup>	485	1,699	5	2,189
Total net operating income <sup>(2)</sup>	\$ 9,145	\$ 26,059	\$ 11,522	\$ 46,726
Add/(deduct):				
Other income				219
Acquisition costs				(1,933)
Interest expense				(14,985)
Depreciation and amortization				(24,401)
General and administrative expenses				(4,828)
Gain on sale of real estate				570
Discontinued operations:				
Gain on sale of real estate classified as discontinued operations				(288)
Net income				1,080
Less: Net loss attributable to noncontrolling interests in subsidiaries				7
Net income attributable to the controlling interests				\$ 1,087

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

Six Months Ended June 30, 2015	Multifamily	Office	Retail	Total
Same-store net operating income <sup>(3)</sup>	\$ 15,489	\$ 45,879	\$ 22,190	\$ 83,558
Add: Net operating income from non-same-store properties <sup>(3)</sup>	1,921	5,775	1,391	9,087
Total net operating income <sup>(2)</sup>	\$ 17,410	\$ 51,654	\$ 23,581	\$ 92,645
Add/(deduct):				
Other income				384
Acquisition costs				(1,008)
Interest expense				(30,048)
Depreciation and amortization				(50,778)
General and administrative expenses				(10,386)
Loss on extinguishment of debt				(119)
Gain on sale of real estate				31,731
Real estate impairment				(5,909)
Net income				26,512
Less: Net loss attributable to noncontrolling interests in subsidiaries				448
Net income attributable to the controlling interests				\$ 26,960

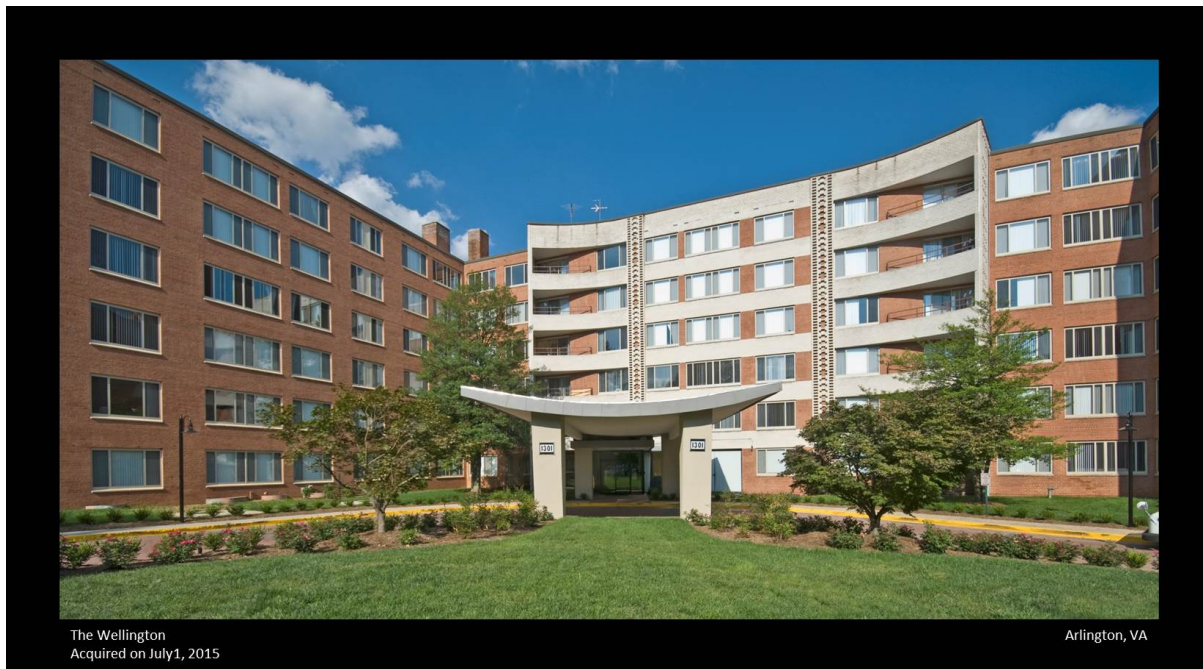
Six Months Ended June 30, 2014	Multifamily	Office	Retail	Total
Same-store net operating income <sup>(3)</sup>	\$ 15,435	\$ 45,049	\$ 21,890	\$ 82,374
Add: Net operating income from non-same-store properties <sup>(3)</sup>	2,217	4,378	26	6,621
Total net operating income <sup>(2)</sup>	\$ 17,652	\$ 49,427	\$ 21,916	\$ 88,995
Add/(deduct):				
Other income				442
Acquisition costs				(4,978)
Interest expense				(29,515)
Depreciation and amortization				(47,154)
General and administrative expenses				(9,257)
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 classified as discontinued operations				105,985
Net income				105,634
Less: Net loss attributable to noncontrolling interests in subsidiaries				7
Net income attributable to the controlling interests				\$ 105,641

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 data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net (loss) income	\$ (2,886)	\$ 1,080	\$ 26,512	\$ 105,634
Add/(deduct):				
Real estate depreciation and amortization	25,503	24,401	50,778	47,154
Gain on sale of depreciable real estate	—	(570)	(30,277)	(570)
Discontinued operations:				
Loss (gain) on sale of real estate	—	288	—	(105,985)
NAREIT funds from operations <sup>(1)</sup>	22,617	25,199	47,013	46,233
Add/(deduct):				
Real estate impairment	5,909	—	5,909	—
Acquisition and structuring expenses	1,264	1,933	1,498	4,978
Gain on sale of non-depreciable real estate	(1,454)	—	(1,454)	—
Loss on extinguishment of debt	119	—	119	—
Severance expense	—	576	1,001	624
Relocation expense	26	—	90	—
Core funds from operations <sup>(1)</sup>	\$ 28,481	\$ 27,708	\$ 54,176	\$ 51,835

Per share data:		Three Months Ended June 30,		Six Months Ended June 30,	
		2015	2014	2015	2014
NAREIT FFO	(Basic)	\$ 0.33	\$ 0.38	\$ 0.69	\$ 0.69
	(Diluted)	\$ 0.33	\$ 0.38	\$ 0.69	\$ 0.69
Core FFO	(Basic)	\$ 0.42	\$ 0.42	\$ 0.79	\$ 0.77
	(Diluted)	\$ 0.42	\$ 0.41	\$ 0.79	\$ 0.77
Weighted average shares outstanding		68,176	66,732	68,159	66,718
Fully diluted weighted average shares outstanding (for FFO)		68,375	66,761	68,283	66,744

Washington Real Estate Investment Trust  
Second Quarter 2015



**Supplemental Operating and Financial Data**

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## **Company Background and Highlights**

**Second Quarter 2015**

Washington Real Estate Investment Trust ("Washington REIT") is a self-administered equity real estate investment trust investing in income-producing properties in the greater Washington, DC region. Washington REIT has a diversified portfolio with investments in office, retail, and multifamily properties and land for development.

### **Second Quarter 2015 Highlights**

- Generated Core Funds from Operations (FFO) of \$0.42 per fully diluted share for the quarter, a \$0.04 increase over first quarter 2015 and a \$0.01 increase over second quarter 2014
- Same-store cash Net Operating Income (NOI) grew by 1.3% over second quarter 2014
- Achieved overall same-store physical occupancy of 92.8%, 30 basis points higher than the second quarter of 2014
- Executed new and renewal commercial leases totaling 259,000 square feet at an average rental rate increase of 15.6% over in-place rents for new leases and an average rental rate increase of 14.9% over in-place rents for renewal leases
- Subsequent to quarter end, acquired The Wellington, a 711-unit apartment community with on-site density to develop approximately 360 additional units, for \$167 million
- Tightened 2015 Core FFO guidance to \$1.68 to \$1.72 from \$1.66 to \$1.74 per fully diluted share

Washington REIT signed commercial leases totaling 259,000 square feet, including 93,000 square feet of new leases and 166,000 square feet of renewal leases. New leases had an average rental rate increase of 15.6% over expiring lease rates and a weighted average lease term of 7.8 years. Commercial tenant improvement costs were \$30.19 per square foot and leasing commissions and incentives were \$25.89 per square foot for new leases. Renewal leases had an average rental rate increase of 14.9% over expiring lease rates and a weighted average lease term of 4.9 years. Commercial tenant improvement costs were \$2.79 per square foot and leasing commissions and incentives were \$3.43 per square foot for renewal leases.

