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

FORM 10-Q

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

For quarterly period ended June 30, 2016

OR

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

COMMISSION FILE NO. 1-6622

**WASHINGTON REAL ESTATE
INVESTMENT TRUST**

(Exact name of registrant as specified in its charter)

MARYLAND
(State of incorporation)

53-0261100
(IRS Employer Identification Number)

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

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

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class
Shares of Beneficial Interest

Name of exchange on which registered
New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past ninety (90) days. YES ☒ NO ☐

Indicate by checkmark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES ☒ NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES ☐ NO ☒

As of July 28, 2016, 73,633,233 common shares were outstanding.

WASHINGTON REAL ESTATE INVESTMENT TRUST

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PART I
FINANCIAL INFORMATION

ITEM 1: FINANCIAL STATEMENTS

The information furnished in the accompanying unaudited Consolidated Balance Sheets, Condensed Consolidated Statements of Income (Loss), Condensed Consolidated Statements of Comprehensive Income (Loss), Consolidated Statement of Equity and Consolidated Statements of Cash Flows reflects all adjustments, consisting of normal recurring items, which are, in the opinion of management, necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods. The accompanying financial statements and notes thereto should be read in conjunction with the financial statements and notes for the three years ended December 31, 2015 included in Washington Real Estate Investment Trust's 2015 Annual Report on Form 10-K.

WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES

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 sold or 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, net	\$ 743,769	\$ 743,181
Mortgage notes payable, net	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 or 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

See accompanying notes to the consolidated financial statements.

WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)
(IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	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
Basic net income (loss) attributable to the controlling interests per common share	\$ 0.44	\$ (0.04)	\$ 0.49	\$ 0.39
Diluted net income (loss) attributable to the controlling interests per common share	\$ 0.44	\$ (0.04)	\$ 0.49	\$ 0.39
Weighted average shares outstanding – basic	71,719	68,176	70,010	68,159
Weighted average shares outstanding – diluted	71,912	68,176	70,200	68,283
Dividends declared per share	\$ 0.30	\$ 0.30	\$ 0.60	\$ 0.60

See accompanying notes to the consolidated financial statements.

WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(IN THOUSANDS)
(UNAUDITED)

	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
Other comprehensive loss:				
Unrealized loss on interest rate hedge	(1,384)	—	(5,059)	—
Comprehensive income (loss)	30,437	(2,886)	29,141	26,512
Less: Comprehensive loss attributable to noncontrolling interests	15	340	20	448
Comprehensive income (loss) attributable to the controlling interests	<u>\$ 30,452</u>	<u>\$ (2,546)</u>	<u>\$ 29,161</u>	<u>\$ 26,960</u>

See accompanying notes to the financial statements.

WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF EQUITY
(IN THOUSANDS)
(UNAUDITED)

	Shares Issued and Out- standing	Shares of Beneficial Interest at Par Value	Additional Paid in Capital	Distributions in Excess of Net Income	Accumulated Other Comprehensive Loss	Total Shareholders' Equity	Noncontrolling Interests in Subsidiaries	Total Equity
Balance, December 31, 2015	68,191	\$ 682	\$ 1,193,298	\$ (357,781)	\$ (550)	\$ 835,649	\$ 1,363	\$ 837,012
Net income attributable to the controlling interests	—	—	—	34,220	—	34,220	—	34,220
Net loss attributable to the noncontrolling interests	—	—	—	—	—	—	(20)	(20)
Unrealized loss on interest rate hedge	—	—	—	—	(5,059)	(5,059)	—	(5,059)
Distributions to noncontrolling interests	—	—	—	—	—	—	(110)	(110)
Dividends	—	—	—	(42,791)	—	(42,791)	—	(42,791)
Equity offerings, net of issuance costs	5,319	53	143,304	—	—	143,357	—	143,357
Share grants, net of forfeitures	141	2	1,499	—	—	1,501	—	1,501
Balance, June 30, 2016	<u>73,651</u>	<u>\$ 737</u>	<u>\$ 1,338,101</u>	<u>\$ (366,352)</u>	<u>\$ (5,609)</u>	<u>\$ 966,877</u>	<u>\$ 1,233</u>	<u>\$ 968,110</u>

See accompanying notes to the consolidated financial statements.

WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)
(UNAUDITED)

	Six Months Ended June 30,	
	2016	2015
Cash flows from operating activities		
Net income	\$ 34,200	\$ 26,512
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	51,199	50,778
Provision for losses on accounts receivable	708	1,126
Casualty (gain) and real estate impairment loss, net	(676)	5,909
Gain on sale of real estate	(24,112)	(31,731)
Share-based compensation expense	2,421	3,073
Deferred tax benefit	(732)	—
Amortization of debt premiums, discounts and related financing costs	1,604	1,854
Loss on extinguishment of debt	—	119
Changes in operating other assets	(983)	(758)
Changes in operating other liabilities	(3,175)	(2,550)
Net cash provided by operating activities	60,454	54,332
Cash flows from investing activities		
Real estate acquisitions, net	(227,413)	—
Net cash received for sale of real estate	119,513	39,059
Capital improvements to real estate	(16,356)	(12,391)
Development in progress	(17,997)	(13,332)
Real estate deposits, net	—	(3,000)
Cash released from (held in) replacement reserve escrows	2,001	(2,392)
Insurance proceeds	883	—
Non-real estate capital improvements	(42)	(1,836)
Net cash (used in) provided by investing activities	(139,411)	6,108
Cash flows from financing activities		
Line of credit borrowings, net	164,000	135,000
Dividends paid	(63,284)	(41,019)
Principal payments – mortgage notes payable	(166,216)	(2,266)
Borrowings under construction loan	—	3,425
Notes payable repayments	—	(150,000)
Payment of financing costs	(236)	(3,755)
Contributions from noncontrolling interests	—	5
Distributions to noncontrolling interests	(110)	—
Net proceeds from equity offering	143,357	5,121
Net cash provided by (used in) financing activities	77,511	(53,489)
Net (decrease) increase in cash and cash equivalents	(1,446)	6,951
Cash and cash equivalents at beginning of period	23,825	15,827
Cash and cash equivalents at end of period	\$ 22,379	\$ 22,778
Supplemental disclosure of cash flow information:		
Cash paid for interest, net of amounts capitalized	\$ 27,154	\$ 30,117
Change in accrued capital improvements and development costs	3,472	383

See accompanying notes to the consolidated financial statements.

WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2016

(UNAUDITED)

NOTE 1: NATURE OF BUSINESS

Washington Real Estate Investment Trust ("Washington REIT"), a Maryland real estate investment trust, is a self-administered, self-managed equity real estate investment trust, successor to a trust organized in 1960. Our business consists of the ownership and operation of income-producing real estate properties in the greater Washington metro region. We own a diversified portfolio of office buildings, multifamily buildings and retail centers.

Federal Income Taxes

We believe that we qualify as a real estate investment trust ("REIT") under Sections 856-860 of the Internal Revenue Code and intend to continue to qualify as such. To maintain our status as a REIT, we are, among other things, required to distribute 90% of our REIT taxable income (which is, generally, our ordinary taxable income, with certain modifications), excluding any net capital gains and any deductions for dividends paid to our shareholders on an annual basis. When selling a property, we generally have the option of (a) reinvesting the sales proceeds of property sold, in a way that allows us to defer recognition of some or all taxable gain realized on the sale, (b) distributing the gain to the shareholders with no tax to us or (c) retaining our net long-term capital gain but treating it as having been distributed to our shareholders, paying the tax on the gain deemed distributed and allocating the tax paid as a credit to our shareholders. During the six months ended June 30, 2016, we sold the following properties:

Disposition Date	Property Name	Segment	Gain on Sale (in thousands)
May 26, 2016	Dulles Station, Phase II ⁽¹⁾	Office	\$ 527
June 27, 2016	Maryland Office Portfolio Transaction I ⁽²⁾	Office	23,585
		Total	\$ 24,112

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

⁽²⁾ Maryland Office Portfolio Transaction I consists of 6110 Executive Boulevard, Wayne Plaza, 600 Jefferson Plaza and West Gude Drive. Maryland Office Portfolio Transaction II, which consists of 51 Monroe Street and One Central Plaza, is scheduled to close in September 2016.

The taxable gains for the properties sold during the three months ended June 30, 2016 will be distributed to shareholders through the quarterly dividends. The properties included in Maryland Office Portfolio Transaction II have been identified for a reverse tax deferred exchange under Section 1031 of the Internal Revenue Code. We acquired the replacement property, Riverside Apartments, during the three months ended June 30, 2016 (see note 3, under "Acquisition").

Generally, and subject to our ongoing qualification as a REIT, no provisions for income taxes are necessary except for taxes on undistributed taxable income and taxes on the income generated by our taxable REIT subsidiaries ("TRSs"). Our TRSs are subject to corporate federal and state income tax on their taxable income at regular statutory rates, or as calculated under the alternative minimum tax, as appropriate. During the second quarter of 2016, we recognized an income tax benefit of \$0.7 million from a reduction of the reserve for a deferred tax asset at one of our taxable REIT subsidiaries. As of June 30, 2016, our TRSs had net deferred tax assets of \$0.6 million. Our TRSs had no net deferred tax assets as of December 31, 2015. As of June 30, 2016 and December 31, 2015, our TRSs had net deferred tax liabilities of \$0.5 million and \$0.7 million, respectively. These deferred tax liabilities are primarily related to temporary differences in the timing of the recognition of revenue, amortization and depreciation.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATIONS

Significant Accounting Policies

We have prepared our consolidated financial statements using the accounting policies described in our Annual Report on Form 10-K for the year ended December 31, 2015.

New Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update No. 2016-13, *Measurement of Credit Losses on Financial Instruments*, which requires financial assets measured at an amortized cost basis, including trade receivables, to be presented at the net amount expected to be collected. The new standard is effective for public entities for fiscal years beginning after December 15, 2019 and for interim periods therein with adoption one year earlier permitted. We are currently evaluating the impact the new standard may have on Washington REIT's consolidated financial statements.

In March 2016, the FASB issued Accounting Standards Update No. 2016-09, *Improvements to Employee Share-Based Payment Accounting*, which amends existing accounting standards for employee share-based payments, including by allowing an employer to make a policy election to account for forfeitures as they occur or to continue to provide for an estimate as currently required. The new standard also allows an employer to withhold shares in a net settlement in an amount that does not exceed the maximum statutory tax rate in the employees' tax jurisdiction without causing liability classification. The new standard is effective for public entities for fiscal years beginning after December 15, 2016 and for interim periods therein with early adoption permitted. We are currently evaluating the impact the new standard may have on Washington REIT's consolidated financial statements.

In February 2016, the FASB issued Accounting Standards Update No. 2016-05, *Derivatives and Hedging (Topic 815)*, which clarifies that a change in the counterparty to a derivative instrument that has been designated as the hedging instrument under Topic 815, in and of itself, does not require dedesignation of that hedging relationship provided that all other hedging criteria continue to be met. The new standard is effective for public entities for fiscal years beginning after December 15, 2016 and for interim periods therein with early adoption permitted. We are currently evaluating the impact the new standard may have on Washington REIT's consolidated financial statements.

In February 2016, the FASB issued Accounting Standards Update No. 2016-02, *Leases (Topic 842)*, which amends existing accounting standards for lease accounting, including by requiring lessees to recognize most leases on the balance sheet and making certain changes to lessor accounting. The new standard is effective for public entities for fiscal years beginning after December 15, 2018 and for interim periods therein with early adoption permitted. We are currently evaluating the impact the new standard may have on Washington REIT's consolidated financial statements.

In February 2015, the FASB issued Accounting Standards Update No. 2015-02, *Consolidation (Topic 810)*, which changes the analysis an entity must perform to determine whether it should consolidate certain types of legal entities. Specifically, the new standard i) modifies the evaluation of whether limited partnerships and similar legal entities are variable interest entities ("VIEs") or voting interest entities, ii) eliminates the presumption that a general partner should consolidate a limited partnership and iii) affects the consolidation analysis of reporting entities that are involved with VIEs, particularly those that have fee arrangements and related party relationships. The new standard is effective for public entities for fiscal years beginning after December 15, 2015 and for interim periods therein. We adopted the new standard on January 1, 2016, and the provisions of the new standard did not have any impact on the consolidation of our legal entities.

In June 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which creates a single source of revenue guidance. The new standard provides accounting guidance for all revenue arising from contracts with customers and affects all entities that enter into contracts to provide goods or services to their customers (unless the contracts are in the scope of other U.S. generally accepted accounting principles ("GAAP") requirements, such as the leasing literature). The guidance also provides a model for the measurement and recognition of gains and losses on the sale of certain nonfinancial assets, such as property and equipment, including real estate. The new standard is effective for public entities for fiscal years beginning after December 15, 2017 and for interim periods therein. Early adoption is permitted for public entities beginning after December 15, 2016. We are currently evaluating the impact the new standard may have on Washington REIT.

Principles of Consolidation and Basis of Presentation

The accompanying unaudited consolidated financial statements include the consolidated accounts of Washington REIT, our majority-owned subsidiaries and entities in which Washington REIT has a controlling interest, including where Washington REIT has been determined to be a primary beneficiary of a variable interest entity ("VIE"). See note 3 for additional information on the property for which there is a noncontrolling interest. All intercompany balances and transactions have been eliminated in consolidation.

We have prepared the accompanying unaudited financial statements pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and note disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to those rules and regulations, although we believe that the disclosures made are adequate to make the information presented not misleading. In addition, in the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the results for the periods

presented have been included. These unaudited financial statements should be read in conjunction with the financial statements and notes included in our Annual Report on Form 10-K for the year ended December 31, 2015.

Within these notes to the financial statements, we refer to the three months ended June 30, 2016 and June 30, 2015 as the "2016 Quarter" and the "2015 Quarter," respectively, and the six months ended June 30, 2016 and June 30, 2015 as the "2016 Period" and "2015 Period," respectively.

Use of Estimates in the Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3: REAL ESTATE

Acquisition

Our current strategy is focused on properties inside the Washington metro region's Beltway, near major transportation nodes and in areas with strong employment drivers and superior growth demographics. We seek to upgrade our portfolio with acquisitions as opportunities arise. Properties and land for development acquired during the 2016 Period were as follows:

Acquisition Date	Property	Type	# of units (unaudited)	Contract Purchase Price (In thousands)
May 20, 2016	Riverside Apartments	Multifamily	1,222	\$ 244,750

Riverside Apartments consists of apartment buildings and an adjacent parcel of land for potential future multifamily development. The purchase of Riverside Apartments was structured as a reverse exchange under Section 1031 of the Internal Revenue Code in a manner such that legal title is held by a Qualified Intermediary until certain identified properties are sold and the reverse exchange transaction is completed. We retain essentially all of the legal and economic benefits and obligations related to Riverside Apartments. As such, Riverside Apartments is considered to be a VIE until legal title is transferred to us upon completion of the 1031 exchange, which is expected during the third quarter of 2016. We have consolidated the assets and liabilities of Riverside Apartments because we have determined that Washington REIT is the primary beneficiary of the VIE. The results of operations from the acquired operating property are included in the consolidated statements of income (loss) as of the acquisition date and are as follows (in thousands):

	Three and Six Months Ended June 30, 2016
Real estate rental revenue	\$ 2,484
Net income	583

We record the acquired physical assets (land, building and tenant improvements), in-place leases (absorption, tenant origination costs, leasing commissions, and net lease intangible assets/liabilities), and any other liabilities at their fair values.

We have recorded the total purchase price of the above acquisition as follows (in thousands):

Land	\$ 38,922
Land for development	15,969
Buildings	184,855
Leasing commissions/absorption costs	4,992
Net lease intangible assets	22
Net lease intangible liabilities	(10)
Total	\$ 244,750

The weighted remaining average life for the 2016 acquisition components above, other than land and building, are 47 months for leasing commissions/absorption costs, 93 months for net lease intangible assets and 49 months for net lease intangible liabilities.

The difference in the total contract price of \$244.8 million for the acquisition and the acquisition cost per the consolidated statements of cash flows of \$243.4 million is primarily due to credits received at settlement totaling \$1.4 million. The portion of the acquisition cost allocated to land for development is reported on the consolidated statements of cash flows as Development in progress.

The following unaudited pro-forma combined condensed statements of operations set forth the consolidated results of operations for the three and six months ended June 30, 2016 and 2015 as if the above-described acquisition in 2016 had occurred on January 1, 2015. The pro forma adjustments include reclassifying costs related to the above-described acquisition to 2015. The unaudited pro-forma information does not purport to be indicative of the results that actually would have occurred if the acquisitions had been in effect for the three and six months ended June 30, 2016 and 2015. The unaudited data presented is in thousands, except per share data.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Real estate rental revenue	\$ 82,304	\$ 79,609	\$ 164,823	\$ 159,789
Net income (loss)	32,595	(1,136)	36,389	29,765
Diluted net income (loss) per share	0.45	(0.02)	0.52	0.43

Development/Redevelopment

In the office segment, we had a redevelopment project to renovate Silverline Center, an office property in Tysons, Virginia. As of June 30, 2016, we had invested \$36.1 million in the renovation. We completed major construction activities on this project during the second quarter of 2015, and placed into service substantially completed portions of the project at that time totaling \$25.9 million. The remaining components of the redevelopment project were placed into service as of March 31, 2016, one year from completion of major construction activities. We also currently have a redevelopment project to renovate the common areas and add amenities to the Army Navy Club Building, an office property in Washington, DC. As of June 30, 2016, we had invested \$0.6 million in the redevelopment.

We have also begun predevelopment activities for the construction of a multifamily building on land adjacent to The Wellington in Arlington, Virginia. As of June 30, 2016, we had invested \$16.7 million in the development.

