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): July 22, 2016

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

MARYLAND	001-06622	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 1.01 Entry into a Material Definitive Agreement.

On July 22, 2016, Washington Real Estate Investment Trust (the “Company”), entered into a Term Loan Agreement (the “Term Loan Agreement”), dated as of July 22, 2016 with Capital One, National Association, as administrative agent (the “Agent”) and the financial institutions party thereto as lenders or agents, which Loan Agreement provides for an unsecured seven year delayed draw term loan facility of up to $150 million (the “Term Loan Facility”). Under the Term Loan Facility, the Company may borrow term loans during a six-month availability period commencing on July 22, 2016 (the “Availability Period”). All term loans borrowed during such period will have a maturity date of July 2, 2023. No amortization payments are due under the Term Loan Facility prior to the maturity date. The loans under the Term Loan Facility may be voluntarily prepaid in full or in part at any time, subject to customary breakage costs, if applicable, and, in the case of prepayments made during the first two years of the Term Loan Facility, a prepayment premium of (i) 2% of principal amount prepaid during the first year of the Term Loan Facility and (ii) 1% of the principal amount prepaid during the second year of the Term Loan Facility shall apply. As of July 22, 2016, no loans were drawn by the Company under the Term Loan Facility.

The Term Loan Facility includes the option to add additional term loans under the Term Loan Agreement to up to $300 million in the aggregate to the extent the lenders (from the syndicate or otherwise) agree to provide additional term loan commitments.

No subsidiaries of the Company are currently required to guarantee the Company’s obligations under the Term Loan Agreement. Subsidiaries of the Company may in the future be required to guarantee the Company’s obligations under the Term Loan Agreement if any such subsidiary (a) guarantees the indebtedness of the Company or another subsidiary of the Company (excluding, among other things, guarantees of certain indebtedness in an aggregate principal amount not in excess of $200 million) or (b) owns a property included in the determination of the Company’s unencumbered pool value and incurs any recourse indebtedness.

Loans under the Term Loan Facility will bear interest, at the Company’s option, at a rate of either LIBOR plus a margin ranging from 1.50% to 2.45% (depending on the Company’s credit rating) or the base rate plus a margin ranging from 0.5% to 1.45% (based upon the Company’s credit rating). The base rate is the highest of the Agent’s prime rate, the federal funds rate plus 0.50% and the daily one-month LIBOR rate plus 1.0%. In addition, the Term Loan Agreement requires the payment of an unused commitment fee equal to 0.20% on the aggregate unused term loan commitments under the Term Loan Facility accruing during the Availability Period.

The Term Loan Agreement contains representations, financial and other affirmative and negative covenants that are substantially similar to the Company’s existing Amended and Restated Credit Agreement, dated as of June 23, 2015, among the Company, Wells Fargo Bank, National Association, as agent, and the financial institutions from time to time parties thereto, as amended (the “Existing Credit Agreement”). Consistent with the Existing Credit Agreement, the Term Loan Agreement requires that the Company comply with various covenants, including covenants restricting liens on properties included in the determination of the Company’s unencumbered pool value, investments, mergers, affiliate transactions, asset sales and the payment of dividends following an event of default. In addition, consistent with the Existing Credit Agreement, the Term Loan Agreement requires that the Company satisfy certain financial maintenance covenants, including:

- ratio of total debt to total asset value of not more than 0.60 to 1.00 (subject to a higher level following material acquisitions);
- ratio of adjusted EBITDA to fixed charges of not less than 1.50 to 1.00;
- ratio of secured indebtedness to total asset value of not more than 0.40 to 1.00;
- ratio of net operating income from unencumbered properties satisfying certain criteria specified in the Term Loan Agreement to interest expense on unsecured indebtedness of not less than 1.75 to 1.00; and
- ratio of unsecured indebtedness to the unencumbered pool value of properties satisfying certain criteria specified in, and valued per the terms of, the Term Loan Agreement of not more than 0.60 to 1.00 (subject to a higher level following material acquisitions).

Consistent with the Existing Credit Agreement, the Term Loan Agreement also includes customary events of default, the occurrence of which, following any applicable grace period, would permit the lenders to, among other things, declare the principal, accrued interest and other obligations of the Company under the Term Loan Agreement to be immediately due and payable.

The Company also has entered into interest rate swap arrangements in relation to the full amount of the Term Loan, with the effect that the Company will pay a fixed interest rate of approximately 2.86% on the Term Loan (based on the Company's current credit rating). These swap arrangements will take effect on March 31, 2017 and will expire on the maturity date of the Term Loan.

From time to time, the Company has had customary commercial and/or investment banking relationships with Capital One, National Association, Agent, and/or certain of its affiliates and with US Bank National Association and/or certain of their affiliates, counterparties to the interest rate swap arrangements.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant

The disclosure contained in Item 1.01 of this Current Report on Form 8-K is incorporated herein by reference.

Item 2.02 Results of Operations and Financial Condition

and

Item 7.01 Regulation FD Disclosure.

A press release issued by the Registrant on July 27, 2016 regarding earnings for the three and six months ended June 30, 2016, 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.

As previously announced, on July 5, 2016, Thomas C. Morey resigned as Senior Vice President, General Counsel and Corporate Secretary of Washington Real Estate Investment Trust ("Washington REIT") with a specified effective date of July 26, 2016. In connection therewith, on July 26, 2016, Washington REIT and Mr. Morey entered into a Separation Agreement and General Release (the "Separation Agreement"). The Separation Agreement provides for a $200,000 payment to Mr. Morey (provided he does not revoke such agreement during a seven-day revocation period). Pursuant to the Separation Agreement, Washington REIT has agreed to a general release of claims against Mr. Morey, and Mr. Morey has agreed to a general release of claims against Washington REIT. Mr. Morey also has agreed to reasonably cooperate with and provide information to Washington REIT upon request, and he will receive 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 covenant.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
99.1	Press release issued July 27, 2016 regarding earnings for the three and six months ended June 30, 2016
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
(Registrant)

By: /s/ W. Drew Hammond
(Signature)

W. Drew Hammond
Vice President, Chief Accounting Officer
and Controller

July 27, 2016
(Date)

Exhibit Index

Exhibit No.	Description
99.1	Press release issued July 27, 2016 regarding earnings for the three and six months ended June 30, 2016
99.2	Certain supplemental information not included in the press release

WASHINGTON★REIT

NEWS RELEASE

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July 27, 2016

WASHINGTON REAL ESTATE INVESTMENT TRUST ANNOUNCES SECOND QUARTER FINANCIAL AND OPERATING RESULTS AND 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, 2016:

Second Quarter 2016 Highlights

- Generated Net Income of $31.8 million or $0.44 per diluted share compared to a net loss of $(2.5) million or $(0.04) per diluted share in the second quarter of 2015
- Generated NAREIT Funds from Operations (FFO) of $32.9 million, or $0.46 per diluted share, compared to $22.6 million, or $0.33 per diluted share in the second quarter of 2015
- Generated Core FFO of $0.46 per fully diluted share for the second quarter, a 9.5% or $0.04 increase over second quarter of 2015. Approximately $0.01 of the increase was due to the recognition of a deferred tax benefit
- Achieved same-store Net Operating Income (NOI) growth of 3.9%, with same-store rental growth of 1.9% over second quarter 2015
- Achieved same-store NOI growth of 5.7% for the office portfolio and 5.9% for the multifamily portfolio over second quarter 2015
- Improved overall portfolio physical occupancy to 91.1%,110 basis points higher than second quarter 2015 and 50 basis points higher than first quarter 2016. The overall portfolio was 94.1% leased at June 30, 2016
- Tightened 2016 Core FFO guidance by 4 cents to a range of $1.74 to $1.77 per fully diluted share, raising the mid-point by 2 cents per fully diluted share
- Completed the first of two sale transactions of the suburban Maryland office portfolio, comprising approximately 692,000 square feet for aggregate sales proceeds of $111.5 million
- Completed the acquisition of Riverside Apartments, a 1,222 unit apartment community with potential on-site density to develop approximately 550 additional units, for $244.8 million
- Raised approximately $150.0 million gross proceeds before expenses and underwriting costs through issuance of 5.3 million shares in a public offering

"We delivered a strong quarter and raised the mid-point of our full-year Core FFO range, while also achieving our strategic objectives to elevate the quality of our portfolio and strengthen our balance sheet," said Paul T. McDermott, President and Chief Executive Officer. "The successful execution of our asset recycling plans as well as our equity capital raise this quarter have lowered our operational risk, improved the quality and stability of our NOI, and strengthened our balance sheet, all of which will enhance the risk-adjusted returns we generate for our shareholders."

Financial Summary

Net income attributable to the controlling interests for the quarter ended June 30, 2016 was $31.8 million, or $0.44 per diluted share, compared to $(2.5) million, or $(0.04) per diluted share, for the corresponding prior year period, primarily due to the recognition of a $24.1 million gain on the first suburban Maryland office portfolio sale transaction.

NAREIT FFO for the quarter ended June 30, 2016 was $32.9 million, or $0.46 per diluted share, compared to $22.6 million, or $0.33 per diluted share, for the corresponding prior year period.

Core FFO[1] was $33.4 million, or $0.46 per diluted share, for the quarter ended June 30, 2016, compared to $28.5 million, or $0.42 per diluted share, for the corresponding prior year period. Further detail will be provided by management on the earnings call.

Operating Results

The Company's overall portfolio NOI[2] was $51.2 million for the quarter ended June 30, 2016, compared to $47.0 million in the corresponding prior year period. Overall portfolio physical occupancy for the second quarter was at 91.1%, compared to 90.0% at the end of the second quarter last year and 90.6% at the end of the first quarter 2016. Overall percentage leased was 94.1% as of June 30, 2016.