On July 1, 2015, Washington REIT acquired The Wellington, an apartment community in Arlington, VA consisting of 711 units and on-site density to develop approximately 360 additional units, for \$167 million. The acquisition also provides an opportunity to renovate over 680 units to generate additional rental rate growth. Originally built in 1960, The Wellington is a gated apartment community comprising three mid-rise buildings located on the eastern end of Columbia Pike, which features walkable restaurant and retail amenities, is proximate to four major highways and offers easy access to DC, The Pentagon and Crystal City.

As of June 30, 2015, Washington REIT owned a diversified portfolio of 55 properties, totaling approximately 7 million square feet of commercial space and 2,826 multifamily units, and land held for development. These 55 properties consist of 25 office properties, 17 retail centers and 13 multifamily properties. Washington REIT shares are publicly traded on the New York Stock Exchange (NYSE:WRE)

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### Net Operating Income Contribution by Sector - Second Quarter 2015

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 2014 Form 10-K. 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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**Consolidated Statements of Operations**  
(In thousands, except per share data)  
(Unaudited)

	Three Months Ended				
	6/30/2015	3/31/2015	12/31/2014	9/30/2014	6/30/2014
<b>OPERATING RESULTS</b>					
Real estate rental revenue	\$ 74,226	\$ 74,856	\$ 74,359	\$ 73,413	\$ 72,254
Real estate expenses	(27,229)	(29,208)	(25,911)	(25,914)	(25,528)
	46,997	45,648	48,448	47,499	46,726
Real estate depreciation and amortization	(25,503)	(25,275)	(24,503)	(24,354)	(24,401)
Income from real estate	21,494	20,373	23,945	23,145	22,325
Interest expense	(14,700)	(15,348)	(15,183)	(15,087)	(14,985)
Other income	192	192	191	192	219
Acquisition costs	(992)	(16)	(663)	(69)	(1,933)
Real estate impairment	(5,909)	—	—	—	—
Gain on sale of real estate	1,454	30,277	—	—	570
Loss on extinguishment of debt	(119)	—	—	—	—
General and administrative	(4,306)	(6,080)	(5,981)	(4,523)	(4,828)
(Loss) income from continuing operations	(2,886)	29,398	2,309	3,658	1,368
Discontinued operations:					
Loss on sale of real estate	—	—	—	—	(288)
Loss from discontinued operations	—	—	—	—	(288)
Net (loss) income	(2,886)	29,398	2,309	3,658	1,080
Less: Net loss from noncontrolling interests	340	108	21	10	7
Net (loss) income attributable to the controlling interests	\$ (2,546)	\$ 29,506	\$ 2,330	\$ 3,668	\$ 1,087
<b>Per Share Data:</b>					
Net (loss) income	\$ (0.04)	\$ 0.43	\$ 0.03	\$ 0.05	\$ 0.02
Fully diluted weighted average shares outstanding	68,176	68,191	67,065	66,790	66,761
<b>Percentage of Revenues:</b>					
Real estate expenses	36.7 %	39.0%	34.8%	35.3%	35.3%
General and administrative	5.8 %	8.1%	8.0%	6.2%	6.7%
<b>Ratios:</b>					
Adjusted EBITDA / Interest expense	3.0x	2.7x	3.0x	2.9x	2.9x
Income from continuing operations/Total real estate revenue	(3.9)%	39.3%	3.1%	5.0%	1.9%
Net income /Total real estate revenue	(3.4)%	39.4%	3.1%	5.0%	1.5%

**Consolidated Balance Sheets**  
(In thousands)  
(Unaudited)

	6/30/2015	3/31/2015	12/31/2014	9/30/2014	6/30/2014
<b>Assets</b>					
Land	\$ 542,654	\$ 543,247	\$ 543,546	\$ 519,859	\$ 519,859
Income producing property	1,966,612	1,932,908	1,927,407	1,867,752	1,853,982
	<u>2,509,266</u>	<u>2,476,155</u>	<u>2,470,953</u>	<u>2,387,611</u>	<u>2,373,841</u>
Accumulated depreciation and amortization	(670,103)	(649,279)	(640,434)	(620,279)	(600,171)
Net income producing property	1,839,163	1,826,876	1,830,519	1,767,332	1,773,670
Development in progress, including land held for development	35,314	65,656	76,235	99,500	83,970
Total real estate held for investment, net	1,874,477	1,892,532	1,906,754	1,866,832	1,857,640
Cash and cash equivalents	22,778	40,025	15,827	8,571	23,009
Restricted cash	13,705	13,095	10,299	9,496	11,369
Rents and other receivables, net of allowance for doubtful accounts	61,577	60,215	59,745	58,135	55,583
Prepaid expenses and other assets	117,657	117,367	121,082	116,345	112,548
Total assets	<u>\$ 2,090,194</u>	<u>\$ 2,123,234</u>	<u>\$ 2,113,707</u>	<u>\$ 2,059,379</u>	<u>\$ 2,060,149</u>
<b>Liabilities</b>					
Notes payable	\$ 597,442	\$ 747,335	\$ 747,208	\$ 747,082	\$ 746,956
Mortgage notes payable	419,755	419,250	418,525	413,330	406,975
Lines of credit	185,000	30,000	50,000	5,000	—
Accounts payable and other liabilities	50,281	65,447	54,318	64,153	59,719
Advance rents	13,733	14,471	12,528	12,211	13,172
Tenant security deposits	9,053	8,892	8,899	8,625	8,686
Total liabilities	1,275,264	1,285,395	1,291,478	1,250,401	1,235,508
<b>Equity</b>					
Preferred shares; \$0.01 par value; 10,000 shares authorized	—	—	—	—	—
Shares of beneficial interest, \$0.01 par value; 100,000 shares authorized	682	681	678	667	666
Additional paid-in capital	1,191,594	1,191,123	1,184,395	1,153,344	1,152,647
Distributions in excess of net income	(379,577)	(356,531)	(365,518)	(347,724)	(331,373)
Total shareholders' equity	812,699	835,273	819,555	806,287	821,940
Noncontrolling interests in subsidiaries	2,231	2,566	2,674	2,691	2,701
Total equity	814,930	837,839	822,229	808,978	824,641
Total liabilities and equity	<u>\$ 2,090,194</u>	<u>\$ 2,123,234</u>	<u>\$ 2,113,707</u>	<u>\$ 2,059,379</u>	<u>\$ 2,060,149</u>
Total Debt / Total Market Capitalization	0.40:1	0.39:1	0.39:1	0.41:1	0.40:1

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

	Three Months Ended				
	6/30/2015	3/31/2015	12/31/2014	9/30/2014	6/30/2014
<b>Funds from operations<sup>(1)</sup></b>					
<b>Net (loss) income</b>	\$ (2,886)	\$ 29,398	\$ 2,309	\$ 3,658	\$ 1,080
Real estate depreciation and amortization	25,503	25,275	24,503	24,354	24,401
Gain on sale of real estate	—	(30,277)	—	—	(570)
Discontinued operations:					
Loss on sale of real estate	—	—	—	—	288
<b>NAREIT funds from operations (FFO)</b>	<u>22,617</u>	<u>24,396</u>	<u>26,812</u>	<u>28,012</u>	<u>25,199</u>
Loss on extinguishment of debt	119	—	—	—	—
Real estate impairment	5,909	—	—	—	—
Gain on sale of real estate	(1,454)	—	—	—	—
Severance expense	—	1,001	582	394	576
Relocation expense	26	64	764	—	—
Acquisition and structuring expenses	1,264	234	663	69	1,933
<b>Core FFO <sup>(1)</sup></b>	<u>\$ 28,481</u>	<u>\$ 25,695</u>	<u>\$ 28,821</u>	<u>\$ 28,475</u>	<u>\$ 27,708</u>
Allocation to participating securities <sup>(2)</sup>	(80)	(108)	(53)	(44)	(17)
NAREIT FFO per share - basic	\$ 0.33	\$ 0.36	\$ 0.40	\$ 0.42	\$ 0.38
NAREIT FFO per share - fully diluted	\$ 0.33	\$ 0.36	\$ 0.40	\$ 0.42	\$ 0.38
Core FFO per share - fully diluted	\$ 0.42	\$ 0.38	\$ 0.43	\$ 0.43	\$ 0.41
Common dividend per share	\$ 0.30	\$ 0.30	\$ 0.30	\$ 0.30	\$ 0.30
Average shares - basic	68,176	68,141	67,002	66,738	66,732
Average shares - fully diluted (for FFO and FAD)	68,375	68,191	67,065	66,790	66,761