Variable Interest Entities

In June 2011, we executed a joint venture operating agreement with a real estate development company to develop The Maxwell, a mid-rise multifamily property at 650 North Glebe Road in Arlington, Virginia. Major construction activities at The Maxwell ended during December 2014, and the building became available for occupancy during the first quarter of 2015. Washington REIT is the 90% owner of the joint venture. The real estate development company owns 10% of the joint venture and was responsible for the development and construction of the property.

We have determined that The Maxwell joint venture is a VIE primarily based on the fact that the equity investment at risk is not sufficient to permit the entity to finance its activities without additional financial support. As of December 31, 2015, \$32.2 million was outstanding on The Maxwell's construction loan. In January 2016, Washington REIT exercised its right to purchase at par The Maxwell's construction loan from the original third-party lender. Upon the purchase, the loan became an intercompany payable from the consolidated VIE to Washington REIT that is eliminated in consolidation. We also determined that Washington REIT was the primary beneficiary of the VIE due to the fact that Washington REIT was determined to have a controlling financial interest in the entity.

We include joint venture land acquisitions and related capitalized development costs on our consolidated balance sheets in properties under development or held for future development until placed in service or sold. As of June 30, 2016 and December 31, 2015, The Maxwell's assets were as follows (in thousands):

	June 30, 2016	December 31, 2015
Land	\$ 12,851	\$ 12,851
Income producing property	37,915	37,791
Accumulated depreciation and amortization	(3,457)	(2,347)
Other assets	823	1,188
	<u>\$ 48,132</u>	<u>\$ 49,483</u>

As of June 30, 2016 and December 31, 2015, The Maxwell's liabilities were as follows (in thousands):

	June 30, 2016	December 31, 2015
Mortgage notes payable	\$ 32,113 ⁽¹⁾	\$ 32,214
Accounts payable and other liabilities	175	256
Tenant security deposits	86	82
	<u>\$ 32,374</u>	<u>\$ 32,552</u>

⁽¹⁾ The mortgage notes payable balance as of June 30, 2016 is eliminated in consolidation due to the purchase of the loan by Washington REIT in January 2016.

Properties Sold and Held for Sale

We intend to hold our properties for investment with a view to long-term appreciation, to engage in the business of acquiring, developing and owning our properties, and to make occasional sales of the properties that no longer meet our long-term strategy or return objectives and where market conditions for sale are favorable. The proceeds from the sales may be reinvested into other properties, used to fund development operations or to support other corporate needs, or distributed to our shareholders. Depreciation on these properties is discontinued when classified as held for sale, but operating revenues, other operating expenses and interest continue to be recognized until the date of sale.

During the 2016 Quarter, we sold Dulles Station, Phase II, which consists of land held for future development and an interest in a parking garage in Herndon, Virginia, for \$12.1 million. Also during the 2016 Quarter, we executed two purchase and sale agreements with a single buyer for the sale of a portfolio of six office properties located in Maryland: 6110 Executive Boulevard, Wayne Plaza, 600 Jefferson Plaza, West Gude Drive, 51 Monroe Street and One Central Plaza (collectively, the "Maryland Office Portfolio") for an aggregate contract sales price of \$240.0 million. The buyer paid non-refundable deposits of \$9.0 million and \$1.0 million under the purchase and sale agreements for the first and second sale transactions, respectively. We closed on the first sale transaction in June 2016 and expect to close on the second sale transaction in September 2016. The properties in Maryland Office Portfolio Transaction II met the criteria for classification as held for sale as of June 30, 2016.

We sold or classified as held for sale the following properties in 2016 and 2015:

Disposition Date	Property Name	Segment	# of units	Rentable Square Feet	Contract Sales Price (in thousands)	Gain on Sale (in thousands)
May 26, 2016	Dulles Station, Phase II ⁽¹⁾	Office	N/A	N/A	\$ 12,100	\$ 527
June 27, 2016	Maryland Office Portfolio Transaction I ⁽²⁾	Office	N/A	692,000	111,500	23,585
N/A	Maryland Office Portfolio Transaction II ⁽³⁾	Office	N/A	491,000	128,500	N/A
Total 2016				<u>1,183,000</u>	<u>\$ 252,100</u>	<u>\$ 24,112</u>
March 20, 2015	Country Club Towers	Multifamily	227	N/A	\$ 37,800	\$ 30,277
September 9, 2015	1225 First Street ⁽⁴⁾	Multifamily	N/A	N/A	14,500	—
October 21, 2015	Munson Hill Towers	Multifamily	279	N/A	57,050	51,395
December 14, 2015	Montgomery Village Center	Retail	N/A	197,000	27,750	7,981
Total 2015				<u>506</u>	<u>\$ 137,100</u>	<u>\$ 89,653</u>

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

⁽²⁾ Maryland Office Portfolio Transaction I consists of 6110 Executive Boulevard, 600 Jefferson Plaza, Wayne Plaza and West Gude Drive.

⁽³⁾ Maryland Office Portfolio Transaction II consists of 51 Monroe Street and One Central Plaza, and is scheduled to close in September 2016.

⁽⁴⁾ Interest in land held for future development.

The Maryland Office Portfolio, in the aggregate, constitutes an individually significant disposition that does not qualify for presentation and disclosure as a discontinued operation as it does not represent a strategic shift in our operations. Real estate rental revenue and net income for the Maryland Office Portfolio for the three and six months ended June 30, 2016 and 2015 is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Real estate rental revenue	\$ 8,147	\$ 8,288	\$ 16,577	\$ 15,882
Net income	4,176	2,719	6,902	4,437

We do not have significant continuing involvement in the operations of the disposed properties.

Casualty Gains

We recorded a net casualty gain of \$0.7 million during the 2016 Quarter associated with a fire at Bethesda Hill Towers that damaged four units, which is included in casualty (gain) and real estate impairment loss, net on our Condensed Consolidated Statements of Income (Loss). The net casualty gain is comprised of \$0.9 million in third-party insurance proceeds received by us, which were partially offset by casualty charges of \$0.2 million to write off the net book value of the damaged units at Bethesda Hill Towers.

NOTE 4: MORTGAGE NOTES PAYABLE

In January 2016, we exercised our right to purchase the construction loan in the amount of \$32.2 million secured by The Maxwell without penalty from the lender (see note 3, under "Variable Interest Entities").

In February 2016, we prepaid without penalty the remaining \$50.9 million of the mortgage note secured by John Marshall II.

In June 2016, we repaid without penalty the remaining \$81.0 million of mortgage notes secured by 3801 Connecticut Avenue, Bethesda Hill Apartments and Walker House Apartments.

NOTE 5: UNSECURED LINES OF CREDIT PAYABLE

We have a \$600.0 million unsecured revolving credit agreement ("Revolving Credit Facility") that matures in June 2019, unless extended pursuant to one or both of the two six months extension options. The Revolving Credit Facility has an accordion feature, which we utilized a portion of in September 2015, as described below, that allows us to increase the facility to \$1.0 billion, subject to the extent the lenders agree to provide additional revolving loan commitments or term loans. In September 2015, we entered into a \$150.0 million unsecured term loan by executing a portion of the accordion feature under the Revolving Credit Facility. The term loan has a 5.5 year term and currently has an interest rate of one month LIBOR plus 110 basis points, based on Washington REIT's current unsecured debt ratings. We entered into two interest rate swaps to effectively fix the interest rate at 2.7% (see note 6).

The Revolving Credit Facility bears interest at a rate of either one month LIBOR plus a margin ranging from 0.875% to 1.55% or the base rate plus a margin ranging from 0.0% to 0.55% (in each case depending upon Washington REIT's credit rating). The base rate is the highest of the administrative agent's prime rate, the federal funds rate plus 0.50% and the LIBOR market index rate plus 1.0%. In addition, the Revolving Credit Facility requires the payment of a facility fee ranging from 0.125% to 0.30% (depending on Washington REIT's credit rating) on the \$600.0 million committed capacity, without regard to usage. As of June 30, 2016, the interest rate on the facility is one month LIBOR plus 1.00% and the facility fee is 0.20%.

The amount of the Revolving Credit Facility's unsecured line of credit unused and available at June 30, 2016 is as follows (in thousands):

Committed capacity	\$ 600,000
Borrowings outstanding	(269,000)
Letters of credit issued	—
Unused and available	<u>\$ 331,000</u>

We executed borrowings and repayments on the Revolving Credit Facility during the 2016 Period as follows (in thousands):

	Revolving Credit Facility
Balance at December 31, 2015	\$ 105,000
Borrowings	398,000
Repayments	(234,000)
Balance at June 30, 2016	\$ 269,000

NOTE 6: DERIVATIVE INSTRUMENTS

On September 15, 2015, we entered into two interest rate swap arrangements with a total notional amount of \$150.0 million to swap the floating interest rate under our term loan (see note 5) to an all-in fixed interest rate of 2.7% starting on October 15, 2015 and extending until the maturity of the term loan on March 15, 2021. The interest rate swaps qualify as cash flow hedges and are recorded at fair value in accordance with GAAP, based on discounted cash flow methodologies and observable inputs. We record the effective portion of changes in fair value of the cash flow hedge in other comprehensive loss. The resulting unrealized loss on the effective portions of the cash flow hedges was the only activity in other comprehensive loss during the periods presented in our consolidated financial statements. We assess the effectiveness of our cash flow hedges both at inception and on an ongoing basis. The cash flow hedges were effective for the 2016 Quarter and hedge ineffectiveness did not impact earnings during the 2016 Quarter or 2016 Period. We had no derivative instruments outstanding during the 2015 Quarter or 2015 Period.

The fair value and balance sheet locations of the interest rate swap as of June 30, 2016 and December 31, 2015, are as follows (in thousands):

	June 30, 2016	December 31, 2015
Accounts payable and other liabilities	\$ 5,609	\$ 550

The interest rate swaps have been effective since inception. The gain or loss on the effective swap is recognized in other comprehensive loss, as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Unrealized loss on interest rate hedge	\$ (1,384)	\$ —	\$ (5,059)	\$ —

Amounts reported in accumulated other comprehensive loss related to derivatives will be reclassified to interest expense as interest payments are made on our variable-rate debt. During the next twelve months, we estimate that an additional \$1.7 million will be reclassified as an increase to interest expense.

We have agreements with each of our derivative counterparties that contain a provision whereby we could be declared in default on our derivative obligations if repayment of the underlying indebtedness is accelerated by the lender due to our default on the indebtedness. As of June 30, 2016, the fair value of derivatives is in a net liability position of \$5.6 million, which includes accrued interest but excludes any adjustment for nonperformance risk. As of June 30, 2016, we have not posted any collateral related to these agreements. If we had breached any of these provisions at June 30, 2016, we could have been required to settle our obligations under the agreements at their termination value of \$5.6 million.

Derivative instruments expose us to credit risk in the event of non-performance by the counterparty under the terms of the interest rate hedge agreement. We believe that we minimize our credit risk on these transactions by dealing with major, creditworthy financial institutions. We monitor the credit ratings of counterparties and our exposure to any single entity, thus minimizing our credit risk concentration.

NOTE 7: FAIR VALUE DISCLOSURES

Assets and Liabilities Measured at Fair Value

For assets and liabilities measured at fair value on a recurring basis, quantitative disclosures about the fair value measurements are required to be disclosed separately for each major category of assets and liabilities, as follows:

Level 1: Quoted prices in active markets for identical assets

Level 2: Significant other observable inputs

Level 3: Significant unobservable inputs

The only assets or liabilities we had at June 30, 2016 and December 31, 2015 that are recorded at fair value on a recurring basis are the assets held in the Supplemental Executive Retirement Plan ("SERP"), which primarily consists of investments in mutual funds, and the interest rate swaps (see note 6).

We base the valuations related to the SERP on assumptions derived from significant other observable inputs and accordingly these valuations fall into Level 2 in the fair value hierarchy.

The valuation of the interest rate swaps is determined using widely accepted valuation techniques, including discounted cash flow analysis on the expected cash flows of each interest rate swap. This analysis reflects the contractual terms of the interest rate swaps, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. The fair values of interest rate swaps are determined using the market standard methodology of netting the discounted future fixed cash payments (or receipts) and the discounted expected variable cash receipts (or payments). The variable cash payments (or receipts) are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves. To comply with the provisions of ASC 820, we incorporate credit valuation adjustments in the fair value measurements to appropriately reflect both our own nonperformance risk and the respective counterparty's nonperformance risk. These credit valuation adjustments were concluded to not be significant inputs for the fair value calculations for the periods presented. In adjusting the fair value of our derivative contracts for the effect of nonperformance risk, we have considered the impact of netting and any applicable credit enhancements, such as the posting of collateral, thresholds, mutual puts and guarantees. The valuation of interest rate swaps fall into Level 2 in the fair value hierarchy.

The fair values of these assets and liabilities at June 30, 2016 and December 31, 2015 were as follows (in thousands):

	June 30, 2016				December 31, 2015			
	Fair Value	Level 1	Level 2	Level 3	Fair Value	Level 1	Level 2	Level 3
Assets:								
SERP	\$ 1,556	\$ —	\$ 1,556	\$ —	\$ 1,408	\$ —	\$ 1,408	\$ —
Liabilities:								
Interest rate swaps	\$ 5,609	\$ —	\$ 5,609	\$ —	\$ 550	\$ —	\$ 550	\$ —

Financial Assets and Liabilities Not Measured at Fair Value

The following disclosures of estimated fair value were determined by management using available market information and established valuation methodologies, including discounted cash flow. Many of these estimates involve significant judgment. The estimated fair value disclosed may not necessarily be indicative of the amounts we could realize on disposition of the financial instruments. The use of different market assumptions or estimation methodologies could have an effect on the estimated fair value amounts. In addition, fair value estimates are made at a point in time and thus, estimates of fair value subsequent to June 30, 2016 may differ significantly from the amounts presented.

Following is a summary of significant methodologies used in estimating fair values and a schedule of fair values at June 30, 2016 and December 31, 2015.

Cash and Cash Equivalents and Restricted Cash

Cash and cash equivalents and restricted cash include cash and commercial paper with original maturities of less than 90 days, which are valued at the carrying value, which approximates fair value due to the short maturity of these instruments (Level 1 inputs).

Notes Receivable

We acquired a note receivable ("2445 M Street note") in 2008 with the purchase of 2445 M Street. We estimate the fair value of the 2445 M Street note based on a discounted cash flow methodology using market discount rates (Level 3 inputs).

Debt

Mortgage notes payable consist of instruments in which certain of our real estate assets are used for collateral. We estimate the fair value of the mortgage notes payable by discounting the contractual cash flows at a rate equal to the relevant treasury rates (with respect to the timing of each cash flow) plus credit spreads estimated through independent comparisons to real estate assets or loans with similar characteristics. Lines of credit payable consist of our bank facility which we use for various purposes including working capital, acquisition funding and capital improvements. The lines of credit advances are priced at a specified rate plus a spread. We estimate the market value based on a comparison of the spreads of the advances to market given the adjustable base rate. We estimate the fair value of the notes payable by discounting the contractual cash flows at a rate equal to the relevant treasury rates (with respect to the timing of each cash flow) plus credit spreads derived using the relevant securities' market prices. We classify these fair value measurements as Level 3 as we use significant unobservable inputs and management judgment due to the absence of quoted market prices.

As of June 30, 2016 and December 31, 2015, the carrying values and estimated fair values of our financial instruments were as follows (in thousands):

	June 30, 2016		December 31, 2015	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Cash and cash equivalents	\$ 22,379	\$ 22,379	\$ 23,825	\$ 23,825
Restricted cash	11,054	11,054	13,383	13,383
2445 M Street note receivable	3,539	3,655	3,849	4,275
Mortgage notes payable, net	252,044	259,779	418,052	426,693
Lines of credit	269,000	269,000	105,000	105,000
Notes payable, net	743,769	784,582	743,181	753,816

NOTE 8: STOCK BASED COMPENSATION

Washington REIT maintains short-term ("STIP") and long-term ("LTIP") incentive plans that allow for stock-based awards to officers and non-officer employees. Stock based awards are provided to officers and non-officer employees, as well as trustees, under the Washington Real Estate Investment Trust 2007 Omnibus Long-Term Incentive Plan which allows for awards in the form of restricted shares, restricted share units, options and other awards up to an aggregate of 2,000,000 shares over the ten-year period in which the plan will be in effect. Restricted share units are converted into shares of our stock upon full vesting through the issuance of new shares.

In February 2016, we adopted a revised long-term incentive plan ("New LTIP") for non-executive officers and other employees that replaced the previous long-term incentive plan for non-executive officers and other employees. The New LTIP is effective January 1, 2016 for performance years beginning on or after that date. Non-executive officers and other employees earn restricted share unit awards under the New LTIP based upon various percentages of their salaries and annual performance calculations. The restricted share unit awards vest ratably over three years beginning on the grant date based upon continued employment. We initially measure compensation expense for awards under the New LTIP based on the fair value at the grant date, and recognize compensation expense for these awards according to a graded vesting schedule over the three-year requisite service period.

Total Compensation Expense

Total compensation expense recognized in the consolidated financial statements for all outstanding share based awards was \$0.9 million and \$1.2 million for the 2016 Quarter and 2015 Quarter, respectively, and \$2.4 million and \$3.1 million for the 2016 Period and 2015 Period, respectively.

Restricted Share Awards

The total fair values of restricted share awards vested was \$2.5 million and \$2.3 million for the 2016 Period and 2015 Period, respectively.

The total unvested restricted share awards at June 30, 2016 was 237,919 shares, which had a weighted average grant date fair value of \$26.38 per share. As of June 30, 2016, the total compensation cost related to unvested restricted share awards was \$3.3 million, which we expect to recognize over a weighted average period of 23 months.