Same-store[3] portfolio physical occupancy for the second quarter of 2016 was 92.7%, compared to 93.3% at June 30, 2015 and 92.2% at the end of the first quarter of 2016. Same-store portfolio NOI for the second quarter increased by 3.9%, compared to the corresponding prior year period.

- **Office: 53% of Total NOI -** Office properties' same-store NOI increased by 5.7% compared to the corresponding prior year period, primarily due to rental rate growth of 2.1% and higher reimbursements for operating expenses. Same-store physical occupancy decreased 40 basis points over last year to 91.8%, and the same-store office portfolio was approximately 92.5% leased as of June 30, 2016.

- **Retail: 22% of Total NOI -** Retail properties' same-store NOI decreased slightly by (0.9%) compared to the corresponding prior year period, primarily due to an increase in real estate taxes stemming from rising property assessment values across the retail portfolio. Rental rates increased 3.2% while same-store physical occupancy decreased by 200 basis points over last year to 92.1%, substantially due to re-tenanted space that has not commenced. The same-store retail portfolio was approximately 94.0% leased as of June 30, 2016.

- **Multifamily: 25% of Total NOI -** Multifamily properties' same-store NOI increased by 5.9% compared to the corresponding prior year period, partly driven by operating expense savings and an absence of the concessions that were offered at select properties last year. Rental rates increased by 20 basis points, while same-store physical occupancy on a square-footage basis increased 50 basis points over last year to 94.8%. The same-store multifamily portfolio was approximately 98.0% leased as of June 30, 2016.

Leasing Activity

During the second quarter, Washington REIT signed commercial leases totaling 74,000 square feet, including 34,000 square feet of new leases and 40,000 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
New:						
Office	28,000	6.1	$ 39.83	14.5 %	$ 48.19	$ 31.69
Retail	6,000	8.1	28.13	-2.7 %	17.72	15.42
Total	34,000	6.5	37.69	11.8 %	42.61	28.71
Renewal:						
Office	31,000	4.6	$ 34.42	14.2 %	$ 4.98	$ 18.45
Retail	9,000	6.3	41.78	28.3 %	—	10.78
Total	40,000	5.0	36.10	17.6 %	3.85	16.71

Acquisition Activity

On May 20, 2016, the Company closed the previously announced acquisition of Riverside Apartments, an apartment community in Alexandria, VA, consisting of 1,222 units and potential onsite density to develop approximately 550 additional units, for $244.8 million. Riverside Apartments consists of three,15-story buildings over 28 acres of land located in close proximity to Metro, near the intersection of Route 1 and the Capital Beltway and in the heart of the dynamic Huntington Metro corridor in Fairfax County, Virginia.

Disposition Activity

On May 26, 2016, the Company sold a parcel of land at Dulles Station II in Herndon, Virginia for $12.1 million.

On June 27, 2016, Washington REIT completed the first of two sale transactions of its suburban Maryland office portfolio comprising approximately 692,000 square feet for aggregate sales proceeds of $111.5 million. The first sale transaction included 6110 Executive Boulevard, West Gude Drive, Wayne Plaza and 600 Jefferson Plaza. As previously announced, Washington REIT's remaining Maryland office assets (51 Monroe and One Central Plaza) are also under contract to be sold. This additional sale is expected to close late in the third quarter of 2016.

Washington REIT recently placed a multifamily asset, Walker House Apartments in Gaithersburg, MD, in the market to complete its planned suburban Maryland asset sales. The Company is also exploring the sale of another legacy suburban office asset.

Capital Update

At the end of April 2016, Washington REIT issued 5.3 million shares through a public offering, which raised gross proceeds before expenses and underwriting costs of approximately $150.0 million.

In the first half of 2016, the Company paid down approximately $166.0 million of secured debt, of which $81.8 million was paid down in the second quarter. The Company is targeting a reduction of secured debt by a total of $266.0 million in 2016.

On July 22, 2016, Washington REIT entered into a seven year $150.0 million unsecured term loan maturing on July 21, 2023 with a deferred draw period of up to six months. The Company expects to draw on the term loan in the fourth quarter or early in January 2017 to refinance maturing secured debt. Washington REIT entered into a forward swap from floating interest rates to a 2.86% all-in fixed interest rate for $150.0 million commencing on March 31, 2017.The term loan fits well on Washington REIT's debt maturity ladder and helps to strengthen its balance sheet. Capital One, National Association and U.S. Bank National Association served as joint lead arrangers and joint bookrunners and are the administrative agent and syndication agent, respectively. The Bank of New York Mellon and Branch Banking and Trust Company also participated.

Earnings Guidance

Management is tightening the 2016 Core FFO guidance range to $1.74 to $1.77 from $1.70 to $1.77 per fully diluted share, raising the mid-point by 2 cents. The following assumptions are incorporated into the tightened guidance range:

- Same-store NOI growth is projected to be approximately 1%, from a previous range of flat to 1%
- Same-store office NOI growth is projected to be approximately 1%, from approximately flat previously
- Same-store multifamily NOI growth is projected to range from 3% to 3.5%, from a previous range of 1% to 2%
- Same-store retail NOI growth is projected to range from (1.5)% to (1)%, from a previous range of (0.5)% to flat, primarily due to real estate tax increases and the timing of lease commencements
- Silverline Center is expected to contribute $7.1 to $7.6 million of NOI
- The Maxwell is expected to contribute $2.5 to $2.7 million of NOI
- The Company does not currently expect to close further acquisitions in 2016 and plans to complete the suburban Maryland portfolio sale by closing on the contracted sale of 51 Monroe and One Central Plaza, and by selling Walker House, a multifamily asset located in Gaithersburg, MD
- General and administrative expense is projected to be approximately $19.5 million, excluding any severance expense
- Interest expense is projected to be approximately $53 to $54 million, from a previous range of $56 to $57 million

Washington REIT's 2016 Core FFO guidance is based on a number of 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.

2016 Guidance Reconciliation Table

A reconciliation of projected net income attributable to the controlling interests per diluted share to projected Core FFO per diluted share for the year ending December 31, 2016 is as follows:

	Low	High
Net income attributable to the controlling interests per diluted share [(a)]	$ 0.64	$ 0.67
Real estate depreciation and amortization [(b)]	1.45	1.45
Gain on sale of real estate	(0.33)	(0.33)
All other core adjustments	(0.02)	(0.02)
Core FFO per diluted share	$ 1.74	$ 1.77

[(a)] Only gains on sale of real estate through June 30, 2016 have been included.
[(b)] Does not include any impact from acquisitions and dispositions for the remainder of the year.

Dividends

On June 30, 2016, 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, 2016 to shareholders of record on September 15, 2016.

Conference Call Information

The Conference Call for Second Quarter Earnings is scheduled for Thursday, July 28, 2016 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 11, 2016 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
Conference ID: 13627546

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, equity real estate investment trust investing in income-producing properties in the greater Washington metro region. Washington REIT owns a diversified portfolio of 51 properties, totaling approximately 6.5 million square feet of commercial space and 4,480 multifamily units, and land held for development. These 51 properties consist of 21 office properties, 16 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 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 risk of failure to complete contemplated acquisitions and dispositions, 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 2015 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 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, casualty gains, and gains or losses 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 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, 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 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.

(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 (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

	Physical Occupancy			
	Same-Store Properties		All Properties	
Segment	2nd QTR 2016	2nd QTR 2015	2nd QTR 2016	2nd QTR 2015
Multifamily	94.8 %	94.3 %	94.4 %	91.7 %
Office	91.8 %	92.2 %	87.5 %	87.6 %
Retail	92.1 %	94.1 %	92.1 %	92.9 %
Overall Portfolio	92.7 %	93.3 %	91.1 %	90.0 %

(i) A same-store properties include properties that were owned for the entirety of the current reporting period and the prior year, and exclude properties under redevelopment or development and properties purchased or sold at any time during the current reporting period and the prior year. 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 excluded same-store properties beginning in the period during which redevelopment or develop activities commence. We consider properties to no longer be under redevelopment or development upon substantial completion of the redevelopment or development activities, and the earlier of achieving 90% occupancy or two years after completion. For Q2 2016 and Q2 2015, same-store properties exclude:

Multifamily Acquisitions: The Wellington and Riverside Apartments;
Multifamily Development: The Maxwell;
Office Redevelopment: Silverline Center and The Army Navy Club Building.

Also excluded from same-store properties in Q2 2016 and Q2 2015 are:

Sold Properties:
Multifamily: Munson Hill Towers;
Office: 6110 Executive Boulevard, Wayne Plaza, 600 Jefferson Plaza and West Gude Drive;
Retail: Montgomery Village Center.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
OPERATING RESULTS	**2016**	**2015**	**2016**	**2015**
Revenue				
Real estate rental revenue	$ 79,405	$ 74,226	$ 156,542	$ 149,082
Expenses				
Real estate expenses	28,175	27,229	56,909	56,437
Depreciation and amortization	25,161	25,503	51,199	50,778
Acquisition costs	1,024	992	1,178	1,008
General and administrative	4,968	4,278	10,479	10,358
Casualty (gain) and real estate impairment loss, net	(676)	5,909	(676)	5,909
	58,652	63,911	119,089	124,490
Other operating income				
Gain on sale of real estate	24,112	1,454	24,112	31,731
Real estate operating income	44,865	11,769	61,565	56,323
Other income (expense):				
Interest expense	(13,820)	(14,700)	(28,180)	(30,048)
Loss on extinguishment of debt	—	(119)	—	(119)
Other income	83	192	122	384
Income tax benefit (expense)	693	(28)	693	(28)
	(13,044)	(14,655)	(27,365)	(29,811)
Net income (loss)	31,821	(2,886)	34,200	26,512
Less: Net loss attributable to noncontrolling interests in subsidiaries	15	340	20	448
Net income (loss) attributable to the controlling interests	$ 31,836	$ (2,546)	$ 34,220	$ 26,960
Net income (loss)	31,821	(2,886)	34,200	26,512
Depreciation and amortization	25,161	25,503	51,199	50,778
Gain on sale of depreciable real estate	(24,112)	—	(24,112)	(30,277)
NAREIT funds from operations[(1)]	$ 32,870	$ 22,617	$ 61,287	$ 47,013
Non-cash loss on extinguishment of debt	—	119	—	119
Tenant improvements and incentives	(7,639)	(3,417)	(9,182)	(7,147)
External and internal leasing commissions capitalized	(3,350)	(1,149)	(4,365)	(2,755)
Recurring capital improvements	(1,237)	(737)	(2,145)	(1,426)
Straight-line rents, net	(880)	(538)	(1,563)	(131)
Non-cash fair value interest expense	44	36	86	71
Non real estate depreciation & amortization of debt costs	876	1,123	1,826	2,061
Amortization of lease intangibles, net	853	970	1,796	1,738
Amortization and expensing of restricted share and unit compensation	850	1,195	2,369	3,021
Funds available for distribution[(4)]	$ 22,387	$ 20,219	$ 50,109	$ 42,564