<sup>(1)</sup> See "Supplemental Definitions" on page 30 of this supplemental for the definitions of FFO and Core FFO.<sup>(2)</sup> 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)

	Three Months Ended				
	6/30/2015	3/31/2015	12/31/2014	9/30/2014	6/30/2014
<b>Funds available for distribution<sup>(1)</sup></b>					
<b>NAREIT FFO</b>	\$ 22,617	\$ 24,396	\$ 26,812	\$ 28,012	\$ 25,199
Non-cash loss on extinguishment of debt	119	—	—	—	—
Tenant improvements and incentives	(3,417)	(3,730)	(7,103)	(7,649)	(9,612)
Leasing commissions	(1,149)	(1,606)	(7,800)	(1,323)	(1,721)
Recurring capital improvements	(737)	(689)	(1,811)	(1,720)	(1,610)
Straight-line rent, net	(538)	407	(1,087)	(658)	(723)
Non-cash fair value interest expense	36	35	33	32	30
Non-real estate depreciation and amortization	1,123	938	1,578	994	904
Amortization of lease intangibles, net	970	768	729	704	677
Amortization and expensing of restricted share and unit compensation	1,195	1,826	1,134	1,307	1,429
<b>Funds available for distribution (FAD)</b>	<u>20,219</u>	<u>22,345</u>	<u>12,485</u>	<u>19,699</u>	<u>14,573</u>
Gain on sale of real estate	(1,454)	—	—	—	—
Non-share-based severance expense	—	196	546	313	517
Relocation expense	26	81	85	—	—
Acquisition and structuring expenses	1,264	234	663	69	1,933
Real estate impairment	5,909	—	—	—	—
<b>Core FAD<sup>(1)</sup></b>	<u>\$ 25,964</u>	<u>\$ 22,856</u>	<u>\$ 13,779</u>	<u>\$ 20,081</u>	<u>\$ 17,023</u>
Allocation to participating securities <sup>(2)</sup>	(80)	(108)	(53)	(44)	(17)
FAD per share - basic	\$ 0.30	\$ 0.33	\$ 0.19	\$ 0.29	\$ 0.22
FAD per share - fully diluted	\$ 0.29	\$ 0.33	\$ 0.19	\$ 0.29	\$ 0.22
Core FAD per share - fully diluted	\$ 0.38	\$ 0.33	\$ 0.20	\$ 0.30	\$ 0.25
Common dividend per share	\$ 0.30	\$ 0.30	\$ 0.30	\$ 0.30	\$ 0.30
Average shares - basic	68,176	68,141	67,002	66,738	66,732
Average shares - fully diluted (for FFO and FAD)	68,375	68,191	67,065	66,790	66,761

(1) See "Supplemental Definitions" on page 30 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)

	Three Months Ended				
	6/30/2015	3/31/2015	12/31/2014	9/30/2014	6/30/2014
Adjusted EBITDA <sup>(1)</sup>					
Net (loss) income	\$ (2,886)	\$ 29,398	\$ 2,309	\$ 3,658	\$ 1,080
Add:					
Interest expense, including discontinued operations	14,700	15,348	15,183	15,087	14,985
Real estate depreciation and amortization, including discontinued operations	25,503	25,275	24,503	24,354	24,401
Income tax expense	28	—	—	46	71
Real estate impairment	5,909	—	—	—	—
Non-real estate depreciation	178	103	793	113	180
Severance expense	—	1,001	582	394	576
Relocation expense	26	64	764	—	—
Acquisition and structuring expenses	1,264	234	663	69	1,933
Less:					
Net gain on sale of real estate	(1,454)	(30,277)	—	—	(282)
Loss on extinguishment of debt	119	—	—	—	—
Adjusted EBITDA	<u>\$ 43,387</u>	<u>\$ 41,146</u>	<u>\$ 44,797</u>	<u>\$ 43,721</u>	<u>\$ 42,944</u>

<sup>(1)</sup> 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, severance expense, relocation expense, acquisition and structuring expenses, gain from non-disposal activities and allocations to noncontrolling interests. 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, and the cost of debt or non-operating gains and losses. Adjusted EBITDA is a non-GAAP measure.

Note: We have changed our definition of Adjusted EBITDA this quarter to exclude severance expense, relocation expense, acquisition and structuring expenses, and allocations to noncontrolling interests. We made this change to make our definition of Adjusted EBITDA similar to Adjusted EBITDA as defined in our debt covenants. The calculation of Adjusted EBITDA for prior quarters has been updated to conform with the revised definition.



**Long Term Debt Analysis**  
(\$'s in thousands)

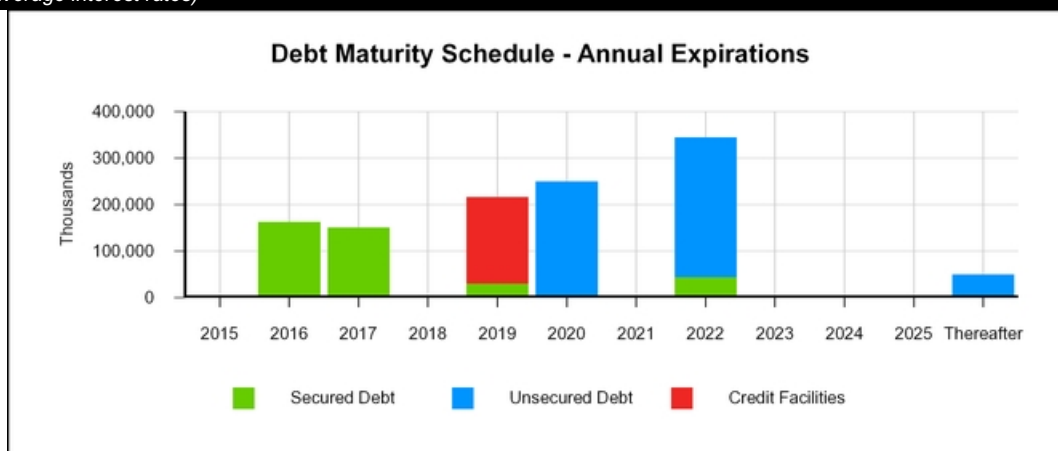
	<u>6/30/2015</u>	<u>3/31/2015</u>	<u>12/31/2014</u>	<u>9/30/2014</u>	<u>6/30/2014</u>
<b>Balances Outstanding</b>					
<b>Secured</b>					
Conventional fixed rate	\$ 419,755	\$ 419,250	\$ 418,525	\$ 413,330	\$ 406,975
<b>Unsecured</b>					
Fixed rate bonds and notes	597,442	747,335	747,208	747,082	746,956
Credit facility	185,000	30,000	50,000	5,000	—
Unsecured total	<u>782,442</u>	<u>777,335</u>	<u>797,208</u>	<u>752,082</u>	<u>746,956</u>
Total	<u>\$ 1,202,197</u>	<u>\$ 1,196,585</u>	<u>\$ 1,215,733</u>	<u>\$ 1,165,412</u>	<u>\$ 1,153,931</u>

**Average Interest Rates**

<b>Secured</b>					
Conventional fixed rate	5.2%	5.2%	5.2%	5.3%	5.3%
<b>Unsecured</b>					
Fixed rate bonds	4.7%	4.9%	4.9%	4.9%	4.9%
Credit facilities	1.2%	1.4%	1.4%	1.4%	—%
Unsecured total	<u>3.9%</u>	<u>4.7%</u>	<u>4.7%</u>	<u>4.8%</u>	<u>4.9%</u>
Average	<u>4.4%</u>	<u>4.9%</u>	<u>4.9%</u>	<u>5.0%</u>	<u>5.0%</u>

Note: The current balances outstanding of the secured and unsecured fixed rate bonds and notes are shown net of discounts/premiums of \$4.1 million and \$2.6 million, respectively.