NOTE 9: EARNINGS PER COMMON SHARE

We determine “Basic earnings per share” using the two-class method as our unvested restricted share awards and units have non-forfeitable rights to dividends, and are therefore considered participating securities. We compute basic earnings per share by dividing net income attributable to the controlling interest less the allocation of undistributed earnings to unvested restricted share awards and units by the weighted-average number of common shares outstanding for the period.

We also determine “Diluted earnings per share” as the more dilutive of the two-class method or the treasury stock method with respect to the unvested restricted share awards. We further evaluate any other potentially dilutive securities at the end of the period and adjust the basic earnings per share calculation for the impact of those securities that are dilutive. Our diluted earnings per share calculation includes the dilutive impact of our share based awards with performance conditions prior to the grant date and all market condition awards under the contingently issuable method.

The computations of basic and diluted earnings per share for the three and six months ended June 30, 2016 and 2015 were as follows (in thousands, except per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Numerator:				
Net income (loss)	\$ 31,821	\$ (2,886)	\$ 34,200	\$ 26,512
Net loss attributable to noncontrolling interests in subsidiaries	15	340	20	448
Allocation of earnings to unvested restricted share awards	(99)	(80)	(155)	(165)
Adjusted net income (loss) attributable to the controlling interests	<u>\$ 31,737</u>	<u>\$ (2,626)</u>	<u>\$ 34,065</u>	<u>\$ 26,795</u>
Denominator:				
Weighted average shares outstanding – basic	71,719	68,176	70,010	68,159
Effect of dilutive securities:				
Employee restricted share awards	193	—	190	124
Weighted average shares outstanding – diluted	<u>71,912</u>	<u>68,176</u>	<u>70,200</u>	<u>68,283</u>
Basic net income (loss) attributable to the controlling interests per common share	<u>\$ 0.44</u>	<u>\$ (0.04)</u>	<u>\$ 0.49</u>	<u>\$ 0.39</u>
Diluted net income (loss) attributable to the controlling interests per common share	<u>\$ 0.44</u>	<u>\$ (0.04)</u>	<u>\$ 0.49</u>	<u>\$ 0.39</u>

NOTE 10: SEGMENT INFORMATION

We have three reportable segments: office, multifamily and retail. Office properties provide office space for various types of businesses and professions. Multifamily properties provide rental housing for individuals and families throughout the Washington metro region. Retail properties are typically grocery store-anchored neighborhood centers that include other small shop tenants or regional power centers with several junior box tenants.

We evaluate performance based upon net operating income from the combined properties in each segment. Our reportable operating segments are consolidations of similar properties. GAAP requires that segment disclosures present the measure(s) used by the chief operating decision maker for purposes of assessing segments’ performance. Net operating income is a key measurement of our segment profit and loss. Net operating income is defined as segment real estate rental revenue less segment real estate expenses.

The following tables present revenues, net operating income, capital expenditures and total assets for the three and six months ended June 30, 2016 and 2015 from these segments, and reconcile net operating income of reportable segments to net income attributable to the controlling interests as reported (in thousands):

Three Months Ended June 30, 2016

	Office	Retail	Multifamily	Corporate and Other	Consolidated
Real estate rental revenue	\$ 43,737	\$ 15,080	\$ 20,588	\$ —	\$ 79,405
Real estate expenses	16,594	3,684	7,897	—	28,175
Net operating income	\$ 27,143	\$ 11,396	\$ 12,691	\$ —	\$ 51,230
Depreciation and amortization					(25,161)
General and administrative					(4,968)
Acquisition costs					(1,024)
Interest expense					(13,820)
Other income					83
Gain on sale of real estate					24,112
Casualty gain and real estate impairment (loss), net					676
Income tax benefit					693
Net income					31,821
Less: Net loss attributable to noncontrolling interests in subsidiaries					15
Net income attributable to the controlling interests					\$ 31,836
Capital expenditures	\$ 5,854	\$ 3,588	\$ 2,198	\$ 29	\$ 11,669
Total assets	\$ 1,151,041	\$ 352,094	\$ 769,592	\$ 33,724	\$ 2,306,451

Three Months Ended June 30, 2015

	Office	Retail	Multifamily	Corporate and Other	Consolidated
Real estate rental revenue	\$ 43,143	\$ 15,740	\$ 15,343	\$ —	\$ 74,226
Real estate expenses	16,842	3,702	6,685	—	27,229
Net operating income	\$ 26,301	\$ 12,038	\$ 8,658	\$ —	\$ 46,997
Depreciation and amortization					(25,503)
Acquisition costs					(992)
General and administrative					(4,278)
Interest expense					(14,700)
Other income					192
Gain on sale of real estate					1,454
Income tax expense					(28)
Loss on extinguishment of debt					(119)
Casualty gain and real estate impairment (loss), net					(5,909)
Net loss					(2,886)
Less: Net loss attributable to noncontrolling interests in subsidiaries					340
Net loss attributable to the controlling interests					\$ (2,546)
Capital expenditures	\$ 6,092	\$ 649	\$ 869	\$ 460	\$ 8,070
Total assets	\$ 1,273,256	\$ 376,087	\$ 392,758	\$ 43,288	\$ 2,085,389

Six Months Ended June 30, 2016					
	Office	Retail	Multifamily	Corporate and Other	Consolidated
Real estate rental revenue	\$ 87,555	\$ 30,460	\$ 38,527	\$ —	\$ 156,542
Real estate expenses	33,669	8,090	15,150	—	56,909
Net operating income	\$ 53,886	\$ 22,370	\$ 23,377	\$ —	\$ 99,633
Depreciation and amortization					(51,199)
Interest expense					(28,180)
General and administrative					(10,479)
Other income					122
Acquisition costs					(1,178)
Gain on sale of real estate, continuing operations					24,112
Casualty gain and real estate impairment (loss), net					676
Income tax benefit					693
Net income					34,200
Less: Net loss attributable to noncontrolling interests in subsidiaries					20
Net income attributable to the controlling interests					\$ 34,220
Capital expenditures	8,025	4,131	4,200	42	16,398

Six Months Ended June 30, 2015					
	Office	Retail	Multifamily	Corporate and Other	Consolidated
Real estate rental revenue	\$ 85,639	\$ 32,070	\$ 31,373	\$ —	\$ 149,082
Real estate expenses	33,985	8,489	13,963	—	56,437
Net operating income	\$ 51,654	\$ 23,581	\$ 17,410	\$ —	\$ 92,645
Depreciation and amortization					(50,778)
Interest expense					(30,048)
General and administrative					(10,358)
Acquisition costs					(1,008)
Gain on sale of real estate					31,731
Other income					384
Gain (loss) on extinguishment of debt, net					(119)
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
Capital expenditures	\$ 8,610	\$ 1,499	\$ 2,282	\$ 1,836	\$ 14,227

NOTE 11: SUBSEQUENT EVENTS

Subsequent to the end of the 2016 Quarter, we 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. We have not yet executed any draws on this unsecured term loan. We also entered into interest rate derivatives to swap from a LIBOR plus 165 basis points floating rate to a 2.86% all-in fixed interest rate commencing on March 31, 2017.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our consolidated financial statements and the notes thereto appearing in Item 1 of this report and the more detailed information contained in our Annual Report on Form 10-K for the year ended December 31, 2015 filed with the Securities and Exchange Commission on February 26, 2016.

We refer to the three months ended June 30, 2016 and June 30, 2015 as the "2016 Quarter" and the "2015 Quarter," respectively, and the six months ended June 30, 2016 and June 30, 2015 as the "2016 Period" and "2015 Period," respectively.

Forward-Looking Statements

This Form 10-Q contains forward-looking statements which involve risks and uncertainties. Forward-looking statements include statements in this report preceded by, followed by or that include the words "believe," "expect," "intend," "anticipate," "potential," "project," "will" and other similar expressions. We claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 for these statements. The following important factors, in addition to those discussed elsewhere in this Form 10-Q, could affect our future results and could cause those results to differ materially from those expressed in the forward-looking statements: (a) the effect of credit and financial market conditions; (b) the availability and cost of capital; (c) fluctuations in interest rates; (d) the economic health of our tenants; (e) the timing and pricing of lease transactions; (f) the economic health of the greater Washington metro region, or other markets we may enter; (g) changes in real estate and zoning laws and increases in property tax rates; (h) the effects of changes in federal government spending; (i) the supply of competing properties; (j) consumer confidence; (k) unemployment rates; (l) consumer tastes and preferences; (m) our future capital requirements; (n) inflation; (o) compliance with applicable laws, including those concerning the environment and access by persons with disabilities; (p) governmental or regulatory actions and initiatives; (q) changes in general economic and business conditions; (r) terrorist attacks or actions; (s) acts of war; (t) weather conditions and natural disasters; (u) failure to qualify as a REIT; (v) the availability of and our ability to attract and retain qualified personnel; (w) the effects of changes in capital available to the technology and biotechnology sectors of the economy and (x) other factors discussed under the caption "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2015 filed with the Securities and Exchange Commission on February 26, 2016. We undertake no obligation to update our forward-looking statements or risk factors to reflect new information, future events, or otherwise.

General

Introductory Matters

We provide our Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") in addition to the accompanying consolidated financial statements and notes to assist readers in understanding our results of operations and financial condition. We organize the MD&A as follows:

- *Overview.* Discussion of our business outlook, operating results, investment activity, financing activity and capital requirements to provide context for the remainder of MD&A.
- *Results of Operations.* Discussion of our financial results comparing the 2016 Quarter to the 2015 Quarter and the 2016 Period to the 2015 Period.
- *Liquidity and Capital Resources.* Discussion of our financial condition and analysis of changes in our capital structure and cash flows.
- *Funds From Operations.* Calculation of NAREIT Funds From Operations ("NAREIT FFO"), a non-GAAP supplemental measure to net income.
- *Critical Accounting Policies and Estimates.* Descriptions of accounting policies that reflect significant judgments and estimates used in the preparation of our consolidated financial statements.

When evaluating our financial condition and operating performance, we focus on the following financial and non-financial indicators:

- *Net operating income ("NOI"),* calculated as real estate rental revenue less real estate expenses excluding depreciation and amortization and general and administrative expenses. NOI is a non-GAAP supplemental measure to net income.
- *NAREIT FFO,* calculated as set forth below under the caption "Funds from Operations."
- *Occupancy,* calculated as occupied square footage as a percentage of total square footage as of the last day of that period.

- *Leased percentage*, calculated as the percentage of available physical net rentable area leased for our office and retail segments and percentage of apartments leased for our multifamily segment.
- *Rental rates*.
- *Leasing activity*, including new leases, renewals and expirations.

For purposes of evaluating comparative operating performance, we categorize our properties as “same-store”, “non-same-store” or discontinued operations. A “same-store” property is one that was owned for the entirety of 2016 and the prior year, and excludes properties under redevelopment or development and properties purchased or sold at any time during 2016 or the prior year. A “non-same-store” property is one that was acquired, under redevelopment or development, or placed into service during 2016 or 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 included within the non-same-store properties beginning in the period during which redevelopment or development activities commence. We consider properties to no longer be under redevelopment or development upon substantial completion of redevelopment or development activities, and the earlier of achieving 90% occupancy or two years after substantial completion.

Overview

Business Outlook

Our revenues are derived primarily from the ownership and operation of income-producing properties in the greater Washington metro region. As of June 30, 2016, we 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 consisted of 21 office properties, 16 retail centers and 14 multifamily properties.

In accordance with our strategy of recycling legacy assets to invest in high-quality assets with compelling value-add returns, in April 2016 we executed two purchase and sale agreements with a single buyer for the sale of a portfolio of six office properties located in Maryland: 51 Monroe Street, 6110 Executive Boulevard, Wayne Plaza, 600 Jefferson Plaza, One Central Plaza and West Gude Drive (collectively, the “Maryland Office Portfolio”) for an aggregate contract sale price of \$240.0 million. We closed on the first sale transaction for four of the properties in June, and expect to close on the second sale transaction in September 2016. In May 2016, we acquired a multifamily property with further development potential in Alexandria, Virginia, for \$244.8 million (see “Investment Activity” below).

Operating Results

Net income attributable to the controlling interests, NOI and NAREIT FFO for the three months ended June 30, 2016 and 2015 were as follows (in thousands):

	Three Months Ended June 30,		\$ Change	% Change
	2016	2015		
Net income (loss) attributable to the controlling interests	\$ 31,836	\$ (2,546)	\$ 34,382	(1,350.4) %
NOI ⁽¹⁾	\$ 51,230	\$ 46,997	\$ 4,233	9.0 %
NAREIT FFO ⁽²⁾	\$ 32,870	\$ 22,617	\$ 10,253	45.3 %

⁽¹⁾ See page 24 of the MD&A for a reconciliation of NOI to net income.

⁽²⁾ See page 34 of the MD&A for a reconciliation of NAREIT FFO to net income.

The higher net income attributable to the controlling interests is primarily due to higher gains on sale of real estate (\$22.7 million) and higher NOI (\$4.2 million) in the 2016 Quarter and a property impairment (\$5.9 million) recognized in the 2015 Quarter.

The increase in NOI is primarily due to acquisitions (\$3.7 million) and the lease-up of The Maxwell (\$0.5 million), partially offset by the property sales during 2015 and 2016 (\$1.6 million). Same-store NOI increased by \$1.6 million primarily due to higher rental rates (\$1.1 million), lower bad debt (\$0.5 million), higher reimbursements (\$0.3 million), lower administrative expenses (\$0.3 million) and higher parking income (\$0.2 million), partially offset by lower occupancy (\$0.9 million). Same-store physical occupancy decreased to 92.7% as of June 30, 2016, from 93.3% one year ago, primarily due to lower occupancy in the retail segment.

The higher NAREIT FFO is primarily attributable to the higher NOI (\$4.2 million) in the 2016 Quarter and a property impairment (\$5.9 million) recognized in the 2015 Quarter.

Investment Activity

Significant investment transactions during the 2016 Period included the following:

- The acquisition of Riverside Apartments, a multifamily property consisting of three buildings totaling 1,222 units in Alexandria, Virginia, and an adjacent undeveloped land parcel with potential to develop approximately 550 additional units, in May 2016 for a contract purchase price of \$244.8 million. We incurred \$1.2 million of acquisition costs.
- The sale of Dulles Station, Phase II, which consisted of land held for future development and an interest in a parking garage in Herndon, Virginia, in May 2016 for \$12.1 million. We recognized a gain on sale of real estate of \$0.5 million.
- The execution of the first sale transaction with respect to the Maryland Office Portfolio (for the sale of 6110 Executive Boulevard, Wayne Plaza, 600 Jefferson Plaza and West Gude Drive) in June 2016 for \$111.5 million. We recognized a gain on sale of real estate of \$23.6 million.

Financing Activity

Significant financing transactions during the 2016 Period included the following:

- The exercise of our right to purchase the \$32.2 million construction loan secured by The Maxwell without penalty from the lender in January 2016.
- The prepayment at par of the remaining \$50.9 million of the mortgage note secured by John Marshall II in February 2016.
- The issuance in May 2016 of approximately 5.3 million common shares at a price to the public of \$28.20 per share, for net proceeds of approximately \$143.4 million.
- The repayment of the remaining \$81.0 million of mortgage notes secured by 3801 Connecticut Avenue, Bethesda Hill Apartments and Walker House Apartments in June 2016.

Subsequent to the end of the 2016 Quarter, we 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. We expect to draw on the term loan in the fourth quarter of 2016 or early in January 2017 to refinance maturing secured debt. We also entered into interest rate derivatives to swap from a LIBOR plus 165 basis points floating rate to a 2.86% all-in fixed interest rate commencing on March 31, 2017.

As of June 30, 2016, the interest rate on the Revolving Credit Facility was one month LIBOR plus 1.00% and the facility fee was 0.20%. As of July 28, 2016, our Revolving Credit Facility has a borrowing capacity of \$335.0 million.

Capital Requirements

As of the end of the 2016 Quarter, we do not have any scheduled debt maturities during the remainder of 2016, though we do have mortgage notes totaling approximately \$101.9 million that may be prepaid without penalty beginning on October 6, 2016. We also expect to have the additional capital requirements as set forth on page 32 (Liquidity and Capital Resources - Capital Requirements).

Results of Operations

The discussion that follows is based on our consolidated results of operations for the 2016 Quarter and 2015 Quarter and 2016 Period and 2015 Period. The ability to compare one period to another is significantly affected by acquisitions completed and dispositions made during 2016 and 2015 (see note 3 to the consolidated financial statements).

Net Operating Income

NOI is a non-GAAP measure calculated as real estate rental revenue less real estate expenses excluding depreciation and amortization and general and administrative expenses. NOI is the primary performance measure we use to assess the results of our operations at the property level. We believe that NOI is useful as a performance measure because, when compared across periods, NOI reflects the impact on operations of trends in occupancy rates, rental rates and operating costs on an unleveraged basis, providing perspective not immediately apparent from net income. NOI excludes certain components from net income in order to provide results more closely related to a property's results of operations. For example, interest expense is not necessarily linked to the operating performance of a real estate asset. In addition, depreciation and amortization, because of historical cost accounting and useful life estimates, may distort operating performance at the property level. As a result of the foregoing, we provide NOI as a supplement to net income, calculated in accordance with GAAP. NOI does not represent net income or income

from continuing operations, in either case calculated in accordance with GAAP. As such, it should not be considered an alternative to these measures as an indication of our operating performance. A reconciliation of NOI to net income follows.

2016 Quarter Compared to 2015 Quarter

The following tables reconcile NOI to net income (loss) attributable to the controlling interests and provide the basis for our discussion of our consolidated results of operations and NOI in the 2016 Quarter compared to the 2015 Quarter. All amounts are in thousands except percentage amounts.