		Three Months Ended June 30,		Six Months Ended June 30,	
Per share data:		**2016**	**2015**	**2016**	**2015**
Net income (loss)	(Basic)	$ 0.44	$ (0.04)	$ 0.49	$ 0.39
	(Diluted)	$ 0.44	$ (0.04)	$ 0.49	$ 0.39
NAREIT funds from operations	(Basic)	$ 0.46	$ 0.33	$ 0.87	$ 0.69
	(Diluted)	$ 0.46	$ 0.33	$ 0.87	$ 0.69
Dividends paid		$ 0.30	$ 0.30	$ 0.60	$ 0.60
Weighted average shares outstanding		71,719	68,176	70,010	68,159
Fully diluted weighted average shares outstanding		71,912	68,176	70,200	68,283
Fully diluted weighted average shares outstanding (for FFO)		71,912	68,375	70,200	68,283

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

	June 30, 2016 (unaudited)	December 31, 2015
Assets		
Land	$ 573,315	$ 561,256
Income producing property	2,072,166	2,076,541
	2,645,481	2,637,797
Accumulated depreciation and amortization	(613,194)	(692,608)
Net income producing property	2,032,287	1,945,189
Properties under development or held for future development	35,760	36,094
Total real estate held for investment, net	2,068,047	1,981,283
Investment in real estate held for sale, net	41,704	—
Cash and cash equivalents	22,379	23,825
Restricted cash	11,054	13,383
Rents and other receivables, net of allowance for doubtful accounts of $2,010 and $2,297 respectively	58,970	62,890
Prepaid expenses and other assets	99,150	109,787
Other assets related to properties sold or held for sale	5,147	—
Total assets	$ 2,306,451	$ 2,191,168
Liabilities		
Notes payable	$ 743,769	$ 743,181
Mortgage notes payable	252,044	418,052
Lines of credit	269,000	105,000
Accounts payable and other liabilities	52,722	45,367
Dividend payable	—	20,434
Advance rents	10,178	12,744
Tenant security deposits	8,290	9,378
Liabilities related to properties sold or held for sale	2,338	—
Total liabilities	1,338,341	1,354,156
Equity		
Shareholders' equity		
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; 73,651 and 68,191 shares issued and outstanding, respectively	737	682
Additional paid-in capital	1,338,101	1,193,298
Distributions in excess of net income	(366,352)	(357,781)
Accumulated other comprehensive loss	(5,609)	(550)
Total shareholders' equity	966,877	835,649
Noncontrolling interests in subsidiaries	1,233	1,363
Total equity	968,110	837,012
Total liabilities and equity	$ 2,306,451	$ 2,191,168

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, 2016	**Multifamily**	**Office**	**Retail**	**Total**
Same-store net operating income[3]	$ 8,398	$ 22,839	$ 11,396	$ 42,633
Add: Net operating income from non-same-store properties[3]	4,293	4,304	—	8,597
Total net operating income[2]	$ 12,691	$ 27,143	$ 11,396	$ 51,230
Add/(deduct):				
Other income				83
Acquisition costs				(1,024)
Interest expense				(13,820)
Depreciation and amortization				(25,161)
General and administrative expenses				(4,968)
Gain on sale of real estate				24,112
Casualty gain and real estate impairment (loss), net				676
Income tax benefit (expense)				693
Net income				31,821
Less: Net loss attributable to noncontrolling interests in subsidiaries				15
Net income attributable to the controlling interests				$ 31,836

Three months ended June 30, 2015	**Multifamily**	**Office**	**Retail**	**Total**
Same-store net operating income[3]	$ 7,932	$ 21,612	$ 11,497	$ 41,041
Add: Net operating income from non-same-store properties[3]	726	4,689	541	5,956
Total net operating income[2]	$ 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				(4,278)
Loss on extinguishment of debt				(119)
Gain on sale of real estate				1,454
Casualty gain and real estate impairment (loss), net				(5,909)
Income tax benefit (expense)				(28)
Net loss				(2,886)
Less: Net loss attributable to noncontrolling interests in subsidiaries				340
Net loss attributable to the controlling interests				$ (2,546)

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, 2016	**Multifamily**	**Office**	**Retail**	**Total**
Same-store net operating income[3]	$ 16,405	$ 44,620	$ 22,370	$ 83,395
Add: Net operating income from non-same-store properties[3]	6,972	9,266	—	16,238
Total net operating income[2]	$ 23,377	$ 53,886	$ 22,370	$ 99,633
Add/(deduct):				
Other income				122
Acquisition costs				(1,178)
Interest expense				(28,180)
Depreciation and amortization				(51,199)
General and administrative expenses				(10,479)
Gain on sale of real estate				24,112
Casualty gain and real estate impairment (loss), net				676
Income tax benefit (expense)				693
Net income				34,200
Less: Net loss attributable to noncontrolling interests in subsidiaries				20
Net income attributable to the controlling interests				$ 34,220

Six months ended June 30, 2015	**Multifamily**	**Office**	**Retail**	**Total**
Same-store net operating income[3]	$ 15,773	$ 43,470	$ 22,508	$ 81,751
Add: Net operating income from non-same-store properties[3]	1,637	8,184	1,073	10,894
Total net operating income[2]	$ 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				(10,358)
Loss on extinguishment of debt				(119)
Gain on sale of real estate				31,731
Casualty gain and real estate impairment (loss), net				(5,909)
Income tax benefit (expense)				(28)
Net income				26,512
Less: Net loss attributable to noncontrolling interests in subsidiaries				448
Net income attributable to the controlling interests				$ 26,960

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,	
	2016	2015	2016	2015
Net income (loss)	$ 31,821	$ (2,886)	$ 34,200	$ 26,512
Add/(deduct):				
Real estate depreciation and amortization	25,161	25,503	51,199	50,778
Gain on sale of depreciable real estate	(24,112)	—	(24,112)	(30,277)
NAREIT funds from operations(1)	32,870	22,617	61,287	47,013
Add/(deduct):				
Casualty (gain) and real estate impairment loss, net	(676)	5,909	(676)	5,909
Acquisition and structuring expenses	1,107	1,264	1,366	1,498
Loss (gain) on sale of non-depreciable real estate	—	(1,454)	—	(1,454)
Loss on extinguishment of debt	—	119	—	119
Severance expense	126	—	586	1,001
Relocation expense	—	26	—	90
Core funds from operations(1)	$ 33,427	$ 28,481	$ 62,563	$ 54,176

		Three Months Ended June 30,		Six Months Ended June 30,	
Per share data:		2016	2015	2016	2015
NAREIT FFO	(Basic)	$ 0.46	$ 0.33	$ 0.87	$ 0.69
	(Diluted)	$ 0.46	$ 0.33	$ 0.87	$ 0.69
Core FFO	(Basic)	$ 0.46	$ 0.42	$ 0.89	$ 0.79
	(Diluted)	$ 0.46	$ 0.42	$ 0.89	$ 0.79
Weighted average shares outstanding		71,719	68,176	70,010	68,159
Fully diluted weighted average shares outstanding (for FFO)		71,912	68,375	70,200	68,283

WASHINGTON★REIT

Washington Real Estate Investment Trust
Second Quarter 2016

Riverside Apartments, Acquired on May 20, 2016 Alexandria, VA

Supplemental Operating and Financial Data

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Company Background and Highlights
Second Quarter 2016

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 2016 Highlights

- Generated Net Income of $31.8 million or $0.44 per diluted share compared to a net loss of $(2.5) million or $(0.04) per diluted share in the second quarter of 2015
- Generated NAREIT Funds from Operations (FFO) of $32.9 million, or $0.46 per diluted share, compared to $22.6 million, or $0.33 per diluted share in the second quarter of 2015
- Generated Core FFO of $0.46 per fully diluted share for the second quarter, a 9.5% or $0.04 increase over second quarter of 2015. Approximately $0.01 of the increase was due to the recognition of a deferred tax benefit
- Achieved same-store Net Operating Income (NOI) growth of 3.9%, with same-store rental growth of 1.9% over second quarter 2015
- Achieved same-store NOI growth of 5.7% for the office portfolio and 5.9% for the multifamily portfolio over second quarter 2015
- Improved overall portfolio physical occupancy to 91.1%,110 basis points higher than second quarter 2015 and 50 basis points higher than first quarter 2016. The overall portfolio was 94.1% leased at June 30, 2016
- Tightened 2016 Core FFO guidance by 4 cents to a range of $1.74 to $1.77 per fully diluted share, raising the mid-point by 2 cents per fully diluted share

Of the 74,000 square feet of commercial leases signed, there were 34,000 square feet of new leases and 40,000 square feet of renewal leases. New leases had an average rental rate increase of 11.8% over expiring lease rates and a weighted average lease term of 6.5 years. Commercial tenant improvement costs were $42.61 per square foot and leasing commissions and incentives were $28.71 per square foot for new leases. Renewal leases had an average rental rate increase of 17.6% from expiring lease rates and a weighted average lease term of 5.0 years. Commercial tenant improvement costs were $3.85 per square foot and leasing commissions and incentives were $16.71 per square foot for renewal leases.