**Long Term Debt Maturities**  
*(in thousands, except average interest rates)*



**Future Maturities of Debt**

Year	Secured Debt	Unsecured Debt	Credit Facilities	Total Debt	Avg Interest Rate
2015	\$ —	\$ —	\$ —	\$ —	
2016	162,880	—	—	162,880	5.1%
2017	150,903	—	—	150,903	5.9%
2018	—	—	—	—	
2019	31,280	—	185,000	216,280	2.0%
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	\$ 389,580	\$ 600,000	\$ 185,000	\$ 1,174,580	4.4%
Scheduled amortization payments	26,078	—	—	26,078	4.7%
Net discounts/premiums	4,097	(2,558)	—	1,539	
<b>Total maturities</b>	<b>\$ 419,755</b>	<b>\$ 597,442</b>	<b>\$ 185,000</b>	<b>\$ 1,202,197</b>	<b>4.4%</b>

Weighted average maturity =4.9 years

## Debt Covenant Compliance

	Unsecured Notes Payable		Unsecured Line of Credit (\$600.0 million)	
	Quarter Ended June 30, 2015	Covenant	Quarter Ended June 30, 2015	Covenant
% of Total Indebtedness to Total Assets <sup>(1)</sup>	42.4%	≤ 65.0%	N/A	N/A
Ratio of Income Available for Debt Service to Annual Debt Service	3.0	≥ 1.5	N/A	N/A
% of Secured Indebtedness to Total Assets <sup>(1)</sup>	14.6%	≤ 40.0%	N/A	N/A
Ratio of Total Unencumbered Assets <sup>(2)</sup> to Total Unsecured Indebtedness	2.8	≥ 1.5	N/A	N/A
% of Net Consolidated Total Indebtedness to Consolidated Total Asset Value <sup>(3)</sup>	N/A	N/A	39.3%	≤ 60.0%
Ratio of Consolidated Adjusted EBITDA <sup>(4)</sup> to Consolidated Fixed Charges <sup>(5)</sup>	N/A	N/A	2.89	≥ 1.50
% of Consolidated Secured Indebtedness to Consolidated Total Asset Value <sup>(3)</sup>	N/A	N/A	13.8%	≤ 40.0%
% of Consolidated Unsecured Indebtedness to Unencumbered Pool Value <sup>(6)</sup>	N/A	N/A	33.1%	≤ 60.0%
Ratio of Unencumbered Adjusted Net Operating Income to Consolidated Unsecured Interest Expense	N/A	N/A	3.96	≥ 1.75

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

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

<sup>(3)</sup> Consolidated Total Asset Value is the sum of unrestricted cash plus the quotient of applying a capitalization rate to the annualized NOI from the most recently ended quarter for each asset class, excluding NOI from disposed properties, acquisitions during the past 6 quarters, development, major redevelopment and low occupancy properties. To this amount, we add the purchase price of acquisitions during the past 6 quarters plus values for development, major redevelopment and low occupancy properties.

<sup>(4)</sup> Consolidated Adjusted EBITDA is defined as earnings before noncontrolling interests, depreciation, amortization, interest expense, income tax expense, acquisition costs, extraordinary, unusual or nonrecurring transactions including sale of assets, impairment, gains and losses on extinguishment of debt and other non-cash charges.

<sup>(5)</sup> Consolidated Fixed Charges consist of interest expense excluding capitalized interest and amortization of deferred financing costs, principal payments and preferred dividends, if any.

<sup>(6)</sup> Unencumbered Pool Value is the sum of unrestricted cash plus the quotient of applying a capitalization rate to the annualized NOI from unencumbered properties from the most recently ended quarter for each asset class excluding NOI from disposed properties, acquisitions during the past 6 quarters, development, major redevelopment and low occupancy properties. To this we add the purchase price of unencumbered acquisitions during the past 6 quarters and values for unencumbered development, major redevelopment and low occupancy properties.

**Capital Analysis***(In thousands, except per share amounts)*

	6/30/2015	3/31/2015	12/31/2014	9/30/2014	6/30/2014
<b>Market Data</b>					
Shares Outstanding	\$ 68,162	\$ 68,126	\$ 67,819	\$ 66,663	\$ 66,636
Market Price per Share	25.95	27.63	27.66	25.38	25.98
Equity Market Capitalization	\$ 1,768,804	\$ 1,882,321	\$ 1,875,874	\$ 1,691,907	\$ 1,731,203
Total Debt	\$ 1,202,197	\$ 1,196,585	\$ 1,215,733	\$ 1,165,412	\$ 1,153,931
Total Market Capitalization	\$ 2,971,001	\$ 3,078,906	\$ 3,091,607	\$ 2,857,319	\$ 2,885,134
Total Debt to Market Capitalization	0.40:1	0.39:1	0.39:1	0.41:1	0.40:1
Earnings to Fixed Charges <sup>(1)</sup>	0.8x	2.9x	1.1x	1.2x	1.1x
Debt Service Coverage Ratio <sup>(2)</sup>	2.7x	2.5x	2.8x	2.7x	2.7x

**Dividend Data**

Total Dividends Paid	\$ 20,500	\$ 20,519	\$ 20,124	\$ 20,019	\$ 20,042
Common Dividend per Share	\$ 0.30	\$ 0.30	\$ 0.30	\$ 0.30	\$ 0.30
Payout Ratio (Core FFO per share basis)	71.4%	78.9%	69.8%	69.8%	73.2%
Payout Ratio (Core FAD per share basis)	78.9%	90.9%	150.0%	100.0%	120.0%

<sup>(1)</sup> 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.

<sup>(2)</sup> Debt service coverage ratio is computed by dividing Adjusted EBITDA (see page 8) by interest expense and principal amortization.

**Same-Store Portfolio Net Operating Income (NOI) Growth & Rental Growth**  
2015 vs. 2014

	Three Months Ended June 30,		% Change	Rental Rate Growth
	2015	2014		
<b>Cash NOI:</b>				
Multifamily	\$ 8,705	\$ 8,647	0.7 %	(2.7)%
Office	24,894	24,281	2.5 %	2.4 %
Retail	11,347	11,430	(0.7)%	2.2 %
<b>Overall Same-Store Portfolio <sup>(1)</sup></b>	<b>\$ 44,946</b>	<b>\$ 44,358</b>	<b>1.3 %</b>	<b>1.2 %</b>
<b>NOI:</b>				
Multifamily	\$ 8,702	\$ 8,660	0.5 %	(2.7)%
Office	24,415	24,360	0.2 %	1.8 %
Retail	11,270	11,517	(2.1)%	2.5 %
<b>Overall Same-Store Portfolio <sup>(1)</sup></b>	<b>\$ 44,387</b>	<b>\$ 44,537</b>	<b>(0.3)%</b>	<b>0.9 %</b>

<sup>(1)</sup> Non same-store properties were:

Acquisitions:

    Office - 1775 Eye Street, NW

    Retail - Spring Valley Retail Center

Development/Redevelopment:

    Multifamily - The Maxwell

    Office - Silverline Center

Sold properties classified as continuing operations:

    Multifamily - Country Club Towers

    Retail - 5740 Columbia Road (parcel at Gateway Overlook)