	Same-Store				Non-Same-Store								All Properties			
			\$ Change	% Change	Acquisitions ⁽¹⁾		Development/Redevelopment ⁽²⁾		Dispositions ⁽³⁾						\$ Change	% Change
	2016	2015			2016	2015	2016	2015	2016	2015	2016	2015	2016	2015		
Real estate rental revenue	\$ 64,473	\$ 63,224	\$ 1,249	2.0 %	\$ 5,799	\$ —	\$ 4,966	\$ 4,552	\$ 4,167	\$ 6,450	\$ 79,405	\$ 74,226	\$ 5,179		7.0 %	
Real estate expenses	21,840	22,183	(343)	(1.5)%	2,123	—	2,394	2,524	1,818	2,522	28,175	27,229	946		3.5 %	
NOI	\$ 42,633	\$ 41,041	\$ 1,592	3.9 %	\$ 3,676	\$ —	\$ 2,572	\$ 2,028	\$ 2,349	\$ 3,928	\$ 51,230	\$ 46,997	\$ 4,233		9.0 %	
Reconciliation to net income attributable to the controlling interests:																
Depreciation and amortization											(25,161)	(25,503)	342		(1.3)%	
Acquisition costs											(1,024)	(992)	(32)		3.2 %	
General and administrative expenses											(4,968)	(4,278)	(690)		16.1 %	
Casualty gain and impairment (loss), net											676	(5,909)	6,585		(111.4)%	
Gain on sale of real estate											24,112	1,454	22,658		1,558.3 %	
Interest expense											(13,820)	(14,700)	880		(6.0)%	
Other income											83	192	(109)		(56.8)%	
Loss on extinguishment of debt											—	(119)	119		—	
Income tax benefit (expense)											693	(28)	721		(2,575.0)%	
Net income (loss)											31,821	(2,886)	34,707		(1,202.6)%	
Less: Net loss attributable to noncontrolling interests											15	340	(325)		(95.6)%	
Net income (loss) attributable to the controlling interests											\$ 31,836	\$ (2,546)	\$ 34,382		(1,350.4)%	

⁽¹⁾ Acquisitions:
2016 Multifamily – Riverside Apartments
2015 Multifamily – The Wellington

⁽²⁾ Development/redevelopment properties:
Multifamily development property – The Maxwell
Office redevelopment properties – Silverline Center and Army Navy Club Building

⁽³⁾ Dispositions (classified as continuing operations):
2016 Office – 6110 Executive Boulevard, 600 Jefferson Plaza, Wayne Plaza and West Gude Drive
2015 Multifamily – Country Club Towers and Munson Hill Towers
2015 Retail – Montgomery Village Center

Real Estate Rental Revenue

Real estate rental revenue is comprised of (a) minimum base rent, which includes rental revenues recognized on a straight-line basis, (b) revenue from the recovery of operating expenses from our tenants, (c) provisions for doubtful accounts in the same quarter that we established the receivable, which include provisions for straight-line receivables, (d) revenue from the collection of lease termination fees and (e) parking and other tenant charges such as percentage rents.

Real estate rental revenue for same-store properties for the three and six months ended June 30, 2016 and 2015 was as follows (in thousands):

	Three Months Ended June 30,		\$ Change	% Change
	2016	2015		
Minimum base rent	\$ 53,794	\$ 53,735	\$ 59	0.1 %
Recoveries from tenants	7,212	6,882	330	4.8 %
Provision for doubtful accounts	(63)	(407)	344	(84.5)%
Lease termination fees	183	46	137	297.8 %
Parking and other tenant charges	3,347	2,968	379	12.8 %
Total same-store real estate rental revenue	\$ 64,473	\$ 63,224	\$ 1,249	2.0 %

- *Minimum base rent:* Increase primarily due to higher rental rates (\$1.1 million), partially offset by lower occupancy (\$0.9 million) and higher rent abatements (\$0.2 million).
- *Recoveries from tenants:* Increase primarily due to higher reimbursements for operating expenses (\$0.2 million) and real estate taxes (\$0.1 million).
- *Provision for doubtful accounts:* Decrease primarily due to lower provisions in the office (\$0.2 million) and retail segments (\$0.1 million).
- *Lease termination fees:* Increase primarily due to higher fees in the office segment (\$0.1 million).
- *Parking and other tenant charges:* Increase primarily due to higher parking income (\$0.2 million), primarily in the office segment, and short-term rents (\$0.1 million) in the retail segment.

Real estate rental revenue from same-store properties by segment was as follows (in thousands):

	Three Months Ended June 30,		\$ Change	% Change
	2016	2015		
Office	\$ 35,590	\$ 34,658	\$ 932	2.7%
Multifamily	13,803	13,626	177	1.3%
Retail	15,080	14,940	140	0.9%
Total same-store real estate rental revenue	\$ 64,473	\$ 63,224	\$ 1,249	2.0%

- *Office:* Increase primarily due to higher rental rates (\$0.7 million), higher reimbursements for operating expenses (\$0.3 million) and lower provisions for uncollectible revenue (\$0.2 million), partially offset by lower occupancy (\$0.2 million) and higher rent abatements (\$0.2 million).
- *Multifamily:* Increase primarily due to higher tenant fees (\$0.2 million).
- *Retail:* Increase primarily due to higher rental rates (\$0.4 million), higher reimbursements for real estate taxes (\$0.2 million) and lower provisions for uncollectible revenue (\$0.1 million), partially offset by lower occupancy (\$0.7 million).

Real estate rental revenue from acquisitions increased due to the acquisitions of The Wellington in the third quarter of 2015 and Riverside Apartments in the 2016 Quarter.

Real estate rental revenue from development/redevelopment properties increased primarily due to leasing up The Maxwell (\$0.6 million) and higher rental rates (\$0.3 million) and occupancy (\$0.2 million) at Silverline Center, partially offset by lower occupancy (\$0.4 million) and rental rates (\$0.1 million) at the Army Navy Club Building, which is under redevelopment.

Occupancy represents occupied square footage indicated as a percentage of total square footage as of the last day of that period. Occupancy by segment for the 2016 Quarter and 2015 Quarter was as follows:

Segment	June 30, 2016			June 30, 2015			Increase (decrease)		
	Same-Store	Non-Same-Store	Total	Same-Store	Non-Same-Store	Total	Same-Store	Non-Same-Store	Total
Office	91.8%	63.8%	87.5%	92.2%	75.5%	87.6%	(0.4)%	(11.7)%	(0.1)%
Multifamily	94.8%	94.0%	94.4%	94.3%	78.2%	91.7%	0.5 %	15.8 %	2.7 %
Retail	92.1%	N/A	92.1%	94.1%	78.7%	92.9%	(2.0)%	N/A	(0.8)%
Total	92.7%	86.5%	91.1%	93.3%	76.4%	90.0%	(0.6)%	10.1 %	1.1 %

- *Office*: The decrease in same-store occupancy was primarily due to lower occupancy at 1776 G Street and Quantico Corporate Center, partially offset by higher occupancy at 1775 Eye Street and 1600 Wilson Boulevard. The decrease in non-same-store occupancy was primarily due to lower occupancy at the Army Navy Club Building, which is under redevelopment, partially offset by higher occupancy at Silverline Center.
- *Multifamily*: The increase in same-store occupancy was primarily due to higher occupancy at Yale West, partially offset by lower occupancy at The Ashby. The increase in non-same-store occupancy was primarily due to the lease-up of The Maxwell.
- *Retail*: The decrease in same-store occupancy was primarily due to lower occupancy at the Centre at Hagerstown, Spring Valley Shopping Center and Bradlee Shopping Center, partially offset by higher occupancy at Concord Centre.

During the 2016 Quarter, we executed new and renewal leases in our office and retail segments as follows:

	Square Feet (in thousands)	Average Rental Rate (per square foot)	% Rental Rate Increase	Incentives ⁽¹⁾ (per square foot)	Retention Rate
Office	59	\$ 37.01	14.3 %	\$ 50.40	30.9 %
Retail	15	36.18	16.4 %	19.95	17.5 %
Total	74	36.83	14.8 %	44.09	29.4 %

⁽¹⁾ Incentives include tenant improvements, leasing commissions and leasing incentives, including free rent.

Real Estate Expenses

Real estate expenses as a percentage of revenue for the 2016 Quarter and 2015 Quarter were 35.5% and 36.7%, respectively.

Real estate expenses from same-store properties by segment were as follows (in thousands):

	Three Months Ended June 30,		\$ Change	% Change
	2016	2015		
Office	\$ 12,751	\$ 13,046	\$ (295)	(2.3)%
Multifamily	5,405	5,694	(289)	(5.1)%
Retail	3,684	3,443	241	7.0 %
Total same-store real estate expenses	\$ 21,840	\$ 22,183	\$ (343)	(1.5)%

- *Office*: Decrease primarily due to lower utilities (\$0.1 million), administrative (\$0.1 million) and real estate tax (\$0.1 million) expenses.
- *Multifamily*: Decrease primarily due to lower administrative (\$0.2 million) and repairs and maintenance (\$0.1 million) expenses.
- *Retail*: Increase primarily due to higher real estate taxes (\$0.2 million).

Other Income and Expenses

Depreciation and Amortization: Decrease primarily due to classifying the Maryland Office Portfolio as held for sale and stopping depreciation on the assets during the 2016 Quarter (\$2.0 million) and lower depreciation and amortization at same-store properties (\$0.4 million) primarily due to lower amortization of acquired intangible lease assets, partially offset by the acquisition of The Wellington and Riverside Apartments (\$2.1 million).

Acquisition Costs: Increase primarily due to the settlement of the Riverside Apartments acquisition in the 2016 Quarter, partially offset by due diligence costs during the 2015 Quarter associated with The Wellington acquisition.

General and Administrative Expenses: Increase primarily due to a higher estimate of short-term incentive compensation (\$0.7 million).

Casualty gain and impairment (loss), net: The casualty gain in the 2016 Quarter represents the gain recognized upon the receipt of insurance proceeds related to damage from a fire at Bethesda Hill Towers during the first quarter of 2015 that damaged four units. The impairment loss in the 2015 Quarter reduced the carrying value of our interest in a joint venture to develop a multifamily property at 1225 First Street to its estimated fair value. We subsequently disposed of our interest in the joint venture during the third quarter of 2015.

Gain on sale of real estate: Increase due to settling on the sales of Dulles Station II, 6110 Executive Boulevard, 51 Monroe Street, 600 Jefferson Plaza and West Gude during the 2016 Quarter. The \$1.5 million gain in the 2015 Quarter resulted from the compensation received for the condemnation as part of an eminent domain taking action of 15,000 square feet of land at Montrose Shopping Center.

Interest Expense: Interest expense by debt type for the three months ended June 30, 2016 and 2015 were as follows (in thousands):

Debt Type	Three Months Ended June 30,		\$ Change	% Change
	2016	2015		
Notes payable	\$ 8,289	\$ 7,914	\$ 375	4.7 %
Mortgage notes payable	4,223	5,657	(1,434)	(25.3)%
Lines of credit	1,473	1,249	224	17.9 %
Capitalized interest	(165)	(120)	(45)	37.5 %
Total	\$ 13,820	\$ 14,700	\$ (880)	(6.0)%

- *Notes payable:* Increase primarily due to executing the \$150.0 million term loan in September 2015, which has a floating interest rate effectively fixed at 2.7% by interest rate swaps, partially offset by the repayment of \$150.0 million of our 5.35% senior notes in May 2015.
- *Mortgage notes payable:* Decrease primarily due to the repayment of the mortgage notes secured by John Marshall II, 3801 Connecticut Avenue, Bethesda Hill Apartments and Walker House Apartments, and the purchase of the construction loan secured by The Maxwell (a consolidated entity) during the 2016 Period.
- *Lines of credit:* Increase primarily due to weighted average daily borrowings of \$242.0 million during 2016 Quarter, as compared to \$131.2 million during the 2015 Quarter.
- *Capitalized interest:* Increase primarily due to capitalization of interest on spending related to the development adjacent to The Wellington.

Income tax benefit (expense): The income tax benefit in the 2016 Quarter resulted from a reduction of the valuation allowance on a deferred tax asset at one of our taxable REIT subsidiaries due to a net operating loss as a result of the sale of Dulles Station II. We have concluded that there is sufficient positive evidence as of June 30, 2016 that it is more likely than not that a portion of the deferred tax asset related to the net operating loss is realizable.

2016 Period Compared to 2015 Period

The following tables reconcile NOI to net income attributable to the controlling interests and provide the basis for our discussion of our consolidated results of operations and NOI in the 2016 Period compared to the 2015 Period. All amounts are in thousands except percentage amounts.

	Non-Same-Store													
	Same-Store				Acquisitions ⁽¹⁾		Development/Redevelopment ⁽²⁾		Dispositions ⁽³⁾ (continuing operations)		All Properties			
	2016	2015	\$ Change	% Change	2016	2015	2016	2015	2016	2015	2016	2015	\$ Change	% Change
Real estate rental revenue	\$ 128,499	\$ 127,545	\$ 954	0.7 %	\$ 9,080	\$ —	\$ 10,423	\$ 8,526	\$ 8,540	\$ 13,011	\$ 156,542	\$ 149,082	\$ 7,460	5.0 %
Real estate expenses	45,104	45,794	(690)	(1.5)%	3,424	—	4,767	4,845	3,614	5,798	56,909	56,437	472	0.8 %
NOI	\$ 83,395	\$ 81,751	\$ 1,644	2.0 %	\$ 5,656	\$ —	\$ 5,656	\$ 3,681	\$ 4,926	\$ 7,213	\$ 99,633	\$ 92,645	\$ 6,988	7.5 %
Reconciliation to net income attributable to the controlling interests:														
Depreciation and amortization											(51,199)	(50,778)	(421)	0.8 %
Acquisition costs											(1,178)	(1,008)	(170)	16.9 %
General and administrative expenses											(10,479)	(10,358)	(121)	1.2 %
Casualty gain and impairment (loss), net											676	(5,909)	6,585	111.4 %
Gain on sale of real estate											24,112	31,731	(7,619)	(24.0)%
Interest expense											(28,180)	(30,048)	1,868	(6.2)%
Other income											122	384	(262)	(68.2)%
Loss on extinguishment of debt											—	(119)	119	(100.0)%
Income tax benefit (expense)											693	(28)	721	(2,575.0)%
Net income											34,200	26,512	7,688	29.0 %
Less: Net loss attributable to noncontrolling interests											20	448	(428)	(95.5)%
Net income attributable to the controlling interests											\$ 34,220	\$ 26,960	\$ 7,260	26.9 %

- (1) Acquisitions:
2016 Multifamily – Riverside Apartments
2015 Multifamily – The Wellington
- (2) Development/redevelopment properties:
Multifamily development property – The Maxwell
Office redevelopment properties – Silverline Center and Army Navy Club Building
- (3) Dispositions (classified as continuing operations):
2016 Office – 6110 Executive Boulevard, 600 Jefferson Plaza, Wayne Plaza and West Gude Drive
2015 Multifamily – Country Club Towers and Munson Hill Towers
2015 Retail – Montgomery Village Center

Real Estate Rental Revenue

Real estate rental revenue is comprised of (a) minimum base rent, which includes rental revenues recognized on a straight-line basis, (b) revenue from the recovery of operating expenses from our tenants, (c) provisions for doubtful accounts in the same quarter that we established the receivable, which include provisions for straight-line receivables, (d) revenue from the collection of lease termination fees and (e) parking and other tenant charges such as percentage rents.

Real estate rental revenue for same-store properties for the six months ended June 30, 2016 and 2015 was as follows (in thousands):

	Six Months Ended June 30,			
	2016	2015	\$ Change	% Change
Minimum base rent	\$ 107,004	\$ 107,453	\$ (449)	(0.4)%
Recoveries from tenants	14,969	14,713	256	1.7 %
Provision for doubtful accounts	(449)	(725)	276	(38.1)%
Lease termination fees	305	231	74	32.0 %
Parking and other tenant charges	6,670	5,873	797	13.6 %
Total same-store real estate rental revenue	\$ 128,499	\$ 127,545	\$ 954	0.7 %

- *Minimum base rent*: Decrease primarily due to lower occupancy (\$2.1 million) and higher abatements (\$0.3 million), partially offset by higher rental rates (\$1.9 million).
- *Recoveries from tenants*: Increase primarily due to higher reimbursements for operating expenses (\$0.3 million).
- *Provision for doubtful accounts*: Decrease primarily due to lower provisions in the office segment (\$0.3 million).
- *Lease termination fees*: Increase primarily due to higher fees in the multifamily segment (\$0.1 million).
- *Parking and other tenant charges*: Increase primarily due to higher parking income (\$0.3 million) in the office segment, higher percentage rent (\$0.1 million) in the retail segment and higher antenna rent (\$0.1 million) in the multifamily segment.

Real estate rental revenue from same-store properties by segment was as follows (in thousands):

	Six Months Ended June 30,		\$ Change	% Change
	2016	2015		
Office	\$ 70,557	\$ 69,884	\$ 673	1.0%
Multifamily	27,482	27,242	240	0.9%
Retail	30,460	30,419	41	0.1%
Total same-store real estate rental revenue	\$ 128,499	\$ 127,545	\$ 954	0.7%

- *Office*: Increase primarily due to higher rental rates (\$1.1 million) and lower provisions for uncollectible accounts (\$0.3 million), partially offset by lower occupancy (\$0.7 million).
- *Multifamily*: Increase primarily due to higher tenant fees (\$0.3 million).
- *Retail*: Increase primarily due to higher rental rates (\$0.8 million), reimbursements (\$0.2 million), percentage rent (\$0.1 million) and parking income (\$0.1 million), partially offset by lower occupancy (\$1.3 million).