At the end of April 2016, Washington REIT issued 5.3 million shares through a public offering, which raised gross proceeds before expenses and underwriting costs of approximately $150.0 million. On May 20, 2016, the Company closed the previously announced acquisition of Riverside Apartments, an apartment community in Alexandria, VA, consisting of 1,222 units and potential onsite density to develop 550 additional units, for $244.8 million. On May 26, 2016, the Company sold a parcel of land at Dulles Station II in Herndon, Virginia for $12.1 million and on June 27, 2016, Washington REIT completed the first sale transaction of its suburban Maryland office portfolio comprising approximately 692,000 square feet for aggregate sales proceeds of $111.5 million.

Subsequent to quarter end, on July 22, 2016, Washington REIT entered into a seven year $150 million unsecured term loan maturing on July 21, 2023 with a deferred draw period of up to six months. The Company expects to draw on the term loan in the fourth quarter or early in January 2017 to refinance maturing secured debt. Washington REIT entered into a forward swap from floating interest rates to a 2.86% all-in fixed interest rate for $150 million commencing at the end of March 31, 2017. The term loan fits well on Washington REIT's debt maturity ladder and helps to strengthen its balance sheet. Capital One, National Association and U.S. Bank National Association served as joint lead arrangers and joint bookrunners and are the administrative agent and syndication agent, respectively. The Bank of New York Mellon and Branch Banking and Trust Company also participated.

As of June 30, 2016, Washington REIT owned a diversified portfolio of 51 properties, totaling approximately 6.5 million square feet of commercial space and 4,480 multifamily units, and land held for development. These 51 properties consist of 21 office properties, 16 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 - Second Quarter 2016

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 2015 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.

Supplemental Financial and Operating Data

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June 30, 2016

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

	Three Months Ended				
OPERATING RESULTS	**6/30/2016**	**3/31/2016**	**12/31/2015**	**9/30/2015**	**6/30/2015**
Real estate rental revenue	$ 79,405	$ 77,137	$ 79,102	$ 78,243	$ 74,226
Real estate expenses	(28,175)	(28,734)	(27,688)	(28,109)	(27,229)
	51,230	48,403	51,414	50,134	46,997
Real estate depreciation and amortization	(25,161)	(26,038)	(28,808)	(29,349)	(25,503)
Income from real estate	26,069	22,365	22,606	20,785	21,494
Interest expense	(13,820)	(14,360)	(15,012)	(14,486)	(14,700)
Other income	83	39	162	163	192
Acquisition costs	(1,024)	(154)	(119)	(929)	(992)
Casualty gain and real estate impairment (loss), net	676	—	—	—	(5,909)
Gain on sale of real estate	24,112	—	59,376	—	1,454
Loss on extinguishment of debt	—	—	—	—	(119)
General and administrative	(4,968)	(5,511)	(4,854)	(4,911)	(4,278)
Income tax benefit (expense)	693	—	(64)	(42)	(28)
Net income (loss)	31,821	2,379	62,095	580	(2,886)
Less: Net loss from noncontrolling interests	15	5	38	67	340
Net income (loss) attributable to the controlling interests	$ 31,836	$ 2,384	$ 62,133	$ 647	$ (2,546)
Per Share Data:					
Net income (loss)	$ 0.44	$ 0.03	$ 0.91	$ 0.01	$ (0.04)
Fully diluted weighted average shares outstanding	71,912	68,488	68,371	68,305	68,176
Percentage of Revenues:					
Real estate expenses	35.5%	37.3%	35.0%	35.9%	36.7 %
General and administrative	6.3%	7.1%	6.1%	6.3%	5.8 %
Ratios:					
Adjusted EBITDA / Interest expense	3.4x	3.0x	3.1x	3.2x	3.0x
Income from continuing operations/Total real estate revenue	40.1%	3.1%	78.5%	0.7%	(3.9)%
Net income /Total real estate revenue	40.1%	3.1%	78.5%	0.8%	(3.4)%

Consolidated Balance Sheets
(In thousands)
(Unaudited)

	6/30/2016	3/31/2016	12/31/2015	9/30/2015	6/30/2015
Assets					
Land	$ 573,315	$ 561,256	$ 561,256	$ 572,880	$ 542,654
Income producing property	2,072,166	2,095,306	2,076,541	2,074,425	1,966,612
	2,645,481	2,656,562	2,637,797	2,647,305	2,509,266
Accumulated depreciation and amortization	(613,194)	(714,689)	(692,608)	(677,480)	(670,103)
Net income producing property	2,032,287	1,941,873	1,945,189	1,969,825	1,839,163
Development in progress, including land held for development	35,760	27,313	36,094	35,256	35,314
Total real estate held for investment, net	2,068,047	1,969,186	1,981,283	2,005,081	1,874,477
Investment in real estate held for sale, net	41,704	—	—	5,010	—
Cash and cash equivalents	22,379	23,575	23,825	21,012	22,778
Restricted cash	11,054	9,889	13,383	12,544	13,705
Rents and other receivables, net of allowance for doubtful accounts	58,970	63,863	62,890	62,306	61,577
Prepaid expenses and other assets	99,150	118,790	109,787	117,167	112,852
Other assets related to properties sold or held for sale	5,147	—	—	278	—
Total assets	$ 2,306,451	$ 2,185,303	$ 2,191,168	$ 2,223,398	$ 2,085,389
Liabilities					
Notes payable	$ 743,769	$ 743,475	$ 743,181	$ 742,971	$ 593,755
Mortgage notes payable	252,044	333,853	418,052	418,400	418,637
Lines of credit	269,000	215,000	105,000	195,000	185,000
Accounts payable and other liabilities	52,722	56,348	45,367	54,131	50,281
Dividend payable	—	—	20,434	—	—
Advance rents	10,178	11,589	12,744	10,766	13,733
Tenant security deposits	8,290	9,604	9,378	9,225	9,053
Liabilities related to properties sold or held for sale	2,338	—	—	329	—
Total liabilities	1,338,341	1,369,869	1,354,156	1,430,822	1,270,459
Equity					
Preferred shares; $0.01 par value; 10,000 shares authorized	—	—	—	—	—
Shares of beneficial interest, $0.01 par value; 100,000 shares authorized	737	683	682	682	682
Additional paid-in capital	1,338,101	1,193,750	1,193,298	1,192,202	1,191,594
Distributions in excess of net income	(366,352)	(376,041)	(357,781)	(399,421)	(379,577)
Accumulated other comprehensive loss	(5,609)	(4,225)	(550)	(2,288)	—
Total shareholders' equity	966,877	814,167	835,649	791,175	812,699
Noncontrolling interests in subsidiaries	1,233	1,267	1,363	1,401	2,231
Total equity	968,110	815,434	837,012	792,576	814,930
Total liabilities and equity	$ 2,306,451	$ 2,185,303	$ 2,191,168	$ 2,223,398	$ 2,085,389
Total Debt / Total Market Capitalization	0.35:1	0.39:1	0.41:1	0.44:1	0.40:1

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

	Three Months Ended				
	6/30/2016	3/31/2016	12/31/2015	9/30/2015	6/30/2015
Funds from operations[(1)]					
Net income (loss)	$ 31,821	$ 2,379	$ 62,095	$ 580	$ (2,886)
Real estate depreciation and amortization	25,161	26,038	28,808	29,349	25,503
Gain on sale of depreciable real estate	(24,112)	—	(59,376)	—	—
NAREIT funds from operations (FFO)	32,870	28,417	31,527	29,929	22,617
Loss on extinguishment of debt	—	—	—	—	119
Casualty (gain) and real estate impairment loss, net	(676)	—	—	—	5,909
Loss (gain) on sale of non depreciable real estate	—	—	—	50	(1,454)
Severance expense	126	460	—	—	—
Relocation expense	—	—	—	—	26
Acquisition and structuring expenses	1,107	259	189	1,034	1,264
Core FFO [(1)]	$ 33,427	$ 29,136	$ 31,716	$ 31,013	$ 28,481
Allocation to participating securities[(2)]	(99)	(90)	(180)	(47)	(80)
NAREIT FFO per share - basic	$ 0.46	$ 0.41	$ 0.46	$ 0.44	$ 0.33
NAREIT FFO per share - fully diluted	$ 0.46	$ 0.41	$ 0.46	$ 0.44	$ 0.33
Core FFO per share - fully diluted	$ 0.46	$ 0.42	$ 0.46	$ 0.45	$ 0.42
Common dividend per share	$ 0.30	$ 0.30	$ 0.30	$ 0.30	$ 0.30
Average shares - basic	71,719	68,301	68,204	68,186	68,176
Average shares - fully diluted (for FFO and FAD)	71,912	68,488	68,371	68,305	68,375

(1) See "Supplemental Definitions" on page 27 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)