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

	Three Months Ended June 30, 2015				
	Multifamily	Office	Retail	Corporate and Other	Total
Real estate rental revenue					
Same-store portfolio	\$ 14,934	\$ 38,929	\$ 14,766	\$ —	\$ 68,629
Non same-store - acquired and in development <sup>(1)</sup>	409	4,214	974	—	5,597
Total	15,343	43,143	15,740	—	74,226
Real estate expenses					
Same-store portfolio	6,232	14,514	3,496	—	24,242
Non same-store - acquired and in development <sup>(1)</sup>	453	2,328	206	—	2,987
Total	6,685	16,842	3,702	—	27,229
Net Operating Income (NOI)					
Same-store portfolio	8,702	24,415	11,270	—	44,387
Non same-store - acquired and in development <sup>(1)</sup>	(44)	1,886	768	—	2,610
Total	\$ 8,658	\$ 26,301	\$ 12,038	\$ —	\$ 46,997
Same-store portfolio NOI (from above)	\$ 8,702	\$ 24,415	\$ 11,270	\$ —	\$ 44,387
Straight-line revenue, net for same-store properties	2	(352)	46	—	(304)
FAS 141 Min Rent	1	291	(34)	—	258
Amortization of lease intangibles for same-store properties	—	540	65	—	605
Same-store portfolio cash NOI	\$ 8,705	\$ 24,894	\$ 11,347	\$ —	\$ 44,946
Reconciliation of NOI to net income					
Total NOI	\$ 8,658	\$ 26,301	\$ 12,038	\$ —	\$ 46,997
Depreciation and amortization	(4,425)	(17,085)	(3,741)	(252)	(25,503)
General and administrative	—	—	—	(4,306)	(4,306)
Interest expense	(2,441)	(2,984)	(232)	(9,043)	(14,700)
Other income	—	—	—	192	192
Acquisition costs	—	—	—	(992)	(992)
Gain on sale of real estate	—	—	—	1,454	1,454
Real estate impairment	—	—	—	(5,909)	(5,909)
Loss on extinguishment of debt	—	—	—	(119)	(119)
Net income	1,792	6,232	8,065	(18,975)	(2,886)
Net loss attributable to noncontrolling interests	—	—	—	340	340
Net income attributable to the controlling interests	\$ 1,792	\$ 6,232	\$ 8,065	\$ (18,635)	\$ (2,546)

<sup>(1)</sup> For a list of non-same-store properties and held for sale and sold properties, see page 13 of this Supplemental.

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

	Three Months Ended June 30, 2014				Total
	Multifamily	Office	Retail	Corporate and Other	
Real estate rental revenue					
Same-store portfolio	\$ 14,658	\$ 38,276	\$ 14,748	\$ —	\$ 67,682
Non same-store - acquired and in development <sup>(1)</sup>	961	3,600	11	—	4,572
Total	15,619	41,876	14,759	—	72,254
Real estate expenses					
Same-store portfolio	5,998	13,916	3,231	—	23,145
Non same-store - acquired and in development <sup>(1)</sup>	476	1,901	6	—	2,383
Total	6,474	15,817	3,237	—	25,528
Net Operating Income (NOI)					
Same-store portfolio	8,660	24,360	11,517	—	44,537
Non same-store - acquired and in development <sup>(1)</sup>	485	1,699	5	—	2,189
Total	\$ 9,145	\$ 26,059	\$ 11,522	\$ —	\$ 46,726
Same-store portfolio NOI (from above)	\$ 8,660	\$ 24,360	\$ 11,517	\$ —	\$ 44,537
Straight-line revenue, net for same-store properties	(2)	(567)	(99)	—	(668)
FAS 141 Min Rent	(11)	246	(52)	—	183
Amortization of lease intangibles for same-store properties	—	242	64	—	306
Same-store portfolio cash NOI	\$ 8,647	\$ 24,281	\$ 11,430	\$ —	\$ 44,358
Reconciliation of NOI to net income					
Total NOI	\$ 9,145	\$ 26,059	\$ 11,522	\$ —	\$ 46,726
Depreciation and amortization	(5,123)	(15,938)	(3,124)	(216)	(24,401)
General and administrative	—	—	—	(4,828)	(4,828)
Interest expense	(2,297)	(3,005)	(252)	(9,431)	(14,985)
Other income	—	—	—	219	219
Acquisition costs	—	—	—	(1,933)	(1,933)
Gain on sale of real estate	—	—	—	570	570
Discontinued operations:					
Loss on sale of real estate classified as discontinued operations	—	—	—	(288)	(288)
Net income	1,725	7,116	8,146	(15,907)	1,080
Net income attributable to noncontrolling interests	—	—	—	7	7
Net income attributable to the controlling interests	\$ 1,725	\$ 7,116	\$ 8,146	\$ (15,900)	\$ 1,087

<sup>(1)</sup> For a list of non-same-store properties and held for sale and sold properties, see page 13 of this Supplemental.

## Net Operating Income (NOI) by Region

	Percentage of NOI	
	Q2 2015	YTD 2015
<b>DC</b>		
Multifamily	5.6 %	5.7 %
Office	25.1 %	25.8 %
Retail	2.0 %	2.1 %
	<b>32.7 %</b>	<b>33.6 %</b>
<b>Maryland</b>		
Multifamily	2.4 %	2.5 %
Office	11.4 %	10.5 %
Retail	15.6 %	15.2 %
	<b>29.4 %</b>	<b>28.2 %</b>
<b>Virginia</b>		
Multifamily	10.4 %	10.6 %
Office	19.4 %	19.5 %
Retail	8.1 %	8.1 %
	<b>37.9 %</b>	<b>38.2 %</b>
<b>Total Portfolio</b>	<b>100.0 %</b>	<b>100.0 %</b>



## Same-Store and Overall Physical Occupancy Levels by Sector

Sector	Physical Occupancy - Same-Store Properties <sup>(1)</sup>				
	6/30/2015	3/31/2015	12/31/2014	9/30/2014	6/30/2014
Multifamily	94.5%	94.0%	93.8%	94.2%	93.6%
Office	91.8%	91.3%	92.2%	92.0%	90.9%
Retail	92.8%	94.7%	94.5%	94.4%	94.2%
<b>Overall Portfolio</b>	<b>92.8%</b>	<b>93.0%</b>	<b>93.3%</b>	<b>93.2%</b>	<b>92.5%</b>

Sector	Physical Occupancy - All Properties				
	6/30/2015	3/31/2015	12/31/2014	9/30/2014	6/30/2014
Multifamily	91.7%	89.5%	93.8%	94.3%	93.7%
Office	87.6%	86.7%	86.9%	87.1%	86.2%
Retail	92.9%	94.7%	94.4%	94.4%	94.2%
<b>Overall Portfolio</b>	<b>90.0%</b>	<b>89.5%</b>	<b>90.5%</b>	<b>90.7%</b>	<b>90.1%</b>

<sup>(1)</sup> Non same-store properties were:

Acquisitions:

Office - 1775 Eye Street, NW

Retail - Spring Valley Retail Center

Development/Redevelopment:

Multifamily - The Maxwell

Office - Silverline Center

Sold properties classified as continuing operations:

Retail - 5740 Columbia Road (parcel at Gateway Overlook)

Multifamily - Country Club Towers

**Same-Store Portfolio and Overall Economic Occupancy Levels by Sector**

Sector	Economic Occupancy - Same-Store Properties <sup>(1)</sup>				
	6/30/2015	3/31/2015	12/31/2014	9/30/2014	6/30/2014
Multifamily	95.7%	94.9%	94.2%	94.0%	92.5%
Office	92.4%	92.3%	93.1%	92.8%	90.7%
Retail	92.8%	93.8%	94.9%	94.9%	93.9%
<b>Overall Portfolio</b>	<b>93.2%</b>	<b>93.2%</b>	<b>93.7%</b>	<b>93.5%</b>	<b>91.8%</b>