Real estate rental revenue from acquisitions increased due to the acquisitions of The Wellington in the third quarter of 2015 and Riverside Apartments in the 2016 Quarter.

Real estate rental revenue from development/redevelopment properties increased primarily due to leasing up The Maxwell (\$1.5 million) and higher rental rates (\$0.6 million) and occupancy (\$0.5 million) at Silverline Center, partially offset by lower occupancy (\$0.5 million) and rental rates (\$0.2 million) at the Army Navy Club Building, which remained under redevelopment.

During the 2016 Period, we executed new and renewal leases in our office and retail segments as follows:

	Square Feet (in thousands)	Average Rental Rate (per square foot)	% Rental Rate Increase	Incentives ⁽¹⁾ (per square foot)	Retention Rate
Office	285	\$ 39.82	13.7 %	\$ 71.15	40.5 %
Retail	54	34.52	46.0 %	39.54	87.4 %
Total	339	38.97	17.4 %	66.08	61.2 %

⁽¹⁾ Incentives include tenant improvements, leasing commissions and leasing incentives, including free rent.

Real Estate Expenses

Real estate expenses as a percentage of revenue for the 2016 Period and 2015 Period were 36.4% and 37.9%, respectively.

Real estate expenses from same-store properties by segment were as follows (in thousands):

	Six Months Ended June 30,		\$ Change	% Change
	2016	2015		
Office	\$ 25,937	\$ 26,414	\$ (477)	(1.8)%
Multifamily	11,077	11,469	(392)	(3.4)%
Retail	8,090	7,911	179	2.3 %
Total same-store real estate expenses	\$ 45,104	\$ 45,794	\$ (690)	(1.5)%

- *Office*: Decrease primarily due to lower utilities expenses (\$0.3 million) due to milder weather and lower administrative expenses (\$0.1 million).
- *Multifamily*: Decrease primarily due to lower administrative (\$0.3 million) and repairs and maintenance (\$0.2 million) expenses.

- *Retail*: Increase primarily due to higher real estate taxes (\$0.3 million).

Other Income and Expenses

Depreciation and Amortization: Increase primarily due to the acquisition of The Wellington and Riverside Apartments (\$3.2 million) and placing development/redevelopment properties into service (\$0.5 million), partially offset by classifying the Maryland Office Portfolio as held for sale and stopping depreciation on the assets during the 2016 Quarter (\$2.5 million) and lower depreciation and amortization at same-store properties (\$0.8 million) primarily due to lower amortization of acquired intangible lease assets.

Acquisition Costs: Increase primarily due to the settlement of the Riverside Apartments acquisition in the 2016 Quarter, partially offset by due diligence costs during the 2015 Quarter associated with The Wellington acquisition.

General and Administrative Expenses: Increase primarily due to a higher estimate of short-term incentive compensation (\$0.8 million), partially offset by lower officer share-based incentive compensation (\$0.7 million) due to departures in 2015.

Casualty gain and impairment (loss), net: The casualty gain in the 2016 Period represents the gain recognized upon the receipt of insurance proceeds related to damage from a fire at Bethesda Hill Towers during the first quarter of 2015 that damaged four units. The impairment loss in the 2015 Period reduced the carrying value of our interest in a joint venture to develop a multifamily property at 1225 First Street to its estimated fair value. We subsequently disposed of our interest in the joint venture during the third quarter of 2015.

Gain on sale of real estate: Decrease due to completion of the sales of Dulles Station II, 6110 Executive Boulevard, 51 Monroe Street, 600 Jefferson Plaza and West Gude during the 2016 Period, as compared to the gain on the sale of Country Club Towers during the 2015 Period.

Interest Expense: Interest expense by debt type for the six months ended June 30, 2016 and 2015 were as follows (in thousands):

Debt Type	Six Months Ended June 30,		\$ Change	% Change
	2016	2015		
Notes payable	\$ 16,582	\$ 17,210	\$ (628)	(3.6)%
Mortgage notes payable	9,209	11,281	(2,072)	(18.4)%
Lines of credit	2,677	2,016	661	32.8 %
Capitalized interest	(288)	(459)	171	(37.3)%
Total	\$ 28,180	\$ 30,048	\$ (1,868)	(6.2)%

- *Notes payable*: Decrease primarily due to the repayment of \$150.0 million of our 5.35% senior notes in May 2015, partially offset by executing the \$150.0 million term loan in September 2015, which has a floating interest rate effectively fixed at 2.7% by interest rate swaps.
- *Mortgage notes payable*: Decrease primarily due to the repayment of the mortgage note secured by John Marshall II, 3801 Connecticut Avenue, Bethesda Hill Apartments and Walker House Apartments, and the purchase of the construction loan secured by The Maxwell (a consolidated entity) during the 2016 Period.
- *Lines of credit*: Increase primarily due to weighted average daily borrowings of \$203.9 million during 2016 Period, as compared to \$87.0 million during the 2015 Period.
- *Capitalized interest*: Decrease primarily due to placing into service our development project at The Maxwell and redevelopment project at Silverline Center, partially offset by capitalization of interest on spending related to the development adjacent to The Wellington.

Income tax benefit (expense): The income tax benefit in the 2016 Period resulted from a reduction of the valuation allowance on a deferred tax asset at one of our taxable REIT subsidiaries due to a net operating loss as a result of the sale of Dulles Station II. We have concluded that there is sufficient positive evidence as of June 30, 2016 that it is more likely than not that a portion of the deferred tax asset related to the net operating loss is realizable.

Liquidity and Capital Resources

Capital Requirements

As of the end of the second quarter of 2016, we summarize our 2016 capital requirements as follows:

- Funding dividends and distributions to our shareholders;
- \$160.0 million to repay or refinance our secured notes scheduled to mature in 2016, plus \$101.9 million to prepay in 2016 without penalty a secured loan scheduled to mature in 2017;
- Approximately \$60 - \$65 million to invest in our existing portfolio of operating assets, including approximately \$35 - \$40 million to fund tenant-related capital requirements and leasing commissions;
- Approximately \$10 - \$15 million to invest in our development and redevelopment projects; and
- Funding for potential property acquisitions throughout the remainder of 2016, offset by proceeds from potential property dispositions.

Debt Financing

Our total debt at June 30, 2016 and December 31, 2015 is as follows (in thousands):

	June 30, 2016	December 31, 2015
Mortgage notes payable	\$ 252,044	\$ 418,052
Lines of credit	269,000	105,000
Notes payable	743,769	743,181
	<u>\$ 1,264,813</u>	<u>\$ 1,266,233</u>

Mortgage Notes Payable

At June 30, 2016, our mortgage notes payable bore an effective weighted average fair value interest rate of 5.3% and had an estimated weighted average maturity of 2.4 years. We may either initiate secured mortgage debt or assume mortgage debt from time-to-time in conjunction with property acquisitions.

Our mortgage notes contain covenants with which we must comply. Failure to comply with any of the covenants under our mortgage notes could result in a default under one or more of our debt instruments. This could cause our debt holders to accelerate the timing of payments and would therefore have a material adverse effect on our business, operations, financial condition and liquidity. As of June 30, 2016, we were in compliance with our mortgage notes covenants.

Lines of Credit and Term Loan

Our primary source of liquidity is our Revolving Credit Facility, a \$600.0 million unsecured credit agreement that matures in June 2019, unless extended pursuant to one or both of the two six-month extension options. The Revolving Credit Facility has an accordion feature that allows us to increase the facility to \$1.0 billion, subject to the extent the lenders agree to provide additional revolving loan commitments or term loans. In September 2015, we entered into a \$150.0 million unsecured term loan by exercising a portion of the accordion feature under the Revolving Credit Facility (as discussed below). The \$600.0 million committed capacity of the unsecured line of credit under the Revolving Credit Facility was not changed as a result of the incurrence of the term loan. The Revolving Credit Facility bears interest at a rate of either one month LIBOR plus a margin ranging from 0.875% to 1.55% (depending on our credit rating) or the base rate plus a margin ranging from 0.0% to 0.55% (based upon our credit rating). The base rate is the highest of the administrative agent's prime rate, the federal funds rate plus 0.50% and the one month LIBOR market index rate plus 1.0%. In addition, the Revolving Credit Facility requires the payment of a facility fee ranging from 0.125% to 0.30% (depending on our credit rating) on the \$600.0 million committed capacity, without regard to usage. As of June 30, 2016, the interest rate on the facility is one month LIBOR plus 1.00% and the facility fee is 0.20%. We had \$269.0 million in borrowings outstanding as of June 30, 2016.

During the third quarter of 2015, we executed a \$150.0 million unsecured term loan by exercising a portion of the accordion feature under the Revolving Credit Facility. The term loan has a 5.5 year term scheduled to mature on March 15, 2021 and currently has an interest rate of one month LIBOR plus 110 basis points, based on our current unsecured debt ratings. We entered into two interest rate swap arrangements with a total notional amount of \$150.0 million to swap the floating interest rate under the term loan to an all-in fixed interest rate of 2.7% starting on October 15, 2015 and extending until the maturity of the term loan on March 15, 2021.

The Revolving Credit Facility contains financial and other covenants with which we must comply. Failure to comply with any of the covenants under the Revolving Credit Facility or other debt instruments could result in a default under one or more of our debt instruments. This could cause our lenders to accelerate the timing of payments and could therefore have a material adverse effect on our business, operations, financial condition and liquidity. In addition, our ability to draw on the Revolving Credit Facility or incur other unsecured debt in the future could be restricted by the loan covenants. As of June 30, 2016, we were in compliance with our loan covenants.

Notes Payable

We generally issue unsecured notes to fund our real estate assets long term. In issuing future unsecured notes, we intend to ladder the maturities of our debt to mitigate exposure to interest rate risk in future years.

Subsequent to the end of the 2016 Quarter, we 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. We expect to draw on the term loan in the fourth quarter of 2016 or early in January 2017 to refinance maturing secured debt. We also entered into interest rate derivatives to swap from a LIBOR plus 165 basis points floating rate to a 2.86% all-in fixed interest rate commencing on March 31, 2017.

Our unsecured notes contain covenants with which we must comply. Failure to comply with any of the covenants under our unsecured notes could result in a default under one or more of our debt instruments. This could cause our debt holders to accelerate the timing of payments and would therefore have a material adverse effect on our business, operations, financial condition and liquidity. As of June 30, 2016, we were in compliance with our unsecured notes covenants. In addition, our ability to draw on our Revolving Credit Facility or incur other unsecured debt in the future could be restricted by our unsecured note covenants.

From time to time, we may seek to repurchase and cancel our outstanding notes through open market purchases, privately negotiated transactions or otherwise. Such repurchases, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors.

Common Equity

We have authorized for issuance 100.0 million common shares, of which 73.7 million shares were outstanding at June 30, 2016.

On May 4, 2016, we sold approximately 5.3 million common shares, including 693,750 shares sold pursuant to the underwriters' over-allotment option, at a price to the public of \$28.20 per share. We received net proceeds of approximately \$143.4 million, which we used initially to repay borrowings outstanding under our revolving credit facility and subsequently to fund our acquisition and for other general corporate purposes.

On June 23, 2015, we entered into four separate equity distribution agreements (collectively, the "Equity Distribution Agreements") with each of Wells Fargo Securities, LLC, BNY Mellon Capital Markets, LLC, Citigroup Global Markets Inc. and RBC Capital Markets, LLC relating to the issuance and sale of up to \$200.0 million of our common shares from time to time. Sales of our common shares are made at market prices prevailing at the time of sale. We may use net proceeds from the sale of common shares under this program for general corporate purposes, including, without limitation, working capital, the acquisition, renovation, expansion, improvement, development or redevelopment of income producing properties or the repayment of debt. We have not issued any shares under the Equity Distribution Agreements.

We have a dividend reinvestment program, whereby shareholders may use their dividends and optional cash payments to purchase common shares. The common shares sold under this program may either be common shares issued by us or common shares purchased in the open market. We did not issue any shares under this program during the 2016 Period.

Preferred Equity

Washington REIT's board of trustees can, at its discretion, authorize the issuance of up to 10.0 million preferred shares. The ability to issue preferred equity provides Washington REIT an additional financing tool that may be used to raise capital for future acquisitions or other business purposes. As of June 30, 2016, no preferred shares had been issued.

Dividends

We currently declare dividends quarterly at a rate of \$0.30 per share. The maintenance of our dividend level is subject to various factors reviewed by the board of trustees in its discretion. These factors include our results of operations, the availability of cash and the REIT distribution requirements, which require at least 90% of our REIT taxable income to be distributed to shareholders

on an annual basis. When setting the dividend level, our board of trustees looks in particular at trends in our level of funds from operations, together with associated recurring capital improvements, tenant improvements, leasing commissions and incentives, and adjustments to straight-line rents to reflect cash rents received.

Our dividend and distribution payments for the three and six months ended June 30, 2016 and 2015 are as follows (in thousands):

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2016	2015	\$	%	2016	2015	\$	%
Common dividends	\$ 22,147	\$ 20,500	\$ 1,647	8.0%	\$ 63,284	\$ 41,019	\$ 22,265	54.3%
Distributions to noncontrolling interests	19	—	19	—	110	—	110	—
	<u>\$ 22,166</u>	<u>\$ 20,500</u>	<u>\$ 1,666</u>	<u>8.1%</u>	<u>\$ 63,394</u>	<u>\$ 41,019</u>	<u>\$ 22,375</u>	<u>54.5%</u>

Dividends paid during the 2016 Quarter increased due to the issuance of 5.3 million common shares in May 2016. Dividends paid during the 2016 Period increased due to the issuance of common shares and the payment on January 5, 2016 of the \$20.4 million of dividends declared during the fourth quarter of 2015.

Historical Cash Flows

Cash flows from operations are an important factor in our ability to sustain our dividend at its current rate. If our cash flows from operations were to decline significantly from current levels, we may have to reduce our dividend. Consolidated cash flow information is summarized as follows (in thousands):

	Six Months Ended June 30,		Change	
	2016	2015	\$	%
Net cash provided by operating activities	\$ 60,454	\$ 54,332	\$ 6,122	11.3%
Net cash (used in) provided by investing activities	(139,411)	6,108	(145,519)	2,382.4%
Net cash provided by (used in) financing activities	77,511	(53,489)	131,000	244.9%

Cash provided by operating activities increased primarily due to acquisitions and lower interest payments, partially offset by dispositions.

Cash used in investing activities increased primarily due to the acquisition of Riverside Apartments in the 2016 Period, partially offset by the disposition of four office properties in the 2016 Period, as compared to no acquisitions and one disposition during the 2015 Period.

Cash provided by financing activities increased primarily due to proceeds from an equity offering and higher net borrowings on our Revolving Credit Facility during the 2016 Period, partially offset by higher debt repayments and dividends paid during the 2016 Period.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements as of June 30, 2016 that are reasonably likely to have a current or future material effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Funds From Operations

NAREIT FFO is a widely used measure of operating performance for real estate companies. We provide NAREIT FFO as a supplemental measure to net income calculated in accordance with GAAP. Although NAREIT FFO is a widely used measure of operating performance for REITs, NAREIT FFO does not represent 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. In addition, NAREIT FFO does not represent cash generated from operating activities in accordance with GAAP, nor does it represent cash available to pay distributions and should not be considered as an alternative to cash flow from operating activities, determined in accordance with GAAP, as a measure of our liquidity. The National Association of Real Estate Investment Trusts, Inc. ("NAREIT") defines NAREIT FFO (April, 2002 White Paper) as net income (computed in accordance with GAAP) excluding gains (or losses) associated with sales of property, impairments of depreciable real estate, and real estate depreciation and amortization. We consider NAREIT FFO to be a standard supplemental measure for 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. Our NAREIT FFO may not be comparable to FFO reported by other REITs. These other REITs may not define the term in accordance with the current NAREIT definition or may interpret the current NAREIT definition differently.

The following table provides the calculation of our NAREIT FFO and a reconciliation of NAREIT FFO to net income for the three and six months ended June 30, 2016 and 2015 (in thousands):

	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
Adjustments:				
Depreciation and amortization	25,161	25,503	51,199	50,778
Net gain on sale of depreciable real estate	(24,112)	—	(24,112)	(30,277)
NAREIT FFO	<u>\$ 32,870</u>	<u>\$ 22,617</u>	<u>\$ 61,287</u>	<u>\$ 47,013</u>

Critical Accounting Policies and Estimates

We base the discussion and analysis of our financial condition and results of operations upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. We discuss the most critical estimates in our Annual Report on Form 10-K for the year ended December 31, 2015 filed with the Securities and Exchange Commission on February 26, 2016.

ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The principal material financial market risk to which we are exposed is interest-rate risk. Our exposure to market risk for changes in interest rates relates primarily to refinancing long-term fixed rate obligations, the opportunity cost of fixed rate obligations in a falling interest rate environment and our variable rate lines of credit.

The table below presents principal, interest and related weighted average fair value interest rates by year of maturity, with respect to debt outstanding on June 30, 2016.

	2016	2017	2018	2019	2020	Thereafter	Total	Fair Value
(In thousands)								
Unsecured fixed rate debt ⁽¹⁾								
Principal	\$ —	\$ —	\$ —	\$ —	\$ 250,000	\$ 500,000	\$ 750,000	\$ 784,582
Interest payments	\$ 15,967	\$ 31,934	\$ 31,934	\$ 31,934	\$ 31,934	\$ 51,907	\$ 195,610	
Interest rate on debt maturities	—%	—%	—%	—%	5.05%	3.96%	4.33%	
Unsecured variable rate debt								
Principal	\$ —	\$ —	\$ 269,000	\$ —	\$ —	\$ —	\$ 269,000	\$ 269,000
Variable interest rate on debt maturities	—%	—%	1.43%	—%	—%	—%	1.43%	
Mortgages								
Principal amortization ⁽²⁾ (30 year schedule)	\$ 1,979	\$ 154,436	\$ 3,135	\$ 33,909	\$ 2,659	\$ 52,212	\$ 248,330	\$ 259,779
Interest payments ⁽³⁾	\$ 6,475	\$ 6,616	\$ 5,089	\$ 3,627	\$ 3,046	\$ 3,604	\$ 28,457	
Weighted average interest rate on principal amortization	4.38%	5.90%	4.87%	5.32%	4.70%	3.91%	5.36%	

⁽¹⁾Includes \$150.0 million term loan with a floating interest rate that is effectively fixed at 2.7% by interest rate swap arrangements.