	Three Months Ended				
	6/30/2016	**3/31/2016**	**12/31/2015**	**9/30/2015**	**6/30/2015**
Funds available for distribution(1)					
NAREIT FFO	$ 32,870	$ 28,417	$ 31,527	$ 29,929	$ 22,617
Non-cash loss on extinguishment of debt	—	—	—	—	119
Tenant improvements and incentives	(7,639)	(1,543)	(6,792)	(5,231)	(3,417)
Leasing commissions	(3,350)	(1,015)	(2,426)	(1,714)	(1,149)
Recurring capital improvements	(1,237)	(908)	(3,296)	(1,326)	(737)
Straight-line rent, net	(880)	(683)	(533)	(680)	(538)
Non-cash fair value interest expense	44	42	41	38	36
Non-real estate depreciation and amortization	876	950	980	938	1,123
Amortization of lease intangibles, net	853	943	925	913	970
Amortization and expensing of restricted share and unit compensation	850	1,519	1,123	863	1,195
Funds available for distribution (FAD)	22,387	27,722	21,549	23,730	20,219
Loss (gain) on sale of non depreciable real estate	—	—	—	50	(1,454)
Non-share-based severance expense	126	39	—	—	—
Relocation expense	—	—	—	—	26
Acquisition and structuring expenses	1,107	259	189	1,034	1,264
Casualty (gain) and real estate impairment loss, net	(676)	—	—	—	5,909
Core FAD (1)	$ 22,944	$ 28,020	$ 21,738	$ 24,814	$ 25,964
Allocation to participating securities (2)	(99)	(90)	(180)	(47)	(80)
FAD per share - basic	$ 0.31	$ 0.40	$ 0.31	$ 0.35	$ 0.30
FAD per share - fully diluted	$ 0.31	$ 0.40	$ 0.31	$ 0.35	$ 0.29
Core FAD per share - fully diluted	$ 0.32	$ 0.41	$ 0.32	$ 0.36	$ 0.38
Common dividend per share	$ 0.30	$ 0.30	$ 0.30	$ 0.30	$ 0.30
Average shares - basic	71,719	68,301	68,204	68,186	68,176
Average shares - fully diluted (for FFO and FAD)	71,912	68,488	68,371	68,305	68,375

(1) See "Supplemental Definitions" on page 28 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				
	6/30/2016	3/31/2016	12/31/2015	9/30/2015	6/30/2015
Adjusted EBITDA [1]					
Net income (loss)	$ 31,821	$ 2,379	$ 62,095	$ 580	$ (2,886)
Add:					
Interest expense	13,820	14,360	15,012	14,486	14,700
Real estate depreciation and amortization	25,161	26,038	28,808	29,349	25,503
Income tax (benefit) expense	(693)	—	65	41	28
Casualty (gain) and real estate impairment loss, net	(676)	—	—	—	5,909
Non-real estate depreciation	152	152	149	168	178
Severance expense	126	460	—	—	—
Relocation expense	—	—	—	—	26
Acquisition and structuring expenses	1,107	259	189	1,034	1,264
Less:					
Net (gain) loss on sale of real estate	(24,112)	—	(59,376)	50	(1,454)
Loss on extinguishment of debt	—	—	—	—	119
Adjusted EBITDA	$ 46,706	$ 43,648	$ 46,942	$ 45,708	$ 43,387

[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, 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.

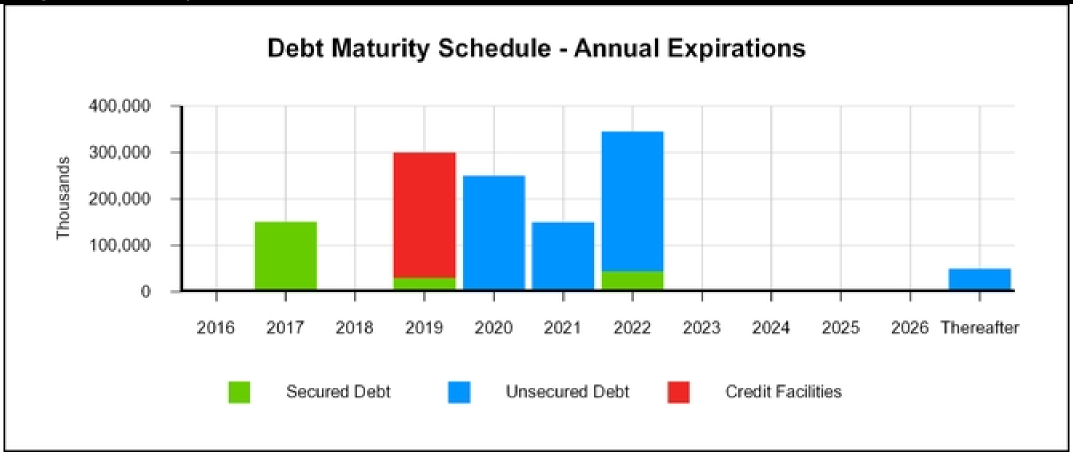
Long Term Debt Analysis
($'s in thousands)

	6/30/2016	3/31/2016	12/31/2015	9/30/2015	6/30/2015
Balances Outstanding					
Secured					
Conventional fixed rate	$ 252,044	$ 333,853	$ 418,052	$ 418,400	$ 418,637
Unsecured					
Fixed rate bonds	594,658	594,411	594,164	594,002	593,755
Term loans	149,111	149,064	149,017	148,969	—
Credit facility	269,000	215,000	105,000	195,000	185,000
Unsecured total	1,012,769	958,475	848,181	937,971	778,755
Total	$ 1,264,813	$ 1,292,328	$ 1,266,233	$ 1,356,371	$ 1,197,392
Weighted Average Interest Rates					
Secured					
Conventional fixed rate	5.3%	5.4%	5.2%	5.2%	5.2%
Unsecured					
Fixed rate bonds	4.7%	4.7%	4.7%	4.7%	4.7%
Term loans [1]	2.7%	2.7%	2.7%	2.7%	—%
Credit facility	1.4%	1.4%	1.4%	1.2%	1.2%
Unsecured total	3.6%	3.7%	4.0%	3.7%	3.9%
Weighted Average	3.9%	4.1%	4.4%	4.2%	4.4%

[1] Washington REIT entered into an interest rate swap to swap from a LIBOR plus 110 basis points floating interest rate to a 2.72% all-in fixed interest rate commencing October 15, 2015.

Note: The current debt balances outstanding are shown net of discounts, premiums and unamortized debt costs (see page 10 of this Supplemental).

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**
2016	$ —	$ —	$ —	$ —	—%
2017	150,903	—	—	150,903	5.9%
2018	—	—	—	—	
2019	31,280	—	269,000 (1)	300,280	1.8%
2020	—	250,000	—	250,000	5.1%
2021	—	150,000 (2)	—	150,000	2.7%
2022	44,517	300,000	—	344,517	4.0%
2023	—	—	—	—	
2024	—	—	—	—	
2025	—	—	—	—	
2026	—	—	—	—	
Thereafter	—	50,000	—	50,000	7.4%
Scheduled principal payments	$ 226,700	$ 750,000	$ 269,000	$ 1,245,700	3.9%
Scheduled amortization payments	21,630	—	—	21,630	4.7%
Net discounts/premiums	4,261	(2,167)	—	2,094	
Loan costs, net of amortization	(547)	(4,064)	—	(4,611)	
Total maturities	$ 252,044	$ 743,769	$ 269,000	$ 1,264,813	3.9%

Weighted average maturity =4.5 years

(1) Maturity date for credit facility may be extended for up to two additional 6-month periods at Washington REIT's option.
(2) Washington REIT entered into an interest rate swap to swap from a LIBOR plus 110 basis points floating interest rate to a 2.72% all-in fixed interest rate commencing October 15, 2015.

Debt Covenant Compliance

	Unsecured Notes Payable		Unsecured Line of Credit ($600.0 million)	
	Quarter Ended June 30, 2016	Covenant	Quarter Ended June 30, 2016	Covenant
% of Total Indebtedness to Total Assets[1]	43.1%	≤ 65.0%	N/A	N/A
Ratio of Income Available for Debt Service to Annual Debt Service	3.5	≥ 1.5	N/A	N/A
% of Secured Indebtedness to Total Assets[1]	8.6%	≤ 40.0%	N/A	N/A
Ratio of Total Unencumbered Assets[2] to Total Unsecured Indebtedness	2.5	≥ 1.5	N/A	N/A
% of Net Consolidated Total Indebtedness to Consolidated Total Asset Value[3]	N/A	N/A	38.5%	≤ 60.0%
Ratio of Consolidated Adjusted EBITDA[4] to Consolidated Fixed Charges[5]	N/A	N/A	3.25	≥ 1.50
% of Consolidated Secured Indebtedness to Consolidated Total Asset Value[3]	N/A	N/A	7.8%	≤ 40.0%
% of Consolidated Unsecured Indebtedness to Unencumbered Pool Value[6]	N/A	N/A	35.6%	≤ 60.0%
Ratio of Unencumbered Adjusted Net Operating Income to Consolidated Unsecured Interest Expense	N/A	N/A	4.58	≥ 1.75

(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) 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.

(4) 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.

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

(6) 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)

	6/30/2016	3/31/2016	12/31/2015	9/30/2015	6/30/2015
Market Data					
Shares Outstanding	$ 73,651	$ 68,326	$ 68,191	$ 68,180	$ 68,162
Market Price per Share	31.46	29.21	27.06	24.93	25.95
Equity Market Capitalization	$ 2,317,060	$ 1,995,802	$ 1,845,248	$ 1,699,727	$ 1,768,804
Total Debt	$ 1,264,813	$ 1,292,328	$ 1,266,233	$ 1,356,371	$ 1,197,392
Total Market Capitalization	$ 3,581,873	$ 3,288,130	$ 3,111,481	$ 3,056,098	$ 2,966,196
Total Debt to Market Capitalization	0.35:1	0.39:1	0.41:1	0.44:1	0.40:1
Earnings to Fixed Charges[(1)]	3.3x	1.2x	5.1x	1.0x	0.8x
Debt Service Coverage Ratio[(2)]	3.2x	2.8x	2.9x	2.9x	2.7x
Dividend Data					
Total Dividends Declared	$ 22,147	$ 20,644	$ 20,493	$ 20,491	$ 20,500
Common Dividend Declared per Share	$ 0.30	$ 0.30	$ 0.30	$ 0.30	$ 0.30
Payout Ratio (Core FFO per share basis)	65.2%	71.4%	65.0%	66.7%	71.4%
Payout Ratio (Core FAD per share basis)	93.8%	73.2%	93.8%	83.3%	78.9%

(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. The earnings to fixed charges ratios for the three months ended June 30, 2016, December 31, 2015 and June 30, 2015 include gains on the sale of real estate of $24.1 million, $59.4 million and $1.5 million, respectively.