Sector	Economic Occupancy - All Properties				
	6/30/2015	3/31/2015	12/31/2014	9/30/2014	6/30/2014
Multifamily	90.6%	88.4%	94.2%	94.1%	92.6%
Office	87.2%	86.5%	86.8%	87.0%	86.0%
Retail	92.9%	93.5%	94.5%	94.9%	93.9%
<b>Overall Portfolio</b>	<b>89.0%</b>	<b>88.2%</b>	<b>89.8%</b>	<b>90.0%</b>	<b>88.9%</b>

<sup>(1)</sup> Non same-store properties were:

Acquisitions:

Office - 1775 Eye Street, NW

Retail - Spring Valley Shopping Center

Development/Redevelopment:

Multifamily - The Maxwell

Office - Silverline Center

Sold properties classified as continuing operations:

Multifamily - Country Club Towers

Retail - 5740 Columbia Road (parcel at Gateway Overlook)

**Disposition Summary**  
2015  
(\$ in thousands)

**Disposition Summary**

	<u>Disposition Date</u>	<u>Property Type</u>	<u># of units</u>	<u>Contract Sales Price</u>	<u>GAAP Gain</u>
Country Club Towers	March 20, 2015	Multifamily	227	\$ 37,800	\$ 30,277

**Development/Re-Development Summary**

June 30, 2015

(\$ in thousands)

<b>Property and Location</b>	<b>Total Rentable Square Feet or # of Units</b>	<b>Anticipated Total Cost</b>	<b>Cost to Date</b>	<b>Draws on Construction Loan to Date</b>	<b>Construction Completion Date</b>	<b>Leased %</b>
<b>Development Summary</b>						
The Maxwell, Arlington, VA	163 units & 2,200 square feet retail	\$ 49,904	\$ 47,434	\$ 31,115	fourth quarter 2014	54%
<b>Re-Development Summary</b>						
Silverline Center, Tysons, VA	532,000 square feet	\$ 35,000	\$ 34,045	N/A	first quarter 2015	61%

## Commercial Leasing Summary - New Leases

	2nd Quarter 2015		1st Quarter 2015		4th Quarter 2014		3rd Quarter 2014		2nd Quarter 2014	
<b>Gross Leasing Square Footage</b>										
Office Buildings	57,693		61,141		92,349		37,852		69,367	
Retail Centers	35,095		10,853		10,965		10,408		32,191	
<b>Total</b>	<b>92,788</b>		<b>71,994</b>		<b>103,314</b>		<b>48,260</b>		<b>101,558</b>	
<b>Weighted Average Term (yrs)</b>										
Office Buildings	6.8		7.5		8.5		7.4		5.8	
Retail Centers	9.6		11.0		9.2		9.8		10.2	
<b>Total</b>	<b>7.8</b>		<b>8.0</b>		<b>8.6</b>		<b>7.9</b>		<b>7.1</b>	
<b>Rental Rate Increases:</b>	<b>GAAP</b>	<b>CASH</b>	<b>GAAP</b>	<b>CASH</b>	<b>GAAP</b>	<b>CASH</b>	<b>GAAP</b>	<b>CASH</b>	<b>GAAP</b>	<b>CASH</b>
<b>Rate on expiring leases</b>										
Office Buildings	\$ 36.35	\$ 38.06	\$ 31.43	\$ 33.14	\$ 30.37	\$ 31.66	\$ 31.50	\$ 32.62	\$ 31.14	\$ 32.00
Retail Centers	23.77	25.30	41.57	41.85	34.95	35.52	36.96	37.29	22.59	23.39
<b>Total</b>	<b>\$ 31.59</b>	<b>\$ 33.23</b>	<b>\$ 32.96</b>	<b>\$ 34.45</b>	<b>\$ 30.85</b>	<b>\$ 32.07</b>	<b>\$ 32.68</b>	<b>\$ 33.63</b>	<b>\$ 28.24</b>	<b>\$ 29.08</b>
<b>Rate on new leases</b>										
Office Buildings	\$ 41.61	\$ 38.11	\$ 35.39	\$ 32.49	\$ 38.39	\$ 34.43	\$ 33.77	\$ 30.68	\$ 35.71	\$ 33.40
Retail Centers	28.17	26.42	52.79	46.99	41.82	37.65	43.69	38.76	22.07	21.36
<b>Total</b>	<b>\$ 36.53</b>	<b>\$ 33.69</b>	<b>\$ 38.01</b>	<b>\$ 34.68</b>	<b>\$ 38.75</b>	<b>\$ 34.77</b>	<b>\$ 35.91</b>	<b>\$ 32.43</b>	<b>\$ 30.79</b>	<b>\$ 29.04</b>
<b>Percentage Increase</b>										
Office Buildings	14.5%	0.2%	12.6%	(2.0)%	26.4%	8.8%	7.2%	(5.9)%	14.7%	4.4%
Retail Centers	18.5%	4.4%	27.0%	12.3%	19.7%	6.0%	18.2%	4.0%	(2.3)%	(8.7)%
<b>Total</b>	<b>15.6%</b>	<b>1.4%</b>	<b>15.3%</b>	<b>0.7%</b>	<b>25.6%</b>	<b>8.4%</b>	<b>9.9%</b>	<b>(3.6)%</b>	<b>9.0%</b>	<b>(0.1)%</b>
	<b>Total Dollars</b>	<b>\$ per Sq Ft</b>	<b>Total Dollars</b>	<b>\$ per Sq Ft</b>	<b>Total Dollars</b>	<b>\$ per Sq Ft</b>	<b>Total Dollars</b>	<b>\$ per Sq Ft</b>	<b>Total Dollars</b>	<b>\$ per Sq Ft</b>
<b>Tenant Improvements</b>										
Office Buildings	\$ 2,209,271	\$ 38.29	\$ 3,255,324	\$ 53.24	\$ 4,609,137	\$ 49.91	\$ 1,499,573	\$ 39.62	\$ 2,330,006	\$ 33.59
Retail Centers	592,351	16.88	353,335	32.56	120,600	11.00	162,180	15.58	1,616,068	50.20
<b>Subtotal</b>	<b>\$ 2,801,622</b>	<b>\$ 30.19</b>	<b>\$ 3,608,659</b>	<b>\$ 50.12</b>	<b>\$ 4,729,737</b>	<b>\$ 45.78</b>	<b>\$ 1,661,753</b>	<b>\$ 34.43</b>	<b>\$ 3,946,074</b>	<b>\$ 38.86</b>
<b>Leasing Commissions and Incentives</b>										
Office Buildings	\$ 1,809,746	\$ 31.37	\$ 2,092,175	\$ 34.22	\$ 3,328,304	\$ 36.04	\$ 1,345,301	\$ 35.54	\$ 1,512,211	\$ 21.80
Retail Centers	592,483	16.88	754,661	69.53	275,428	25.12	291,731	28.03	300,287	9.33
<b>Subtotal</b>	<b>\$ 2,402,229</b>	<b>\$ 25.89</b>	<b>\$ 2,846,836</b>	<b>\$ 39.54</b>	<b>\$ 3,603,732</b>	<b>\$ 34.88</b>	<b>\$ 1,637,032</b>	<b>\$ 33.92</b>	<b>\$ 1,812,498</b>	<b>\$ 17.84</b>
<b>Tenant Improvements and Leasing Commissions and Incentives</b>										
Office Buildings	\$ 4,019,017	\$ 69.66	\$ 5,347,499	\$ 87.46	\$ 7,937,441	\$ 85.95	\$ 2,844,874	\$ 75.16	\$ 3,842,217	\$ 55.39
Retail Centers	1,184,834	33.76	1,107,996	102.09	396,028	36.12	453,911	43.61	1,916,355	59.53
<b>Total</b>	<b>\$ 5,203,851</b>	<b>\$ 56.08</b>	<b>\$ 6,455,495</b>	<b>\$ 89.66</b>	<b>\$ 8,333,469</b>	<b>\$ 80.66</b>	<b>\$ 3,298,785</b>	<b>\$ 68.35</b>	<b>\$ 5,758,572</b>	<b>\$ 56.70</b>