⁽²⁾Excludes net discounts of \$4.3 million and net unamortized debt issuance costs of \$0.5 million at June 30, 2016.

On September 15, 2015, we entered into interest rate swap arrangements with a total notional amount of \$150.0 million to swap the floating interest rate under our new \$150.0 million term loan to an all-in fixed interest rate of 2.7% starting on October 15, 2015 and extending until the maturity of the term loan on March 15, 2021 (see note 6 to the consolidated financial statements). We entered into the interest rate swap arrangements designated and qualifying as cash flow hedges to reduce our exposure to the variability in future cash flows attributable to changes in interest rates. Derivative instruments expose us to credit risk in the event of non-performance by the counterparty under the terms of the interest rate hedge agreement. We believe that we minimize our credit risk on these transactions by dealing with major, creditworthy financial institutions. As part of our ongoing control procedures, we monitor the credit ratings of counterparties and our exposure to any single entity, thus minimizing our credit risk concentration. The following table sets forth information pertaining to interest rate swap contracts in place as of June 30, 2016 and December 31, 2015 and their respective fair values (dollars in thousands):

Notional Amount	Fixed Rate	Floating Index Rate	Effective Date	Expiration Date	Fair Value as of:	
					June 30, 2016	December 31, 2015
\$ 75,000	1.619%	One-Month LIBOR	10/15/2015	3/15/2021	\$ (2,790)	\$ (259)
75,000	1.626%	One-Month LIBOR	10/15/2015	3/15/2021	(2,819)	(291)
\$ 150,000					\$ (5,609)	\$ (550)

We enter into debt obligations primarily to support general corporate purposes including acquisition of real estate properties, capital improvements and working capital needs.

As the majority of our outstanding debt is long-term, fixed rate debt, our interest rate risk has not changed significantly from what was disclosed in our Annual Report on Form 10-K for the year ended December 31, 2015 filed with the Securities and Exchange Commission on February 26, 2016. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Debt Financing.”

ITEM 4: CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Securities Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer and Controller, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer and Controller, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on the foregoing, our Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer and Controller concluded that our disclosure controls and procedures were effective at the reasonable assurance level.

There have been no changes in Washington REIT's internal control over financial reporting (as defined by Rule 13a-15(f)) that occurred during the period covered by the report that have materially affected, or are reasonably likely to materially affect, Washington REIT's internal control over financial reporting.

**PART II
OTHER INFORMATION**

ITEM 1: LEGAL PROCEEDINGS

None.

ITEM 1A: RISK FACTORS

None.

ITEM 2: UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3: DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4: MINE SAFETY DISCLOSURES

None.

ITEM 5: OTHER INFORMATION

None.

ITEM 6: EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File Number	Exhibit	Filing Date	
10.49	Purchase and Sale Agreement, dated April 26, 2016, for Riverside Apartments					X
10.50	Purchase and Sale Agreement, dated April 26, 2016, for Wayne Plaza, West Gude Drive, 600 Jefferson Plaza and 6110 Executive Boulevard					X
10.51	Purchase and Sale Agreement, dated April 26, 2016, for 51 Monroe Street and One Central Plaza					X
10.52	First Amendment to Purchase and Sale Agreement, dated June 3, 2016, for Wayne Plaza, West Gude Drive, 600 Jefferson Plaza and 6110 Executive Boulevard					X
10.53	2016 Omnibus Long Term Incentive Plan	DEF 14A		Annex A	3/23/2016	
12	Computation of Ratios					X
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended (“the Exchange Act”)					X
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act					X
31.3	Certification of the Chief Accounting Officer pursuant to Rule 13a-14(a) of the Exchange Act					X
32	Certification of the Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
101	The following materials from our Quarterly Report on Form 10-Q for the quarter ended June 30, 2016 formatted in eXtensible Business Reporting Language (“XBRL”): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Shareholders’ Equity, (v) the Consolidated Statements of Cash Flows, and (vi) notes to these consolidated financial statements					X

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, thereunto duly authorized.

WASHINGTON REAL ESTATE INVESTMENT TRUST

/s/ Paul T. McDermott

Paul T. McDermott

President and Chief Executive Officer

/s/ Stephen E. Riffie

Stephen E. Riffie

Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

/s/ W. Drew Hammond

W. Drew Hammond

Vice President, Chief Accounting Officer and Controller
(Principal Accounting Officer)

DATE: August 1, 2016

PURCHASE AND SALE CONTRACT

BETWEEN

AIMCO RIVERSIDE PARK, L.L.C. a Delaware limited liability company

AS SELLER

AND

**WASHREIT RIVERSIDE LLC,
a Delaware limited liability company**

AS PURCHASER

RIVERSIDE APARTMENTS, FAIRFAX COUNTY, VA.

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EXHIBITS

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Exhibit D	Form of General Assignment and Assumption
Exhibit E	Form of Assignment and Assumption of Leases and Security Deposits
Exhibit F	Form of Notice to Vendor regarding Termination of Contract
Exhibit G	Form of Tenant Notification
Exhibit H	FIRPTA Certificate
Exhibit I	Form of Owner's Affidavit
Exhibit J	Defined Terms

PURCHASE AND SALE CONTRACT

THIS PURCHASE AND SALE CONTRACT (this “**Contract**”) is entered into as of the 26th day of April, 2016 (the “**Effective Date**”), by and between AIMCO Riverside Park, L.L.C., a Delaware limited liability company, having an address at 4582 South Ulster Street, Suite 1100, Denver, Colorado 80237 (“**Seller**”), and WashREIT Riverside LLC, a Delaware limited liability company, having an address at c/o Washington Real Estate Investment Trust 1775 Eye Street, NW, Suite 1000, Washington, D.C. 20006 (“**Purchaser**”).

NOW, THEREFORE, in consideration of mutual covenants set forth herein, Seller and Purchaser hereby agree as follows:

RECITALS

A. Seller owns the real estate located in Fairfax County, Virginia, as more particularly described in Exhibit A attached hereto and made a part hereof, and the improvements thereon, commonly known as Riverside Apartments.

B. Purchaser desires to purchase, and Seller desires to sell, such land, improvements and certain associated property, on the terms and conditions set forth below.

ARTICLE I DEFINED TERMS

Unless otherwise defined herein, any term with its initial letter capitalized in this Contract shall have the meaning set forth in Exhibit J attached hereto and made a part hereof.

ARTICLE II PURCHASE AND SALE, PURCHASE PRICE & DEPOSIT

2.1 **Purchase and Sale.** Seller agrees to sell and convey the Property to Purchaser and Purchaser agrees to purchase the Property from Seller, all in accordance with the terms and conditions set forth in this Contract.

2.2 **Purchase Price and Deposit.** The total purchase price (“**Purchase Price**”) for the Property shall be an amount equal to TWO HUNDRED FORTY-FOUR MILLION SEVEN HUNDRED FIFTY THOUSAND DOLLARS (\$244,750,000), subject to prorations and adjustments in accordance with the terms of this Contract and shall be payable by Purchaser, as follows:

2.2.1 Pursuant to that certain Deposit Escrow Agreement dated March 8, 2016, by and among Seller, Washington Real Estate Investment Trust (“**WashREIT**”) and Escrow Agent (the “**Deposit Escrow Agreement**”), WashREIT delivered to Fidelity National Title Insurance Company, 1620 L Street, NW, 4th Floor, Washington DC 20036, Attn: Michael A. Segal, Vice President – Commercial Counsel (“**Escrow Agent**” or “**Title Insurer**”) a deposit (the “**Deposit**”) of TWELVE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$12,500,000) by wire transfer of immediately available funds (“**Good Funds**”). WashREIT has heretofore assigned all of its right, title and interest in and to the Deposit Escrow Agreement and the Deposit to Purchaser.

2.2.2 The balance of the Purchase Price for the Property shall be paid to and received by Escrow Agent by wire transfer of Good Funds no later than 3:00 p.m. Eastern Time on the Closing Date. In the event that Good Funds are not received by said time on the Closing Date, Seller may, in its sole discretion, extend the Closing Date to a time and date to allow for receipt of Good Funds and Purchaser shall be responsible for any additional interest, expenses or charges that Seller may incur as a result thereof.

2.3 **Escrow Provisions Regarding Deposit.**

2.3.1 Escrow Agent shall hold the Deposit and make delivery of the Deposit to the party entitled thereto under the terms of this Contract. Escrow Agent shall invest the Deposit in an FDIC-insured, interest-bearing bank account (the “**Escrow Account**”) at Bank of America, N.A. (the “**Depository**”), and all interest and income thereon shall become part of the Deposit and shall be remitted to the party entitled to the Deposit pursuant to this Contract.

2.3.2 Escrow Agent shall hold and apply the Deposit in strict accordance with the terms of this Contract. The tax identification numbers of the parties shall be furnished to Escrow Agent upon request.

2.3.3 If either party makes a written demand upon Escrow Agent for payment of the Deposit, Escrow Agent shall give written notice to the other party of such demand. If Escrow Agent does not receive a written objection from the other party to the proposed payment within five (5) Business Days after the giving of such notice, Escrow Agent is hereby authorized to make such payment. If Escrow Agent does receive such written objection within such five (5)-Business Day period, Escrow Agent shall continue to hold such amount until otherwise directed by written instructions from the parties to this Contract or a final judgment or arbitrator’s decision. However, Escrow Agent shall have the right at any time to deliver the Deposit and interest thereon, if any, to a court of competent jurisdiction in the state in which the Property is located. Escrow Agent shall give written notice of such deposit to Seller and Purchaser. Upon such deposit, Escrow Agent shall be relieved and discharged of all further obligations and responsibilities hereunder.

2.3.4 The parties acknowledge that Escrow Agent is acting solely as a stakeholder at their request and for their convenience, and that Escrow Agent shall not be deemed to be the agent of either of the parties and shall not be liable for any act or omission on its part unless taken or suffered in bad faith in willful disregard of this Contract or involving gross negligence. Seller and Purchaser jointly and severally shall indemnify and hold Escrow Agent harmless from and against all costs, claims and expenses, including reasonable attorney’s fees, incurred in connection with the performance of Escrow Agent’s duties hereunder, except with respect to actions or omissions taken or suffered by Escrow Agent in bad faith, in willful disregard of this Contract or involving gross negligence by Escrow Agent.

2.3.5 The parties shall deliver to Escrow Agent an executed copy of this Contract. Escrow Agent shall execute the signature page for Escrow Agent attached hereto

which shall confirm Escrow Agent's agreement to comply with the terms of Seller's and Purchaser's closing instruction letters delivered at Closing and the provisions of this Section 2.3.

2.3.6 Escrow Agent, as the person responsible for closing the transaction within the meaning of Section 6045(e)(2)(A) of the Internal Revenue Code of 1986, as amended (the "**Code**"), shall file all necessary information, reports, returns, and statements regarding the transaction required by the Code including, but not limited to, the tax reports required pursuant to Section 6045 of the Code. Further, Escrow Agent agrees to indemnify and hold Purchaser, Seller, and their respective attorneys and brokers harmless from and against any Losses resulting from Escrow Agent's failure to file the reports Escrow Agent is required to file pursuant to this Section.

2.3.7 Seller, Purchaser and Escrow Agent hereby agree that, as of the Effective Date, (i) the terms and conditions of the Deposit Escrow Agreement shall be superseded in their entirety by the terms and conditions of this Contract (including, but not limited, to this Section 2.3), and the Deposit Escrow Agreement shall be of no further force or effect except to the extent of any liabilities arising thereunder prior to the Effective Date, and (ii) the deposit held by Escrow Agent under and pursuant to the terms of the Deposit Escrow Agreement shall, without any further action by any party, constitute and become the Deposit under this Agreement.

2.3.8 In no event shall Escrow Agent incur any liability for levies by taxing authorities based upon the taxpayer identification number provided to Escrow Agent and used to establish the Escrow Account. Purchaser consents to the selection of Bank of America, N.A. as the Depository and has made an independent inquiry of the Depository. Escrow Agent shall have no liability in the event of failure, insolvency or inability of the Depository to pay such funds, or accrued interest upon demand or withdrawal.

ARTICLE III PROPERTY ACCESS & MATERIALS

3.1 **Access to Property**. Subject to the terms of Sections 3.2 and 3.3 and the rights of Tenants under the Leases, from the Effective Date until Closing. Purchaser and its respective agents, contractors, engineers, surveyors, attorneys, and employees (collectively, "**Consultants**") shall, at no cost or expense to Seller, have the right from time to time to enter the Property to conduct and make customary studies, tests, examinations, inquiries, inspections and investigations of or concerning the Property, review the Materials and otherwise confirm any and all matters which Purchaser and the Consultants may reasonably desire to confirm with respect to the Property and Purchaser's intended use thereof (collectively, the "**Inspections**").

3.2 **Conduct of Investigation**. Purchaser shall not permit any mechanics' or materialmen's liens or any other liens to attach to the Property by reason of the performance of any work or the purchase of any materials by Purchaser or any other party in connection with any Inspections conducted by or for Purchaser. Purchaser shall give reasonable advance notice to Seller prior to any entry onto the Property and shall permit Seller to have a representative present during all Inspections conducted at the Property. Purchaser shall take all reasonable actions and implement all protections necessary to ensure that all actions taken in connection with the Inspections, and all equipment, materials and substances generated, used or brought

onto the Property pose no material threat to the safety of persons, property or the environment and do not cause any damage to the Property.

3.3 **Purchaser Indemnification.**

3.3.1 Purchaser shall indemnify, hold harmless and, if requested by Seller (in Seller's sole discretion), defend (with counsel reasonably approved by Seller) Seller, together with Seller's affiliates, parent and subsidiary entities, successors, assigns, partners, managers, members, employees, officers, directors, trustees, shareholders, counsel, representatives, agents, Property Manager, Regional Property Manager, and AIMCO (collectively, including Seller, "**Seller's Indemnified Parties**"), from and against any and all damages, mechanics' liens, materialmen's liens, liabilities, penalties, interest, losses, demands, actions, causes of action, claims, costs and expenses (including reasonable attorneys' fees, including the cost of in-house counsel and appeals) (collectively, "**Losses**") arising from or related to Purchaser's or its Consultants' entry onto the Property, and any Inspections or other acts by Purchaser or Purchaser's Consultants with respect to the Property. Notwithstanding anything to the contrary contained herein, Purchaser shall have no liability or responsibility for the mere discovery of any pre-existing conditions affecting the Property (as opposed to the exacerbation of such conditions), or for any damages caused by Seller or its agents.

3.3.2 Notwithstanding anything in this Contract to the contrary, Purchaser shall not be permitted to perform any invasive tests on the Property without Seller's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. If Purchaser desires to perform any invasive tests, then Purchaser shall give prior written notice thereof to Seller, which notice shall be accompanied by a detailed description and plan of the invasive tests Purchaser desires to perform. Further, Seller shall have the right, without limitation, to disapprove any and all entries, surveys, tests (including, without limitation, a Phase II environmental study of the Property), investigations and other matters that in Seller's reasonable judgment could result in any injury to the Property or breach of any contract, or expose Seller to any Losses or violation of applicable law, or otherwise adversely affect the Property or Seller's interest therein. Purchaser shall, at Purchaser's sole cost and expense, and in accordance with all applicable environmental laws, dispose of any hazardous materials which have been specifically removed from or at the Property by Purchaser or its agents, representatives, employees or designees in connection with Purchaser's environmental studies. Purchaser shall use reasonable efforts to minimize disruption to Tenants in connection with Purchaser's or its Consultants' activities pursuant to this Section. No consent by Seller to any such activity shall be deemed to constitute a waiver by Seller or assumption of liability or risk by Seller. Purchaser hereby agrees to restore, at Purchaser's sole cost and expense, the Property to the same condition existing immediately prior to Purchaser's exercise of its rights pursuant to this Article III. Purchaser shall maintain and cause its third party consultants to maintain (a) casualty insurance and commercial general liability insurance with coverages of not less than \$1,000,000.00 for injury or death to any one person and \$3,000,000.00 for injury or death to more than one person and \$1,000,000.00 with respect to property damage, and (b) worker's compensation insurance for all of their respective employees in accordance with the law of the state in which the Property is located. Purchaser shall deliver proof of the insurance coverage required pursuant to this Section 3.3.2 to Seller (in the form of a certificate of insurance) prior to Purchaser's or any Consultants' entry onto the Property.

3.4 **Property Materials.**

3.4.1 Seller has heretofore delivered or otherwise made available at the Property, and shall upon request use reasonable efforts to provide or make available to the extent the same have not already been delivered or made available by Seller to Purchaser, copies of such documents and information concerning the Property that are in Seller's possession or reasonable control, other than such documents and information that Seller reasonably deems to be confidential or proprietary (collectively, the "**Materials**"). At Seller's option, Seller may deliver some or all of the Materials to Purchaser, or make the same available to Purchaser on a secure website, portal or other electronic delivery. Purchaser agrees that any item to be delivered by Seller under this Contract shall be deemed delivered to the extent available to Purchaser on such secured website or portal. Seller shall notify Purchaser when Materials are made available on such secured website or portal by email to Karen Clark at kclark@washreit.com.