(2) 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 Rate Growth
2016 vs. 2015

	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	% Change	Rental Rate Growth
Cash Basis:				
Multifamily	$ 8,401	$ 7,935	5.9 %	0.2%
Office	22,961	21,930	4.7 %	1.5%
Retail	11,056	11,323	(2.4)%	3.6%
Overall Same-Store Portfolio (1)	$ 42,418	$ 41,188	3.0 %	1.7%
GAAP Basis:				
Multifamily	$ 8,398	$ 7,932	5.9 %	0.2%
Office	22,839	21,612	5.7 %	2.1%
Retail	11,396	11,497	(0.9)%	3.2%
Overall Same-Store Portfolio (1)	$ 42,633	$ 41,041	3.9 %	1.9%

(1) Non same-store properties were:
- Acquisitions:
  - Multifamily - The Wellington and Riverside Apartments
- Development/Redevelopment:
  - Multifamily - The Maxwell
  - Office - Silverline Center and The Army Navy Club Building
- Sold properties classified as continuing operations:
  - Multifamily - Munson Hill Towers
  - Office - Dulles Station II, Wayne Plaza, 600 Jefferson Plaza, 6110 Executive Boulevard, West Gude
  - Retail - Montgomery Village Center

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

	Three Months Ended June 30, 2016				
	Multifamily	**Office**	**Retail**	**Corporate and Other**	**Total**
Real estate rental revenue					
Same-store portfolio	$ 13,803	$ 35,590	$ 15,080	$ —	$ 64,473
Non same-store - acquired and in development[1]	6,785	8,147	—	—	14,932
Total	20,588	43,737	15,080	—	79,405
Real estate expenses					
Same-store portfolio	5,405	12,751	3,684	—	21,840
Non same-store - acquired and in development[1]	2,492	3,843	—	—	6,335
Total	7,897	16,594	3,684	—	28,175
Net Operating Income (NOI)					
Same-store portfolio	8,398	22,839	11,396	—	42,633
Non same-store - acquired and in development[1]	4,293	4,304	—	—	8,597
Total	$ 12,691	$ 27,143	$ 11,396	$ —	$ 51,230
Same-store portfolio NOI (from above)	$ 8,398	$ 22,839	$ 11,396	$ —	$ 42,633
Straight-line revenue, net for same-store properties	2	(619)	(133)	—	(750)
FAS 141 Min Rent	1	224	(255)	—	(30)
Amortization of lease intangibles for same-store properties	—	517	48	—	565
Same-store portfolio cash NOI	$ 8,401	$ 22,961	$ 11,056	$ —	$ 42,418
Reconciliation of NOI to net income					
Total NOI	$ 12,691	$ 27,143	$ 11,396	$ —	$ 51,230
Depreciation and amortization	(6,496)	(14,770)	(3,651)	(244)	(25,161)
General and administrative	—	—	—	(4,968)	(4,968)
Interest expense	(1,808)	(2,204)	(211)	(9,597)	(13,820)
Other income	—	—	—	83	83
Acquisition costs	—	—	—	(1,024)	(1,024)
Gain on sale of real estate	—	—	—	24,112	24,112
Casualty gain and real estate impairment (loss), net	—	—	—	676	676
Income tax benefit	—	—	—	693	693
Net income	4,387	10,169	7,534	9,731	31,821
Net loss attributable to noncontrolling interests	—	—	—	15	15
Net income attributable to the controlling interests	$ 4,387	$ 10,169	$ 7,534	$ 9,746	$ 31,836

[1] For a list of non-same-store properties and held for sale and sold properties, see page13 of this Supplemental.

Same-Store 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	$ 13,626	$ 34,658	$ 14,940	$ —	$ 63,224
Non same-store - acquired and in development[(1)]	1,717	8,485	800	—	11,002
Total	15,343	43,143	15,740	—	74,226
Real estate expenses					
Same-store portfolio	5,694	13,046	3,443	—	22,183
Non same-store - acquired and in development[(1)]	991	3,796	259	—	5,046
Total	6,685	16,842	3,702	—	27,229
Net Operating Income (NOI)					
Same-store portfolio	7,932	21,612	11,497	—	41,041
Non same-store - acquired and in development[(1)]	726	4,689	541	—	5,956
Total	$ 8,658	$ 26,301	$ 12,038	$ —	$ 46,997
Same-store portfolio NOI (from above)	$ 7,932	$ 21,612	$ 11,497	$ —	$ 41,041
Straight-line revenue, net for same-store properties	2	(384)	(1)	—	(383)
FAS 141 Min Rent	1	164	(237)	—	(72)
Amortization of lease intangibles for same-store properties	—	538	64	—	602
Same-store portfolio cash NOI	$ 7,935	$ 21,930	$ 11,323	$ —	$ 41,188
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	—	—	—	(4,278)	(4,278)
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
Casualty gain and real estate impairment (loss), net	—	—	—	(5,909)	(5,909)
Loss on extinguishment of debt	—	—	—	(119)	(119)
Income tax benefit (expense)	—	—	—	(28)	(28)
Net income (loss)	1,792	6,232	8,065	(18,975)	(2,886)
Net income attributable to noncontrolling interests	—	—	—	340	340
Net income (loss) attributable to the controlling interests	$ 1,792	$ 6,232	$ 8,065	$ (18,635)	$ (2,546)

(1) For a list of non-same-store properties and held for sale and sold properties, see page13 of this Supplemental.

Net Operating Income (NOI) by Region

	Percentage of NOI	
	Q2 2016	**YTD 2016**
DC		
Multifamily	5.5 %	5.6 %
Office	24.1 %	24.4 %
Retail	1.5 %	1.5 %
	31.1 %	**31.5 %**
Maryland		
Multifamily	2.4 %	2.5 %
Office	9.9 %	10.4 %
Retail	14.2 %	14.3 %
	26.5 %	**27.2 %**
Virginia		
Multifamily	16.8 %	15.4 %
Office	19.1 %	19.2 %
Retail	6.5 %	6.7 %
	42.4 %	**41.3 %**
Total Portfolio	**100.0 %**	**100.0 %**

Same-Store Portfolio and Overall Physical Occupancy Levels by Sector

Sector	Physical Occupancy - Same-Store Properties (1), (2) 6/30/2016	3/31/2016	12/31/2015	9/30/2015	6/30/2015
Multifamily (calculated on a unit basis)	95.1%	95.3%	94.4%	93.5%	95.1%
Multifamily	94.8%	94.5%	94.3%	93.2%	94.3%
Office	91.8%	91.5%	91.2%	91.3%	92.2%
Retail	92.1%	91.2%	91.5%	95.4%	94.1%
Overall Portfolio	**92.7%**	**92.2%**	**92.1%**	**93.0%**	**93.3%**

Sector	Physical Occupancy - All Properties (2) 6/30/2016	3/31/2016	12/31/2015	9/30/2015	6/30/2015
Multifamily (calculated on a unit basis)	94.7%	95.2%	93.9%	92.6%	92.3%
Multifamily	94.4%	94.5%	93.4%	92.3%	91.7%
Office	87.5%	87.8%	87.6%	87.8%	87.6%
Retail	92.1%	91.2%	91.5%	94.4%	92.9%
Overall Portfolio	**91.1%**	**90.6%**	**90.2%**	**90.7%**	**90.0%**

(1) Non same-store properties were:
- Acquisitions:
  - Multifamily - The Wellington and Riverside Apartments
- Development/Redevelopment:
  - Multifamily - The Maxwell
  - Office - Silverline Center and The Army Navy Club Building
- Sold properties classified as continuing operations:
  - Multifamily - Munson Hill Towers
  - Office - Maryland Office Portfolio Transaction I: 6110 Executive Boulevard, 600 Jefferson Plaza, West Gude and Wayne Plaza
  - Retail - Montgomery Village Center

(2) Physical occupancy is calculated as occupied square footage as a percentage of total square footage as of the last day of that period, except for the rows labeled "Multifamily (calculated on a unit basis)," on which physical occupancy is calculated as occupied units as a percentage of total available units as of the last day of that period..