**Commercial Leasing Summary - Renewal Leases**

	2nd Quarter 2015		1st Quarter 2015		4th Quarter 2014		3rd Quarter 2014		2nd Quarter 2014	
<b>Gross Leasing Square Footage</b>										
Office Buildings	71,112		135,134		575,499		44,214		109,686	
Retail Centers	95,048		111,342		45,084		170,568		10,645	
<b>Total</b>	<b>166,160</b>		<b>246,476</b>		<b>620,583</b>		<b>214,782</b>		<b>120,331</b>	
<b>Weighted Average Term (yrs)</b>										
Office Buildings	3.9		4.8		6.1		7.4		4.8	
Retail Centers	5.8		5.4		6.8		5.1		4.3	
<b>Total</b>	<b>4.9</b>		<b>5.1</b>		<b>6.1</b>		<b>5.6</b>		<b>4.8</b>	
<b>Rental Rate Increases:</b>	<b>GAAP</b>	<b>CASH</b>	<b>GAAP</b>	<b>CASH</b>	<b>GAAP</b>	<b>CASH</b>	<b>GAAP</b>	<b>CASH</b>	<b>GAAP</b>	<b>CASH</b>
<b>Rate on expiring leases</b>										
Office Buildings	\$ 30.91	\$ 33.07	\$ 35.26	\$ 36.79	\$ 35.87	\$ 37.53	\$ 32.89	\$ 35.79	\$ 33.89	\$ 35.42
Retail Centers	17.57	18.54	16.14	16.71	33.21	35.65	13.65	13.86	45.12	47.17
<b>Total</b>	<b>\$ 23.28</b>	<b>\$ 24.76</b>	<b>\$ 26.63</b>	<b>\$ 27.72</b>	<b>\$ 35.67</b>	<b>\$ 37.39</b>	<b>\$ 17.61</b>	<b>\$ 18.37</b>	<b>\$ 34.89</b>	<b>\$ 36.46</b>
<b>Rate on new leases</b>										
Office Buildings	\$ 32.43	\$ 31.37	\$ 37.98	\$ 35.99	\$ 37.25	\$ 35.44	\$ 44.95	\$ 41.11	\$ 36.12	\$ 34.39
Retail Centers	22.49	21.25	17.06	16.64	40.26	37.30	14.67	14.47	50.91	48.51
<b>Total</b>	<b>\$ 26.75</b>	<b>\$ 25.58</b>	<b>\$ 28.53</b>	<b>\$ 27.25</b>	<b>\$ 37.46</b>	<b>\$ 35.57</b>	<b>\$ 20.90</b>	<b>\$ 19.95</b>	<b>\$ 37.42</b>	<b>\$ 35.64</b>
<b>Percentage Increase</b>										
Office Buildings	4.9%	(5.1)%	7.7%	(2.2)%	3.9%	(5.6)%	36.7%	14.9%	6.6%	(2.9)%
Retail Centers	28.0%	14.6 %	5.7%	(0.4)%	21.2%	4.6 %	7.4%	4.4%	12.8%	2.8 %
<b>Total</b>	<b>14.9%</b>	<b>3.3 %</b>	<b>7.2%</b>	<b>(1.7)%</b>	<b>5.0%</b>	<b>(4.9)%</b>	<b>18.7%</b>	<b>8.6%</b>	<b>7.3%</b>	<b>(2.3)%</b>
	<b>Total Dollars</b>	<b>\$ per Sq Ft</b>	<b>Total Dollars</b>	<b>\$ per Sq Ft</b>	<b>Total Dollars</b>	<b>\$ per Sq Ft</b>	<b>Total Dollars</b>	<b>\$ per Sq Ft</b>	<b>Total Dollars</b>	<b>\$ per Sq Ft</b>
<b>Tenant Improvements</b>										
Office Buildings	\$ 423,589	\$ 5.96	\$ 550,948	\$ 4.08	\$14,952,993	\$ 25.98	\$ 595,757	\$ 13.47	\$ 1,897,016	\$ 17.29
Retail Centers	39,183	0.41	152,391	1.37	33,370	0.74	—	—	—	—
<b>Subtotal</b>	<b>\$ 462,772</b>	<b>\$ 2.79</b>	<b>\$ 703,339</b>	<b>\$ 2.85</b>	<b>\$14,986,363</b>	<b>\$ 24.15</b>	<b>\$ 595,757</b>	<b>\$ 2.77</b>	<b>\$ 1,897,016</b>	<b>\$ 15.76</b>
<b>Leasing Commissions and Incentives</b>										
Office Buildings	\$ 368,593	\$ 5.19	\$ 929,511	\$ 6.88	\$ 9,087,273	\$ 15.79	\$ 532,789	\$ 12.05	\$ 1,517,271	\$ 13.83
Retail Centers	199,976	2.10	243,602	2.19	192,343	4.27	51,270	0.30	27,278	2.56
<b>Subtotal</b>	<b>\$ 568,569</b>	<b>\$ 3.43</b>	<b>\$ 1,173,113</b>	<b>\$ 4.76</b>	<b>\$ 9,279,616</b>	<b>\$ 14.96</b>	<b>\$ 584,059</b>	<b>\$ 2.72</b>	<b>\$ 1,544,549</b>	<b>\$ 12.84</b>
<b>Tenant Improvements and Leasing Commissions and Incentives</b>										
Office Buildings	\$ 792,182	\$ 11.15	\$ 1,480,459	\$ 10.96	\$24,040,266	\$ 41.77	\$ 1,128,546	\$ 25.52	\$ 3,414,287	\$ 31.12
Retail Centers	239,159	2.51	395,993	3.56	225,713	5.01	51,270	0.30	27,278	2.56
<b>Total</b>	<b>\$ 1,031,341</b>	<b>\$ 6.22</b>	<b>\$ 1,876,452</b>	<b>\$ 7.61</b>	<b>\$24,265,979</b>	<b>\$ 39.11</b>	<b>\$ 1,179,816</b>	<b>\$ 5.49</b>	<b>\$ 3,441,565</b>	<b>\$ 28.60</b>

**10 Largest Tenants - Based on Annualized Commercial Income**

June 30, 2015

Tenant	Number of Buildings	Weighted Average Remaining Lease Term in Months	Percentage of Aggregate Portfolio Annualized Commercial Income	Aggregate Rentable Square Feet	Percentage of Aggregate Occupied Square Feet
World Bank	1	66	5.79%	210,354	3.29%
Advisory Board Company	2	47	3.71%	199,762	3.12%
Booz Allen Hamilton, Inc.	1	127	2.72%	222,989	3.49%
Engility Corporation	1	27	2.50%	134,126	2.10%
Squire Patton Boggs (USA) LLP	1	22	2.43%	110,566	1.73%
Epstein, Becker & Green, P.C.	1	18	1.32%	53,427	0.84%
General Services Administration	3	41	1.24%	52,282	0.82%
Alexandria City School Board	1	167	1.18%	84,693	1.32%
Hughes Hubbard & Reed LLP	1	32	1.16%	53,208	0.83%
Cozen O'Connor	1	10	1.15%	36,574	0.57%
<b>Total/Weighted Average</b>		66	<b>23.20%</b>	<b>1,157,981</b>	<b>18.11%</b>