3.4.2 Except as expressly set forth in Seller's Representations, Seller makes no representations or warranties, express, written, oral, statutory, or implied, and all such representations and warranties are hereby expressly excluded and disclaimed. Except as expressly set forth in this Contract, all Materials are provided for informational purposes only, and Purchaser shall not in any way be entitled to rely upon the completeness or accuracy of the Materials, and will instead in all instances rely exclusively on its own Inspections and Consultants with respect to all matters which it deems relevant to its decision to acquire, own and operate the Property. All Materials and Third-Party Reports shall be returned to Seller or destroyed by Purchaser if this Contract is terminated for any reason.

3.4.3 Prior to the Effective Date, Seller has delivered to Purchaser (or otherwise made available to Purchaser as provided under Section 3.4.1) the most recent rent roll for the Property, which is the rent roll Seller uses in the ordinary course of operating the Property and reflects the actual number of vacant units at the Property (the "**Rent Roll**"). The current Rent Roll is attached hereto as Schedule 3. Seller makes no representations or warranties regarding the Rent Roll other than the express representation set forth in Section 6.1.5.

3.4.4 Prior to the Effective Date, Seller has delivered to Purchaser (or otherwise made available to Purchaser as part of the Materials under Section 3.4.1) a list of all current Property Contracts (the "**Property Contracts List**"). The current Property Contracts List is attached hereto as Schedule 4. The Property Contracts List may be updated by Seller as necessary to disclose all additional Property Contracts to Purchaser permitted under this Contract. Seller makes no representations or warranties regarding the Property Contracts List other than the express representations set forth in Section 6.1.8.

3.5 **Property Contracts.** Prior to the Effective Date, Purchaser has delivered written notice to Seller (the "**Property Contracts Notice**") specifying the Property Contracts on the Property Contracts List which Purchaser desires to terminate at the Closing (the "**Terminated Contracts**"); provided, that (a) the effective date of such termination on or after Closing shall be subject to the express terms of such Terminated Contracts, and (b) if any such Property Contract cannot by its terms be terminated at Closing, it shall be assumed by Purchaser and not be a Terminated Contract. To the extent that any such Terminated Contract requires payment of a penalty, premium, or damages, including liquidated damages, for cancellation, Purchaser shall be

solely responsible for the payment of any such cancellation fees, penalties, or damages, including liquidated damages. Notwithstanding anything to the contrary contained herein, in all events, Seller shall terminate (at its sole cost and expense) any leasing commission agreements (if any), Seller's existing management agreement for the Property, and all other agreements and/or leases (if any) with any affiliate(s) of Seller or its management company. Seller shall execute and deliver, on or before Closing, a vendor termination notice (in the form attached hereto as Exhibit E) for each Terminated Contract informing the vendor(s) of the termination of such Terminated Contract as of the Closing Date (subject to any delay in the effectiveness of such termination pursuant to the express terms of each applicable Terminated Contract). A list of Terminated Contracts and a list of contracts that Purchaser shall assume is attached hereto as Schedules 5-A and 5-B, respectively.

3.6 **Wilmar Supply Contract.** Purchaser acknowledges that Seller has contracted with Wilmar (the "**Supply Contract**") for the procurement and supply of building parts, fixtures, supplies, equipment and materials (collectively, the "**Supplies**"), which Supplies are located within the maintenance shop or maintenance storage areas on the Property, and that pursuant to the Supply Contract, the Supplies at the Property are owned by Wilmar until actually used or put into service by Seller at the Property. The Supply Contract will be terminated by Seller as of the Closing at Seller's sole cost and expense, and Purchaser may contact Wilmar to request a new contract for services and supplies. If Purchaser enters into a new contract with Wilmar to be effective upon Closing, the Supplies will remain at the Property in accordance with such new contract. If the Purchaser does not enter into a new contract with Wilmar for the continuation of services and Supplies from and after Closing, then Purchaser shall have no right to use any of the Supplies after the Closing. In such event, for fourteen (14) days after Closing Purchaser shall provide Wilmar with access to the Property and the right to remove the Supplies from the Property. Notwithstanding any provision of this Contract to the contrary, no adjustments or prorations will be made at Closing for the value of any Supplies or the use thereof prior to Closing, and any Supplies used after the Closing shall be at the sole cost and expense of Purchaser. Seller shall indemnify, hold harmless and, if requested by Purchaser (in Purchaser's sole discretion), defend (with counsel reasonably approved by Purchaser) Purchaser, together with Purchaser's affiliates, parent and subsidiary entities, successors, assigns, partners, managers, members, employees, officers, directors, trustees, shareholders, counsel, representatives, agents, and property manager (collectively, including Purchaser, "**Purchaser's Indemnified Parties**"), from and against any and all damages, mechanics' liens, materialmen's liens, liabilities, penalties, interest, losses, demands, actions, causes of action, claims, costs and expenses (including reasonable attorneys' fees, including the cost of in-house counsel and appeals) arising from or related to Wilmar's entry onto the Property after Closing to remove its Supplies pursuant to the terms hereof.

ARTICLE IV TITLE

4.1 **Title Documents.** Purchaser acknowledges that, prior to the Effective Date Purchaser has received from the Title Insurer, a commitment for owner's title insurance, file no. 16-001158 with respect to the Property attached hereto as Schedule 7 (the "**Title Commitment**") together with copies of all instruments identified as exceptions therein (together with the Title Commitment, referred to herein as the "**Title Documents**"). Purchaser shall be solely

responsible for obtaining the Title Policy from the Title Insurer and for payment of all title insurance premiums and all other costs relating to procurement of the Title Commitment, the Title Policy, and any requested endorsements.

4.2 **Survey.** Purchaser acknowledges that, prior to the Effective Date, Purchaser has received from Seller the existing survey of the Property dated December 15, 2015 and prepared by Merlyn J. Jenkins & Associates, Inc. (the “**Existing Survey**”). Purchaser may, at its sole cost and expense, order a new or updated survey of the Property either before or after the Effective Date (such new or updated survey, together with the Existing Survey, is referred to herein as the “**Survey**”).

4.3 **Purchaser’s Objections.** As of the Effective Date, Purchaser has accepted the Title Documents and Existing Survey, subject to Seller being obligated to cure items 5, 7 and 10 on Schedule B – Section 1 of the Title Commitment (the “**Objections**”) at or prior to closing as a condition thereto. Seller shall be entitled to reasonable adjournments of the Closing Date to cure the Objections, not to exceed ten (10) days in the aggregate. The term “cure” when used with respect to a title exception or title matter, means that the Title Insurer shall be willing to omit such title exception or matter from Purchaser’s Title Policy (and Purchaser’s mortgage lender’s title insurance policy) at no additional charge or premium cost to Purchaser. For the avoidance of doubt, unless otherwise agreed to by Purchaser in its sole discretion, in no event shall Purchaser be required to accept a cure or other resolution of a title exception or title matter which involves the Title Insurer insuring over such title exception or title matter (as opposed to omitting such title exception or title matter from Schedule B to the Purchaser’s Title Policy).

4.4 **Permitted Exceptions.** The Deed delivered pursuant to this Contract shall be subject to the following, all of which shall be deemed “**Permitted Exceptions**”:

4.4.1 All matters shown in the Title Documents and the Survey, other than (a) the Objections, (b) the standard exception regarding the rights of parties in possession, which shall be limited to parties in possession pursuant to the Leases without any right of first refusal or option to purchase, and (c) the standard exception pertaining to taxes and assessments, which shall be limited to taxes and assessments (subject in all events to the proration thereof pursuant to this Contract) not yet due and payable as of the Closing Date;

4.4.2 All Leases;

4.4.3 Applicable zoning and governmental regulations and ordinances; and

4.4.4 Any defects in or objections to title to the Property, or title exceptions or encumbrances, arising by, through or under Purchaser.

4.5 **Required Clearance Exceptions.** It is understood and agreed that all mortgages and deeds of trust (collectively, the “**Deed of Trust**”) shall not be deemed Permitted Exceptions, whether Purchaser gives further written notice of such or not, and, as a Purchaser’s condition precedent to Closing, shall be paid off, satisfied, and discharged by Seller at Closing. In addition (and without limiting the unconditional obligation of Seller to discharge all Deeds of Trust), the following matters (including if such matters would be a New Exception (as defined below)) shall

not be Permitted Exceptions and Seller shall have the unconditional obligation, as a Purchaser's condition precedent to Closing, to cure the following title matters at no cost to Purchaser:

(i) any title matter, not caused by Purchaser's (or its agent's or representative's) actions, which can be cured solely by the payment of a definite liquidated sum of money, provided that in no event shall Seller be obligated to expend an amount in excess of \$500,000 in the aggregate to cure such liens or encumbrances (it being agreed this clause (i) shall not apply to liens or encumbrances resulting from the acts or omissions of Seller and/or its agent, which are covered by clauses (ii), (iii) and (iv) below);

(ii) any title matter arising as a result of the acts or omissions of Seller (or its agent's or representative's) taken after the effective date of the Title Commitment (i.e., March 8, 2016) without the prior consent of Purchaser;

(iii) any mechanic's, materialman's or supplier's liens arising as a result of the acts or omissions of Seller (or its agent's or representative's) (including, without limitation, any such liens filed due to the failure of Seller (or its agent's or representative's) to pay any sums owed to any contractors and/or materialmen, whether or not such sums were due before or after the Effective Date); and

(iv) any actions Seller has agreed to perform or any items Seller has agreed to deliver pursuant to its Response Notice.

4.6 Subsequently Disclosed Exceptions. If at any time after the Effective Date, any update to the Title Commitment or Existing Survey first discloses any additional item that materially adversely affects title to the Property and which was not disclosed on any previous version of or update to the Title Commitment or the Existing Survey (the "**New Exception**"), Purchaser shall have until the earlier of the then scheduled Closing Date and five (5) days from the date of its receipt of such update (the "**New Exception Review Period**") to review and notify Seller in writing of Purchaser's approval or disapproval of the New Exception. If Purchaser fails to approve or disapprove of any New Exception prior to the expiration of the New Exception Review Period, then such New Exception shall be deemed to be a Permitted Exception. If Purchaser disapproves of the New Exception, Seller may, in Seller's sole discretion, notify Purchaser as to whether it is willing to cure the New Exception. If Seller elects to cure the New Exception, Seller shall be entitled to reasonable adjournments of the Closing Date to cure the New Exception, not to exceed ten (10) days in the aggregate. If Seller fails to deliver a notice to Purchaser by the earlier to occur of the then scheduled Closing Date and three (3) days after the expiration of the New Exception Review Period, Seller shall be deemed to have elected not to cure the New Exception. If Purchaser is dissatisfied with Seller's response, or lack thereof, Purchaser may, as its exclusive remedy elect either: (i) to terminate this Contract, in which event the Deposit shall be promptly returned to Purchaser or (ii) to waive the New Exception and proceed with the transactions contemplated by this Contract, in which event Purchaser shall be deemed to have approved the New Exception. If Purchaser fails to notify Seller of its election to terminate this Contract in accordance with the foregoing sentence within the earlier to occur of the then scheduled Closing Date and six (6) days after the expiration of the New Exception

Review Period, Purchaser shall be deemed to have elected to approve and irrevocably waive any objections to the New Exception.

4.7 **Purchaser Financing.** Purchaser assumes full responsibility to obtain the funds required for settlement, and Purchaser's acquisition of such funds shall not be a contingency to the Closing.

ARTICLE V CLOSING

5.1 **Closing Date.** The Closing shall occur on May 20, 2016 (as the same may be extended by Seller or Purchaser pursuant to the express terms of this Contract, the "**Closing Date**") through an escrow with Escrow Agent, whereby Seller, Purchaser and their attorneys need not be physically present at the Closing and may deliver documents by overnight air courier or other means.

5.2 **Seller Closing Deliveries.** Seller shall deliver (or cause to be delivered) each of the following duly executed items to Escrow Agent on or prior to the Closing Date:

5.2.1 Special Warranty Deed (the "**Deed**") in the form attached as Exhibit B to Purchaser, subject to the Permitted Exceptions.

5.2.2 A Bill of Sale in the form attached as Exhibit C.

5.2.3 A General Assignment in the form attached as Exhibit D (the "**General Assignment**").

5.2.4 An Assignment of Leases and Security Deposits in the form attached as Exhibit E (the "**Assignment of Leases**").

5.2.5 Seller's counterpart signature to the closing statement prepared by Title Insurer.

5.2.6 An owner's affidavit and indemnity in the form attached hereto as Exhibit I; provided however, that Seller shall not be obligated to provide a title affidavit or an indemnity form addressing the pre-printed exceptions related to the Survey if Purchaser has not provided a new or updated Survey to the Title Insurer as referenced in Section 4.2.

5.2.7 A certification of Seller's non-foreign status pursuant to Section 1445 of the Internal Revenue Code of 1986, as amended in the form of Exhibit H annexed hereto, executed by Seller's sole member.

5.2.8 Notification letters to all Tenants prepared and execute by Seller in the form attached hereto as Exhibit G (the "**Tenant Notification Letters**"), which shall be delivered to all Tenants by Seller immediately after Closing.

5.2.9 Resolutions, certificates of good standing, and such other organizational documents as Title Insurer shall reasonably require evidencing Seller's authority to consummate

this transaction provided, however, Seller shall not be required to provide Purchaser with any organizational documents of Seller.

5.2.10 An updated Rent Roll effective as of a date no more than three (3) Business Days prior to the Closing Date; provided, however, that the content of such updated Rent Roll shall in no event expand or modify the conditions to Purchaser's obligation to close as specified under Section 8.1. Seller shall use commercially reasonable efforts to update such Rent Roll (which may be by hand markup or by email notification) to the day immediately preceding the Closing Date, if and to the extent the information necessary to provide such update to the Rent Roll is readily available to Seller as of the Closing Date.

5.2.11 An updated Property Contracts List effective as of the day immediately preceding the Closing Date.

5.2.12 Such documents, as may be necessary to transfer title to any motor vehicles owned by Seller.

5.2.13 Such notices, transfer disclosures, transfer tax forms or other similar documents that are required by applicable laws to be executed by Seller or otherwise reasonably necessary in order to consummate the transactions contemplated under terms of this Contract.

5.2.14 All other materials, if any, required to be delivered by Seller to Purchaser at Closing pursuant to the terms of this Contract (including, without limitation, Seller's Property- Related Files and Records, which shall be deemed delivered by leaving such files and records at the Property).

5.2.15 Any documents required in connection with Purchaser's 1031 exchange as provided in Section 13.18.

5.2.16 Evidence that Seller has terminated all leasing commission agreements in connection with the Property (if any), Seller's existing management agreement for the Property, and all other agreements and/or leases (if any) with any affiliate(s) of Seller or its management company.

5.3 **Purchaser Closing Deliveries.** Except for the balance of the Purchase Price (plus or minus the adjustments or prorations required by this Contract) which is to be delivered at the time specified in Section 2.2.2, Purchaser shall deliver each of the following items to Escrow Agent on or prior to the Closing Date:

5.3.1 The full Purchase Price (with credit for the Deposit), plus or minus the adjustments or prorations required by this Contract.

5.3.2 Purchaser's counterpart signature to the closing statement prepared by Title Insurer.

5.3.3 A countersigned counterpart of the General Assignment.

5.3.4 A countersigned counterpart of the Assignment of Leases.

5.3.5 Resolutions, certificates of good standing, and such other organizational documents as Title Insurer shall reasonably require evidencing Purchaser's authority to consummate this transaction provided, however, Purchaser shall not be required to provide Seller with any organizational documents of Purchaser.

5.3.6 Such notices, transfer disclosures, transfer tax forms, affidavits or other similar documents that are required by applicable law to be executed by Purchaser or otherwise reasonably necessary in order to consummate the transactions contemplated under this Contract.

5.3.7 The Tenant Notice Letters acknowledged by Purchaser.

5.3.8 All other documents, if any, required to be delivered by Purchaser to Seller at Closing pursuant to the terms of this Contract.

5.3.9 Any cancellation fees or penalties due to any vendor under any Terminated Contract as a result of the termination thereof.

5.3.10 Any documents required in connection with Seller's 1031 exchange as provided in Section 13.18.

5.4 **Closing Prorations and Adjustments.**

5.4.1 General. All normal and customarily proratable items shall be prorated as of the Closing Date, Seller being charged or credited, as appropriate, for all of same attributable to the period up to the Closing Date (and credited for any amounts paid by Seller attributable to the period on or after the Closing Date, if assumed by Purchaser) and Purchaser being responsible for, and credited or charged, as the case may be, for all of the same attributable to the period on and after the Closing Date. Prior to Closing Seller shall prepare and deliver to Purchaser and the Title Insurer a proration schedule (the "**Proration Schedule**") of the adjustments described in this Section 5.4 prior to Closing.

5.4.2 Operating Expenses. All of the operating, maintenance, taxes (other than real estate taxes), and other expenses incurred in operating the Property that Seller customarily pays, and any other costs incurred in the ordinary course of business for the management and operation of the Property, shall be prorated on an accrual basis. Seller shall pay all such expenses that accrue prior to the Closing Date and Purchaser shall pay all such expenses that accrue from and after the Closing Date.

5.4.3 Utilities. If available final readings and final billings for utilities will be made as of the Closing Date. In such event, Seller shall pay all such bills as of the Closing Date and no proration shall be made at the Closing with respect to utility bills. If such final readings and final billings for utilities are not available as of the Closing Date, then a proration shall be made in accordance with the parties' reasonable good faith estimate based on the most recent utility bills then available. Seller shall be entitled to the return of any deposit(s) posted by it with any utility company, and Seller shall notify each utility company serving the Property to terminate Seller's account, effective as of noon on the Closing Date and shall coordinate with Purchaser to complete in such a manner that there is no interruption in service. Seller shall have

no responsibility or liability for Purchaser's failure to arrange utility service for the Property as of the Closing Date.