Same-Store Portfolio and Overall Economic Occupancy Levels by Sector

	Economic Occupancy - Same-Store Properties[1]				
Sector	**6/30/2016**	**3/31/2016**	**12/31/2015**	**9/30/2015**	**6/30/2015**
Multifamily	95.5%	94.4%	94.5%	95.0%	95.7%
Office	91.3%	90.5%	91.9%	91.8%	91.8%
Retail	89.3%	89.7%	92.0%	93.5%	94.0%
Overall Portfolio	**91.8%**	**91.2%**	**92.5%**	**92.9%**	**93.2%**

	Economic Occupancy - All Properties				
Sector	**6/30/2016**	**3/31/2016**	**12/31/2015**	**9/30/2015**	**6/30/2015**
Multifamily	95.3%	93.9%	93.2%	92.7%	90.6%
Office	86.6%	86.9%	88.3%	87.7%	87.2%
Retail	89.3%	89.7%	91.1%	92.3%	92.9%
Overall Portfolio	**89.3%**	**89.0%**	**90.0%**	**89.8%**	**89.0%**

[1] Non same-store properties were:

Acquisitions:

Multifamily - The Wellington and Riverside Apartments

Development/Redevelopment:

Multifamily - The Maxwell

Office - Silverline Center and The Army Navy Club Building

Sold properties classified as continuing operations:

Multifamily - Munson Hill Towers

Office - Maryland Office Portfolio Transaction I: 6110 Executive Boulevard, 600 Jefferson Plaza, West Gude and Wayne Plaza

Retail - Montgomery Village Center

Acquisition and Disposition Summary

Acquisition Summary

	Location	Acquisition Date	Property type	# of units	6/30/2016 Leased Percentage	Investment (in thousands)
Riverside Apartments	Alexandria, VA	May 20, 2016	Multifamily	1,222	95.9%	$ 244,750

Disposition Summary

	Location	Disposition Date	Property Type	Square feet	Contract Sales Price	GAAP Gain
Maryland Office Portfolio, Transaction I	various	June 27, 2016	Office	692,000	$ 111,500	$ 23,585
Dulles Station, Phase II (1)	Herndon, VA	May 26, 2016	Office	N/A	12,100	527

(1) *Land held for future development and an interest in a parking garage.*

Commercial Leasing Summary - New Leases

	2nd Quarter 2016		1st Quarter 2016		4th Quarter 2015		3rd Quarter 2015		2nd Quarter 2015	
Gross Leasing Square Footage										
Office Buildings		28,154		32,249		220,374		93,389		57,693
Retail Centers		6,313		11,777		—		74,102		35,095
Total		34,467		44,026		220,374		167,491		92,788
Weighted Average Term (yrs)										
Office Buildings		6.1		7.7		6.5		6.8		6.8
Retail Centers		8.1		9.8		0.0		10.2		9.6
Total		6.5		8.3		6.5		8.3		7.8
Rental Rate Increases:	**GAAP**	**CASH**	**GAAP**	**CASH**	**GAAP**	**CASH**	**GAAP**	**CASH**	**GAAP**	**CASH**
Rate on expiring leases										
Office Buildings	$ 34.80	$ 35.43	$ 30.91	$ 31.78	$ 32.57	$ 33.76	$ 27.72	$ 28.67	$ 36.35	$ 38.06
Retail Centers	28.92	29.11	11.93	12.04	—	—	22.32	22.77	23.77	25.30
Total	$ 33.73	$ 34.27	$ 25.83	$ 26.50	$ 32.57	$ 33.76	$ 25.33	$ 26.06	$ 31.59	$ 33.23
Rate on new leases										
Office Buildings	$ 39.83	$ 37.09	$ 40.60	$ 36.84	$ 39.45	$ 36.62	$ 36.46	$ 33.53	$ 41.61	$ 38.11
Retail Centers	28.13	26.45	16.22	14.45	—	—	27.61	26.14	28.17	26.42
Total	$ 37.69	$ 35.14	$ 34.08	$ 30.85	$ 39.45	$ 36.62	$ 32.55	$ 30.26	$ 36.53	$ 33.69
Percentage Increase										
Office Buildings	14.5 %	4.7 %	31.4%	15.9%	21.1%	8.5%	31.6%	17.0%	14.5%	0.2%
Retail Centers	(2.7)%	(9.1)%	35.9%	20.0%	—%	—%	23.7%	14.8%	18.5%	4.4%
Total	11.8 %	2.5 %	31.9%	16.4%	21.1%	8.5%	28.5%	16.1%	15.6%	1.4%
	Total Dollars	**$ per Sq Ft**	**Total Dollars**	**$ per Sq Ft**	**Total Dollars**	**$ per Sq Ft**	**Total Dollars**	**$ per Sq Ft**	**Total Dollars**	**$ per Sq Ft**
Tenant Improvements										
Office Buildings	$ 1,356,810	$ 48.19	$ 1,571,632	$ 48.73	$13,946,572	$ 63.29	$ 4,775,584	$ 51.14	$ 2,209,271	$ 38.29
Retail Centers	111,840	17.72	203,276	17.26	—	—	5,220,923	70.46	592,351	16.88
Subtotal	$ 1,468,650	$ 42.61	$ 1,774,908	$ 40.31	$13,946,572	$ 63.29	$ 9,996,507	$ 59.68	$ 2,801,622	$ 30.19
Leasing Commissions and Incentives										
Office Buildings	$ 892,150	$ 31.69	$ 1,250,549	$ 38.78	$ 7,960,650	$ 36.12	$ 4,556,279	$ 48.79	$ 1,809,746	$ 31.37
Retail Centers	97,295	15.42	212,402	18.04	—	—	1,649,704	22.26	592,483	16.88
Subtotal	$ 989,445	$ 28.71	$ 1,462,951	$ 33.23	$ 7,960,650	$ 36.12	$ 6,205,983	$ 37.05	$ 2,402,229	$ 25.89
Tenant Improvements and Leasing Commissions and Incentives										
Office Buildings	$ 2,248,960	$ 79.88	$ 2,822,181	$ 87.51	$21,907,222	$ 99.41	$ 9,331,863	$ 99.93	$ 4,019,017	$ 69.66
Retail Centers	209,135	33.14	415,678	35.30	—	—	6,870,627	92.72	1,184,834	33.76
Total	$ 2,458,095	$ 71.32	$ 3,237,859	$ 73.54	$21,907,222	$ 99.41	$16,202,490	$ 96.73	$ 5,203,851	$ 56.08

Commercial Leasing Summary - Renewal Leases

	2nd Quarter 2016		1st Quarter 2016		4th Quarter 2015		3rd Quarter 2015		2nd Quarter 2015	
Gross Leasing Square Footage										
Office Buildings	30,787		193,275		42,033		191,599		71,112	
Retail Centers	9,076		27,243		32,594		53,415		95,048	
Total	39,863		220,518		74,627		245,014		166,160	
Weighted Average Term (yrs)										
Office Buildings	4.6		7.1		6.6		2.8		3.9	
Retail Centers	6.3		11.6		3.3		4.4		5.8	
Total	5.0		7.6		5.1		3.1		4.9	
Rental Rate Increases:	**GAAP**	**CASH**	**GAAP**	**CASH**	**GAAP**	**CASH**	**GAAP**	**CASH**	**GAAP**	**CASH**
Rate on expiring leases										
Office Buildings	$ 30.13	$ 31.53	$ 36.53	$ 38.93	$ 35.61	$ 37.12	$ 35.23	$ 37.43	$ 30.91	$ 33.07
Retail Centers	32.56	47.14	24.53	26.67	21.30	22.56	23.21	23.72	17.57	18.54
Total	$ 30.69	$ 35.08	$ 35.04	$ 37.42	$ 29.36	$ 30.76	$ 32.61	$ 34.44	$ 23.28	$ 24.76
Rate on new leases										
Office Buildings	$ 34.42	$ 32.44	$ 40.55	$ 37.12	$ 37.01	$ 34.12	$ 31.37	$ 30.29	$ 32.43	$ 31.37
Retail Centers	41.78	46.62	41.49	35.39	25.08	23.50	26.63	26.10	22.49	21.25
Total	$ 36.10	$ 35.67	$ 40.66	$ 36.90	$ 31.80	$ 29.49	$ 30.34	$ 29.38	$ 26.75	$ 25.58
Percentage Increase										
Office Buildings	14.2%	2.9 %	11.0%	(4.7)%	3.9%	(8.1)%	(11.0)%	(19.1)%	4.9%	(5.1)%
Retail Centers	28.3%	(1.1)%	69.2%	32.7 %	17.8%	4.2 %	14.7 %	10.0 %	28.0%	14.6 %
Total	17.6%	1.7 %	16.0%	(1.4)%	8.3%	(4.1)%	(7.0)%	(14.7)%	14.9%	3.3 %
	Total Dollars	**$ per Sq Ft**	**Total Dollars**	**$ per Sq Ft**	**Total Dollars**	**$ per Sq Ft**	**Total Dollars**	**$ per Sq Ft**	**Total Dollars**	**$ per Sq Ft**
Tenant Improvements										
Office Buildings	$ 153,365	$ 4.98	$ 6,945,781	$ 35.94	$ 1,580,078	$ 37.59	$ 580,967	$ 3.03	$ 423,589	$ 5.96
Retail Centers	—	—	626,200	22.99	—	—	36,540	0.68	39,183	0.41
Subtotal	$ 153,365	$ 3.85	$ 7,571,981	$ 34.34	$ 1,580,078	$ 21.17	$ 617,507	$ 2.52	$ 462,772	$ 2.79
Leasing Commissions and Incentives										
Office Buildings	$ 568,049	$ 18.45	$ 7,501,476	$ 38.82	$ 1,021,344	$ 24.30	$ 744,977	$ 3.89	$ 368,593	$ 5.19
Retail Centers	97,897	10.78	802,685	29.47	59,302	1.82	119,946	2.25	199,976	2.10
Subtotal	$ 665,946	$ 16.71	$ 8,304,161	$ 37.65	$ 1,080,646	$ 14.48	$ 864,923	$ 3.53	$ 568,569	$ 3.43
Tenant Improvements and Leasing Commissions and Incentives										
Office Buildings	$ 721,414	$ 23.43	$14,447,257	$ 74.76	$ 2,601,422	$ 61.89	$ 1,325,944	$ 6.92	$ 792,182	$ 11.15
Retail Centers	97,897	10.78	1,428,885	52.46	59,302	1.82	156,486	2.93	239,159	2.51
Total	$ 819,311	$ 20.56	$15,876,142	$ 71.99	$ 2,660,724	$ 35.65	$ 1,482,430	$ 6.05	$ 1,031,341	$ 6.22

10 Largest Tenants - Based on Annualized Commercial Income
June 30, 2016

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	54	5.96 %	210,354	3.66 %
Advisory Board Company	2	35	3.98 %	199,878	3.47 %
Engility Corporation	1	15	2.78 %	134,126	2.33 %
Squire Patton Boggs (USA) LLP [1]	1	10	2.69 %	110,566	1.92 %
Booz Allen Hamilton, Inc.	1	115	2.50 %	222,989	3.88 %
Epstein, Becker & Green, P.C.	1	150	1.49 %	55,318	0.96 %
Alexandria City School Board	1	155	1.32 %	84,693	1.47 %
Hughes Hubbard & Reed LLP	1	20	1.30 %	53,208	0.93 %
Morgan Stanley Smith Barney Financing	1	56	1.12 %	49,395	0.86 %
SunTrust Bank	3	99	1.06 %	34,286	0.60 %
Total/Weighted Average		66	24.20 %	1,154,813	20.08 %

[1] The spaced leased to Squire Patton Boggs (USA) LLP is currently subleased to Advisory Board Company, who has signed an extension to make the lease coterminous with the remaining Advisory Board Company leases expiring on May 31, 2019.