**Industry Diversification**

June 30, 2015

<b>Industry Classification (NAICS)</b>	<b>Annualized Base Rental Revenue</b>	<b>Percentage of Aggregate Annualized Rent</b>	<b>Aggregate Rentable Square Feet</b>	<b>Percentage of Aggregate Square Feet</b>
Professional, Scientific, and Technical Services	\$ 76,640,158	38.37%	2,220,632	34.49%
Credit Intermediation and Related Activities	18,673,676	9.35%	334,486	5.20%
Religious, Grantmaking, Civic, Professional, and Similar Organizations	11,914,402	5.97%	315,621	4.90%
Food Services and Drinking Places	8,555,158	4.28%	268,156	4.17%
Educational Services	8,272,354	4.14%	271,809	4.22%
Food and Beverage Stores	6,773,934	3.39%	337,778	5.25%
Ambulatory Health Care Services	5,683,619	2.85%	176,670	2.74%
Executive, Legislative, and Other General Government Support	5,516,989	2.76%	155,732	2.42%
Furniture and Home Furnishings Stores	4,574,704	2.29%	216,089	3.36%
Health and Personal Care Stores	4,065,520	2.04%	107,960	1.68%
Personal and Laundry Services	3,988,057	2.00%	123,400	1.92%
Securities, Commodity Contracts, and Other Financial Investments and Related Activities	3,828,711	1.92%	106,772	1.66%
Sporting Goods, Hobby, Book, and Music Stores	3,353,849	1.68%	201,827	3.13%
Electronics and Appliance Stores	3,142,604	1.57%	169,094	2.63%
Broadcasting (except Internet)	2,980,042	1.49%	70,672	1.10%
Administrative and Support Services	2,864,373	1.43%	77,896	1.21%
Miscellaneous Store Retailers	2,841,647	1.42%	149,440	2.32%
Publishing Industries (except Internet)	2,802,806	1.40%	79,659	1.24%
General Merchandise Stores	2,333,709	1.17%	265,366	4.12%
Amusement, Gambling, and Recreation Industries	2,110,815	1.06%	116,418	1.81%
Clothing and Clothing Accessories Stores	1,985,855	0.99%	103,610	1.61%
Nursing and Residential Care Facilities	1,888,051	0.95%	66,810	1.04%
Telecommunications	1,532,630	0.77%	38,926	0.60%
Real Estate	1,419,558	0.71%	40,825	0.63%
Social Assistance	1,258,560	0.63%	50,270	0.78%
Building Material and Garden Equipment and Supplies Dealers	1,167,246	0.58%	38,330	0.60%



**Industry Diversification (continued)**

June 30, 2015

<b>Industry Classification (NAICS)</b>	<b>Annualized Base Rental Revenue</b>	<b>Percentage of Aggregate Annualized Rent</b>	<b>Aggregate Rentable Square Feet</b>	<b>Percentage of Aggregate Square Feet</b>
Chemical Manufacturing	936,612	0.47%	20,036	0.31%
Merchant Wholesalers, Durable Goods	839,559	0.42%	23,765	0.37%
Insurance Carriers and Related Activities	821,068	0.41%	25,324	0.39%
Merchant Wholesalers, Nondurable Goods	771,297	0.39%	48,208	0.75%
Construction of Buildings	665,461	0.33%	21,965	0.34%
Motor Vehicle and Parts Dealers	646,701	0.32%	36,832	0.57%
Transportation Equipment Manufacturing	558,973	0.28%	19,864	0.31%
Other	4,305,788	2.17%	137,806	2.13%
<b>Total</b>	<b>\$ 199,714,486</b>	<b>100.00%</b>	<b>\$ 6,438,048</b>	<b>100.00%</b>

**Lease Expirations**

June 30, 2015

Year	Number of Leases	Rentable Square Feet	Percent of Rentable Square Feet	Annualized Rent *	Average Rental Rate	Percent of Annualized Rent *
<b>Office:</b>						
2015	48	201,640	4.72%	\$ 6,959,354	\$ 34.51	4.05%
2016	106	441,591	10.34%	17,317,585	39.22	10.08%
2017	86	554,049	12.97%	21,565,923	38.92	12.55%
2018	84	440,623	10.31%	16,522,472	37.50	9.62%
2019	85	622,635	14.58%	25,296,810	40.63	14.72%
2020 and thereafter	239	2,011,432	47.08%	84,170,283	41.85	48.98%
	<u>648</u>	<u>4,271,970</u>	<u>100.00%</u>	<u>\$ 171,832,427</u>	<u>40.22</u>	<u>100.00%</u>
<b>Retail:</b>						
2015	27	67,024	2.95%	\$ 1,964,796	29.31	3.64%
2016	28	148,182	6.52%	3,756,874	25.35	6.97%
2017	46	256,920	11.30%	6,837,341	26.61	12.68%
2018	43	368,184	16.19%	5,375,251	14.60	9.97%
2019	39	173,299	7.62%	5,134,558	29.63	9.52%
2020 and thereafter	143	1,260,430	55.42%	30,859,730	24.48	57.22%
	<u>326</u>	<u>2,274,039</u>	<u>100.00%</u>	<u>\$ 53,928,550</u>	<u>23.71</u>	<u>100.00%</u>
<b>Total:</b>						
2015	75	268,664	4.10%	8,924,150	33.22	3.95%
2016	134	589,773	9.01%	21,074,459	35.73	9.34%
2017	132	810,969	12.39%	28,403,264	35.02	12.58%
2018	127	808,807	12.36%	21,897,723	27.07	9.70%
2019	124	795,934	12.16%	30,431,368	38.23	13.48%
2020 and thereafter	382	3,271,862	49.98%	115,030,013	35.16	50.95%
	<u>974</u>	<u>6,546,009</u>	<u>100.00%</u>	<u>\$ 225,760,977</u>	<u>34.49</u>	<u>100.00%</u>

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

**Schedule of Properties**

June 30, 2015

<b>PROPERTIES</b>	<b>LOCATION</b>	<b>YEAR ACQUIRED</b>	<b>YEAR CONSTRUCTED</b>	<b>NET RENTABLE SQUARE FEET</b>
<u>Office Buildings</u>				
1901 Pennsylvania Avenue	Washington, DC	1977	1960	101,000
51 Monroe Street	Rockville, MD	1979	1975	223,000
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	104,000
1600 Wilson Boulevard	Arlington, VA	1997	1973	168,000
Silverline Center	Tysons, VA	1997	1972/1986/1999	532,000
600 Jefferson Plaza	Rockville, MD	1999	1985	113,000
Wayne Plaza	Silver Spring, MD	2000	1970	99,000
Courthouse Square	Alexandria, VA	2000	1979	115,000
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	231,000
2445 M Street	Washington, DC	2008	1986	290,000
925 Corporate Drive	Stafford, VA	2010	2007	134,000
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	350,000
John Marshall II	Tysons, VA	2011	1996/2010	223,000
Fairgate at Ballston	Arlington, VA	2012	1988	143,000
The Army Navy Club Building	Washington, DC	2014	1912/1987	108,000
1775 Eye Street, NW	Washington, DC	2014	1964	185,000
Subtotal				<u>4,863,000</u>

**Schedule of Properties (continued)**

June 30, 2015

<u>PROPERTIES</u>	<u>LOCATION</u>	<u>YEAR ACQUIRED</u>	<u>YEAR CONSTRUCTED</u>	<u>NET RENTABLE SQUARE FEET</u>
<u>Retail Centers</u>				
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	46,000
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				<u>2,523,000</u>

**Schedule of Properties (continued)**

June 30, 2015

PROPERTIES	LOCATION	YEAR ACQUIRED	YEAR CONSTRUCTED	NET RENTABLE SQUARE FEET <sup>(1)</sup>
<u>Multifamily Buildings / # units</u>				
3801 Connecticut Avenue / 307	Washington, DC	1963	1951	178,000
Roosevelt Towers / 191	Falls Church, VA	1965	1964	170,000
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	226,000
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	139,000
Subtotal (2,826 units)				<u>2,431,000</u>
<b>TOTAL</b>				<b><u>9,817,000</u></b>

<sup>(1)</sup> Multifamily buildings are presented in gross square feet.

## Supplemental Definitions

June 30, 2015

**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, severance expense, relocation expense, acquisition and structuring expenses 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, severance expense, relocation expense, acquisition and structuring expenses 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) expenses related to acquisition and structuring activities, (3) executive transition costs and severance expense related to corporate reorganization and related to executive retirements or resignations, (4) property impairments and gains on sale, 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 (excluding items contemplated prior to acquisition or associated with development / redevelopment of a property)

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 and gains on sale, 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.

**Net Operating Income ("NOI")** is a non-GAAP measure defined as real estate rental revenue less real estate expenses. 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, real estate impairment and gain or loss on extinguishment of debt. We also present NOI on a cash basis ("Cash NOI") which is calculated as NOI less the impact of straightlining of rent and amortization of market intangibles. 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.

**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.