Industry Diversification
June 30, 2016

Industry Classification (NAICS)	Annualized Base Rental Revenue	Percentage of Aggregate Annualized Rent	Aggregate Rentable Square Feet	Percentage of Aggregate Square Feet
Office:				
Professional, Scientific, and Technical Services	$ 69,283,405	51.61%	1,964,716	54.53%
Finance and Insurance	17,042,198	12.70%	351,894	9.77%
Other Services (except Public Administration)	12,428,180	9.26%	313,857	8.71%
Information	8,133,552	6.06%	201,143	5.58%
Health Care and Social Assistance	6,299,093	4.69%	195,193	5.42%
Wholesale Trade	4,876,434	3.63%	116,203	3.23%
Educational Services	4,465,356	3.33%	140,917	3.91%
Public Administration	3,355,429	2.50%	89,190	2.48%
Administrative and Support and Waste Management and Remediation Services	2,445,951	1.82%	61,188	1.70%
Real Estate and Rental and Leasing	1,627,728	1.21%	46,907	1.30%
Accommodation and Food Services	1,451,191	1.08%	36,017	1.00%
Management of Companies and Enterprises	814,330	0.61%	25,439	0.71%
Other	2,013,237	1.50%	59,736	1.66%
Total	**$ 134,236,084**	**100.00%**	**3,602,400**	**100.00%**
Retail:				
Wholesale Trade	$ 26,379,324	57.44%	1,457,500	71.22%
Accommodation and Food Services	6,842,590	14.90%	217,461	10.62%
Finance and Insurance	4,137,809	9.01%	56,299	2.75%
Other Services (except Public Administration/Government)	3,396,503	7.39%	108,132	5.28%
Arts, Entertainment, and Recreation	1,782,326	3.88%	103,649	5.06%
Health Care and Social Assistance	1,186,678	2.58%	31,602	1.54%
Manufacturing	631,179	1.37%	25,598	1.25%
Educational Services	533,904	1.16%	17,547	0.86%
Information (Broadcasting, Publishing, Telecommunications)	354,305	0.77%	8,347	0.41%
Other	688,898	1.50%	20,740	1.01%
Total	**$ 45,933,516**	**100.00%**	**2,046,875**	**100.00%**

Lease Expirations
June 30, 2016

Year	Number of Leases	Rentable Square Feet	Percent of Rentable Square Feet	Annualized Rent *	Average Rental Rate	Percent of Annualized Rent *
Office:						
2016	36	89,918	2.30%	$ 3,213,244	$ 35.74	1.96%
2017	77	493,986	12.65%	19,503,290	39.48	11.92%
2018	66	343,006	8.78%	13,609,798	39.68	8.32%
2019	79	663,796	16.99%	26,162,483	39.41	15.99%
2020	68	476,791	12.21%	21,774,594	45.67	13.31%
2021 and thereafter	203	1,838,459	47.07%	79,365,332	43.17	48.50%
	529	3,905,956	100.00%	$ 163,628,741	41.89	100.00%
Retail:						
2016	10	30,255	1.40%	$ 1,084,542	$ 35.85	2.07%
2017	43	250,047	11.60%	6,688,369	26.75	12.75%
2018	37	334,849	15.53%	4,882,226	14.58	9.31%
2019	33	160,133	7.43%	4,539,780	28.35	8.66%
2020	37	407,969	18.92%	7,363,213	18.05	14.04%
2021 and thereafter	127	972,580	45.12%	27,890,881	28.68	53.17%
	287	2,155,833	100.00%	$ 52,449,011	24.33	100.00%
Total:						
2016	46	120,173	1.98%	4,297,786	$ 35.76	1.99%
2017	120	744,033	12.27%	26,191,659	35.20	12.12%
2018	103	677,855	11.18%	18,492,024	27.28	8.56%
2019	112	823,929	13.59%	30,702,263	37.26	14.21%
2020	105	884,760	14.60%	29,137,807	32.93	13.48%
2021 and thereafter	330	2,811,039	46.38%	107,256,213	38.16	49.64%
	816	6,061,789	100.00%	$ 216,077,752	35.65	100.00%

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

Schedule of Properties
June 30, 2016

PROPERTIES	LOCATION	YEAR ACQUIRED	YEAR CONSTRUCTED	NET RENTABLE SQUARE FEET
Office Buildings				
515 King Street	Alexandria, VA	1992	1966	75,000
Courthouse Square	Alexandria, VA	2000	1979	118,000
Braddock Metro Center	Alexandria, VA	2011	1985	348,000
1600 Wilson Boulevard	Arlington, VA	1997	1973	169,000
Fairgate at Ballston	Arlington, VA	2012	1988	143,000
Monument II	Herndon, VA	2007	2000	207,000
925 Corporate Drive	Stafford, VA	2010	2007	134,000
1000 Corporate Drive	Stafford, VA	2010	2009	136,000
Silverline Center	Tysons, VA	1997	1972/1986/1999/2014	545,000
John Marshall II	Tysons, VA	2011	1996/2010	223,000
51 Monroe Street	Rockville, MD	1979	1975	223,000
One Central Plaza	Rockville, MD	2001	1974	268,000
1901 Pennsylvania Avenue	Washington, DC	1977	1960	102,000
1220 19th Street	Washington, DC	1995	1976	103,000
1776 G Street	Washington, DC	2003	1979	265,000
2000 M Street	Washington, DC	2007	1971	231,000
2445 M Street	Washington, DC	2008	1986	290,000
1140 Connecticut Avenue	Washington, DC	2011	1966	183,000
1227 25th Street	Washington, DC	2011	1988	137,000
Army Navy Club Building	Washington, DC	2014	1912/1987	108,000
1775 Eye Street	Washington, DC	2014	1964	186,000
Subtotal				4,194,000

Schedule of Properties (continued)
June 30, 2016

PROPERTIES	LOCATION	YEAR ACQUIRED	YEAR CONSTRUCTED	NET RENTABLE SQUARE FEET
Retail Centers				
Bradlee Shopping Center	Alexandria, VA	1984	1955	171,000
Shoppes of Foxchase	Alexandria, VA	1994	1960/2006	134,000
800 S. Washington Street	Alexandria, VA	1998/2003	1955/1959	46,000
Concord Centre	Springfield, VA	1973	1960	76,000
Gateway Overlook	Columbia, MD	2010	2007	220,000
Frederick County Square	Frederick, MD	1995	1973	227,000
Frederick Crossing	Frederick, MD	2005	1999/2003	295,000
Centre at Hagerstown	Hagerstown, MD	2002	2000	332,000
Olney Village Center	Olney, MD	2011	1979/2003	199,000
Randolph Shopping Center	Rockville, MD	2006	1972	82,000
Montrose Shopping Center	Rockville, MD	2006	1970	145,000
Takoma Park	Takoma Park, MD	1963	1962	51,000
Westminster	Westminster, MD	1972	1969	150,000
Wheaton Park	Wheaton, MD	1977	1967	74,000
Chevy Chase Metro Plaza	Washington, DC	1985	1975	50,000
Spring Valley Retail Center	Washington, DC	2014	1941/1950	78,000
Subtotal				2,330,000

Schedule of Properties (continued)
June 30, 2016

PROPERTIES	LOCATION	YEAR ACQUIRED	YEAR CONSTRUCTED	NET RENTABLE SQUARE FEET [(1)]
Multifamily Buildings / # units				
Clayborne / 74	Alexandria, VA	2008	2008	60,000
Riverside Apartments / 1,222	Alexandria, VA	2016	1971	1,266,000
Park Adams / 200	Arlington, VA	1969	1959	173,000
Bennett Park / 224	Arlington, VA	2007	2007	214,000
The Paramount / 135	Arlington, VA	2013	1984	141,000
The Maxwell / 163	Arlington, VA	2014	2014	139,000
The Wellington / 711	Arlington, VA	2015	1960	842,000
Roosevelt Towers / 191	Falls Church, VA	1965	1964	170,000
The Ashby at McLean / 256	McLean, VA	1996	1982	274,000
Bethesda Hill Apartments / 195	Bethesda, MD	1997	1986	225,000
Walker House Apartments / 212	Gaithersburg, MD	1996	1971/2003	157,000
3801 Connecticut Avenue / 307	Washington, DC	1963	1951	178,000
Kenmore Apartments / 374	Washington, DC	2008	1948	268,000
Yale West / 216	Washington, DC	2014	2011	238,000
Subtotal (4,480 units)				4,345,000
TOTAL				**10,869,000**

(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, casualty gain, 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.

NAREIT Funds from operations ("NAREIT FFO") is defined by 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, impairment of depreciable real estate and real estate depreciation and amortization. We consider NAREIT 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 NAREIT FFO more accurately provides investors an indication of our ability to incur and service debt, make capital expenditures and fund other needs. NAREIT FFO is a non-GAAP measure.

Core Funds From Operations ("Core FFO") is calculated by adjusting NAREIT 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, casualty gains and losses, and gains or losses on sale not already excluded from NAREIT 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 NAREIT 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, casualty gains and losses, and gains or losses 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, casualty gains and losses, 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. Multifamily unit basis physical occupancy is calculated as occupied units as a percentage of total units 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.