5.4.4 Real Estate Taxes. Real estate ad valorem or similar taxes for the Property, or any installment of assessments payable in installments which installment is payable in the calendar year of Closing, shall be prorated to the date of Closing, based upon actual days involved. The proration of real property taxes or installments of assessments shall be based upon the assessed valuation and tax rate figures (assuming payment at the earliest time to allow for the maximum possible discount) for the year in which the Closing occurs to the extent the same are available. If actual figures (whether for the assessed value of the Property or for the tax rate) for the year of Closing are not available as of the Closing Date, then the proration shall be made using figures from the preceding year (assuming payment at the earliest time to allow for the maximum possible discount).

5.4.5 Property Contracts. Purchaser shall assume at Closing the obligations under the Property Contracts assumed by Purchaser pursuant to Section 3.5. All sums payable or prepaid under such assumed Property Contracts shall be prorated pursuant to the provisions of Section 5.4.2.

5.4.6 Leases.

5.4.6.1 All collected rent (whether fixed monthly rentals, additional rentals, escalation rentals, retroactive rentals, operating cost pass-throughs or other sums and charges payable by Tenants under the Leases), and income from any portion of the Property shall be prorated as of the Closing Date. Purchaser shall receive all collected rent and income attributable to dates from and after the Closing Date. Seller shall receive all collected rent and income attributable to dates prior to the Closing Date. In addition, Seller shall receive a credit at Closing equal to \$422,600, which equates to the monthly utility bill associated with the Property for the preceding two (2) months prior to Closing, which amounts are payable by tenants under their leases but have not yet been billed to tenants (the "**Pre-Closing Utility Billings**"). Notwithstanding the foregoing, no prorations shall be made at Closing for (a) non-delinquent rents which have not been collected as of the Closing Date, (b) delinquent rents existing, if any, as of the Closing Date (the foregoing (a) and (b) referred to herein as the "**Uncollected Rents**") and (c) Pre-Closing Utility Billings. Purchaser shall pay to Seller Uncollected Rents as and when collected by Purchaser. During the first one hundred eighty (180) days following Closing, Purchaser shall bill Tenants of the Property for all Uncollected Rents and shall take reasonable actions (which shall not include an obligation to commence legal action) to collect Uncollected Rents. Notwithstanding the foregoing, Purchaser's obligation to collect Uncollected Rents shall be limited to Uncollected Rents of not more than ninety (90) days past due, and Purchaser's collection of rents shall be applied first, towards current rent and past rent due and owing under the Lease from and after the Closing Date, second, to Purchaser's reasonable third party costs of such collection, and third to Uncollected Rents. To the extent that Seller receives (i) rent or other similar payments under Leases or other occupancy arrangements or (ii) any Pre-Closing Utility Billings after the Closing Date, the same shall be immediately paid by Seller to Purchaser (to be applied by Purchaser in accordance with this Section 5.4.6.1.) After the Closing, Seller shall continue to have the right, but not the obligation, in its own name, to demand payment of and to collect Uncollected Rents owed to Seller by any Tenant, which right shall include, without

limitation, the right to continue or commence legal actions or proceedings against any Tenant and the delivery of the Assignment of Leases shall not constitute a waiver by Seller of such right; provided, however, that the foregoing right of Seller shall be limited to actions seeking monetary damages. In no event, shall Seller seek to evict any Tenants in any action to collect Uncollected Rents. Purchaser agrees to cooperate with Seller in connection with all efforts by Seller to collect such Uncollected Rents and to take all steps, whether before or after the Closing Date, as may be necessary to carry out the intention of the foregoing; provided, however, that Purchaser's obligation to cooperate with Seller pursuant to this sentence shall not obligate Purchaser to terminate any Tenant lease with an existing Tenant or to evict any existing Tenant from the Property. With respect to the Pre-Closing Utility Billings, Purchaser shall instruct its utility billing vendor to continue to collect Pre-Closing Utility Billings after the Closing on a consistent basis with past practice. The amount actually collected shall be reconciled to the \$422,600 credit provided with respect thereto (and appropriate post-closing payments shall be made) in accordance with Section 5.5.

5.4.6.2 At Closing, Purchaser shall receive a credit against the Purchase Price in an amount equal to the received and unapplied balance of all cash (or cash equivalent) Tenant Security Deposits, including, but not limited to, security, damage, pet or other refundable deposits paid by any of the Tenants to secure their respective obligations under the Leases, together, in all cases, with any interest payable to the Tenants thereunder as may be required by their respective Tenant Lease or state law (the "**Tenant Security Deposit Balance**"). Any cash (or cash equivalents) held by Seller which constitutes the Tenant Security Deposit Balance shall be retained by Seller in exchange for the foregoing credit against the Purchase Price and shall not be transferred by Seller pursuant to this Contract (or any of the documents delivered at Closing), but the obligation with respect to the Tenant Security Deposit Balance nonetheless shall be assumed by Purchaser. The Tenant Security Deposit Balance shall not include any non-refundable deposits or fees paid by Tenants to Seller, either pursuant to the Leases or otherwise.

5.4.7 **Insurance.** No proration shall be made for insurance premiums and Seller's insurance policies will not be assigned to Purchaser.

5.4.8 **Employees.** All of Seller's and Seller's manager's on-site employees shall have their employment at the Property terminated as of the Closing Date.

5.4.9 **Closing Costs.** Purchaser shall pay all transfer taxes (excluding the grantor tax and the Regional Congestion Relief Fee described below) relating to the transfer of the Property to Purchaser, all mortgage recording taxes, all applicable sales taxes (including any sales taxes on the transfer of any motor vehicles to Purchaser), all title insurance premiums and fees required to be paid by Purchaser with respect to the Title Policy pursuant to **Section 4.1.** and one-half of the customary closing costs of the Escrow Agent. Seller will pay the grantor tax relating to the transfer of the Property to Purchaser and the Regional Congestion Relief Fee payable upon Closing. Seller shall pay the cost of recording any instruments required to discharge any liens or encumbrances against the Property not caused by Purchaser's actions, and one-half of the customary closing costs of the Escrow Agent. Except as otherwise provided in this **Section 5.4.9** and elsewhere in this Contract, Purchaser and Seller shall allocate all other expenses and costs in connection with this Contract in accordance with the customs and practices of the jurisdiction in which the Property is located.

5.4.10 Intentionally Omitted.

5.4.11 Possession. Possession of the Property, subject to the Leases, Property Contracts, other than Terminated Contracts, and Permitted Exceptions, shall be delivered to Purchaser at the Closing simultaneously with the release from escrow of all items to be delivered by Purchaser pursuant to Section 5.3; together with (to the extent in the possession or reasonable control of Seller) originals or copies of the Leases and Property Contracts, lease files, warranties, guaranties, operating manuals, keys to the property, electronic copies of tenant files, and Seller's books and records (other than proprietary information) (collectively, "**Seller's Property-Related Files and Records**") regarding the Property, all of which shall be made available to Purchaser at the Property at the Closing. Purchaser agrees, for a period of not less than two (2) years after the Closing (the "**Records Hold Period**"), to (a) provide and allow Seller reasonable access to Seller's Property-Related Files and Records for purposes of inspection and copying thereof (at Seller's sole cost and expense), and (b) reasonably maintain and preserve Seller's Property-Related Files and Records. If at any time after the Records Hold Period, Purchaser desires to dispose of Seller's Property-Related Files and Records, Purchaser must first provide Seller prior written notice (the "**Records Disposal Notice**"). If Purchaser delivers a Records Disposal Notice to Seller, then Purchaser shall permit Seller to enter the Property (or such other location where such records are then stored) for the limited purpose of removing or copying those of Seller's Property Related Files and Records that Seller desires to retain (at Seller's sole cost and expense), provided that (i) Seller makes a request to so enter the Property within thirty (30) days after receipt of such Records Disposal Notice, and (ii) Seller may access the Property at such times as may be reasonably prescribed to Purchaser.

5.5 Post Closing Adjustments. Purchaser or Seller may request that Purchaser and Seller undertake to (i) re-adjust any item on the Proration Schedule (or any item omitted therefrom), with the exception of real property taxes which shall be final and not subject to readjustment, in accordance with the provisions of Section 5.4 of this Contract and (ii) true-up the amount of Pre-Closing Utility Billings actually collected by or paid to Purchaser to the associated credit of \$422,600 provided at Closing; provided, however, that neither party shall have any obligation to re-adjust any items (a) after the expiration of one hundred twenty (120) days after Closing, or (b) subject to such one hundred twenty (120)-day period, unless such items exceed \$10,000.00 in the aggregate.

ARTICLE VI REPRESENTATIONS AND WARRANTIES OF SELLER AND PURCHASER

6.1 Seller's Representations. Except, in all cases, for any fact, information or condition disclosed in the Title Documents, the Permitted Exceptions, the Property Contracts, or the Materials, or which is otherwise known by Purchaser prior to the Effective Date, Seller represents and warrants to Purchaser the following as of the Effective Date and (subject to Section 6.3 hereof) as of the Closing Date; provided that Purchaser's remedies if any such Seller's Representations are untrue as of the Closing Date are limited to those set forth in Section 8.1.

6.1.1 Seller is validly existing and in good standing under the laws of the state of its formation set forth in the initial paragraph of this Contract; and has the power and authority to sell and convey the Property and to execute the documents to be executed by Seller pursuant

to the terms of this Contract. The compliance with and the fulfillment of the terms and conditions hereof will not conflict with, or result in a breach of, the terms, conditions or provisions of, or constitute a default under, any contract to which Seller is a party or by which Seller is otherwise bound, which conflict, breach or default would have a material adverse effect on Seller's ability to consummate the transaction contemplated by this Contract or on the Property. This Contract is a valid and binding agreement enforceable against Seller in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights and by general principles of equity (whether applied in a proceeding at law or in equity). No consent or approval of any third party is required in order for Seller to consummate the transactions contemplated by this Contract.

6.1.2 Seller is not a "foreign person," as that term is used and defined in the Internal Revenue Code, Section 1445, as amended.

6.1.3 Except for (a) any actions by Seller to evict Tenants under the Leases as set forth on Schedule 2, or (b) a notice of condemnation from Fairfax County dated October 14, 2015 relating to the Huntington Levee Project (Project Number SD-000037-001), (x) there are no actions, proceedings, (zoning or otherwise) or litigations either pending or, to Seller's knowledge, threatened in writing against or relating to (i) the Property, (ii) this transaction, or (iii) Seller, which would have an adverse effect on Purchaser or the Property after the Closing, (y) there are no actions, proceedings, litigation or governmental investigations or condemnation actions either pending or threatened in writing against the Property, which will adversely impact Seller's ability to convey the Property, and (z) to Seller's knowledge, Seller has not received any written notice that Seller is in violation of any law, statute, ordinance, rule, regulation, order or determination of any governmental authority or agency that remains uncured.

6.1.4 To Seller's knowledge, Seller has not received any written notice of any uncured default by Seller under any of the Property Contracts that will not be terminated on the Closing Date.

6.1.5 To Seller's knowledge, the Rent Roll (as updated pursuant to Section 5.2.10) is accurate in all material respects provided, however, that if there is any discrepancy between the information set forth on the Rent Roll and the terms and provisions of any of the Leases, the terms and provisions of the Leases shall be effective as against Seller and Purchaser for purposes of the representation made by Seller in this Section 6.1.5 and Seller shall not be deemed to have breached the representation contained herein by reason of such discrepancy.

6.1.6 The Leases described on the Rent Roll and made available for review by Purchaser are true and correct and complete copies of all of the Leases in effect as of the Effective Date. Each Lease is the entire agreement between Seller and Tenant under such Lease, including all representations and warranties, and there are no other agreements between Seller and such Tenants of any kind. Other than written Leases described on the Rent Roll, or easements or other documents recorded against the Property, Seller has not granted to any party any license, lease and/or other rights relating to the use or possession of the Property that will remain in effect as of the Closing Date. Seller has not granted to any party (other than Purchaser pursuant to the terms of this Contract) any right or option (including any right of first offer or

right of first refusal) to purchase all or any part of the Property and no party has any such options or other rights (other than Purchaser pursuant to the terms of this Contract).

6.1.7 Seller is not a Prohibited Person.

6.1.8 To Seller's knowledge, the Property Contracts List (as may be updated pursuant to Section 3.4.4 and Section 5.2.11) is accurate in all material respects.

6.1.9 Seller has no employees, and all employees working at the Property are employed by Seller's managing agent (and no such employees of the Property will be transferred to Purchaser and Purchaser shall have no liability of any kind or nature in respect of any such employees of the Property). Neither Seller nor its managing agent is a party to any collective bargaining agreement with respect to the Property. To Seller's knowledge, none of the employees of its managing agent working on-site at the Property is a member of any labor union.

6.1.10 Seller is not and is not acting on behalf of (i) an "employee benefit plan" within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), (ii) a "plan" within the meaning of Section 4975 of the Internal Revenue Code of 1986, as amended, or (iii) an entity deemed to hold "plan assets" within the meaning of 29 C.F.R. § 2510.3-101, as modified by Section 3(42) of ERISA, of any such employee benefit plan or plans.

6.1.11 Seller has not (i) commenced a voluntary case or had entered against it an order for relief under any chapter of the Federal Bankruptcy Code (Title XI of the United States Code) or any similar order or decree under any federal or state laws applicable thereto, (ii) caused, suffered or consented to the appointment of a receiver, trustee, administrator, conservator, sequestrator, liquidator, or similar official in any federal, state or foreign judicial or non-judicial proceeding to hold, administer and/or liquidate all or substantially all of its assets, or (iii) made an assignment for the benefit of creditors and no bankruptcy, insolvency, reorganization or similar action or proceeding, whether voluntary or involuntary, is pending, or, to Seller's knowledge, threatened against it.

6.1.12 Seller has not filed, and has not retained anyone to file, notices of protests against, or to commence action to review, real property tax assessments against the Property and Seller will not take any such action after the Effective Date.

6.1.13 To Seller's knowledge, Seller has delivered all environmental reports related to the Property in its possession to the extent maintained in its regular course of record- keeping as listed on Schedule 1.

6.1.14 Seller has delivered to Purchaser complete copies in all material respects of the operating statements used by Seller in connection with its operation of the Property for the years 2013, 2014, 2015, and 2016 to date.

6.1.15 The Materials, once delivered or made available to Purchaser prior to the Effective Date or in accordance with the terms of this Contract, are, to Seller's actual knowledge, in the form as maintained by Seller in the normal and ordinary course of its business.

6.2 **AS-IS.** Except as expressly set forth in Seller's Representations and subject to **Section 6.3:**

6.2.1 The Property is expressly purchased and sold "AS IS," "WHERE IS," and "WITH ALL FAULTS."

6.2.2 The Purchase Price and the terms and conditions set forth herein are the result of arm's-length bargaining between entities familiar with transactions of this kind, and said price, terms and conditions reflect the fact that Purchaser shall have the benefit of, but is not relying upon, any information provided by Seller or Broker or statements, representations or warranties, express or implied, made by or enforceable directly against Seller or Broker, including, without limitation, any relating to the value of the Property, the physical or environmental condition of the Property, any state, federal, county or local law, ordinance, order or permit; or the suitability, compliance or lack of compliance of the Property with any regulation, or any other attribute or matter of or relating to the Property (other than any covenants of title contained in the Deed conveying the Property and Seller's Representations).

6.2.3 Purchaser, its successors and assigns, and anyone claiming by, through or under Purchaser, hereby fully releases Seller's Indemnified Parties from, and irrevocably waives its right to maintain, any and all claims and causes of action that it or they may now have or hereafter acquire against Seller's Indemnified Parties with respect to any and all Losses arising from or related to any defects, errors, omissions in the Materials or other conditions affecting the Property.

6.2.4 Purchaser represents and warrants that prior to the Effective Date, it has reviewed and conducted such independent analyses, studies (including, without limitation, environmental studies and analyses concerning the presence of lead, asbestos, water intrusion and/or fungal growth and any resulting damage, PCBs and radon in and about the Property), reports, investigations and inspections as it deems appropriate in connection with the Property. If Seller provides or has provided any documents, summaries, opinions or work product of consultants, surveyors, architects, engineers, title companies, governmental authorities or any other person or entity with respect to the Property, including, without limitation, the offering prepared by Broker, Purchaser and Seller agree that Seller has done so or shall do so only for the convenience of both parties, Purchaser shall not rely thereon and the reliance by Purchaser upon any such documents, summaries, opinions or work product shall not create or give rise to any liability of or against Seller's Indemnified Parties.

6.2.5 Purchaser acknowledges and agrees that, except as stated in Seller's Representations, no representation has been made and no responsibility is assumed by Seller with respect to current and future applicable zoning or building code requirements or the compliance of the Property with any other laws, rules, ordinances or regulations, the financial earning capacity or expense history of the Property, the continuation of contracts, continued occupancy levels of the Property, or any part thereof, or the continued occupancy by tenants of any Leases or, without limiting any of the foregoing, occupancy at Closing.

6.3 Survival of Seller's Representations.

6.3.1 Seller and Purchaser agree that Seller's Representations shall survive Closing for a period of nine (9) months (the "**Survival Period**"). Seller shall have no liability after the Survival Period with respect to Seller's Representations contained herein except to the extent that Purchaser has commenced a legal proceeding against Seller during the Survival Period for breach of any of Seller's Representations. Under no circumstances shall Seller be liable to Purchaser for more than Five Million Dollars (\$5,000,000) in any individual instance or in the aggregate for all breaches of Seller's Representations and any other representations of Seller made in this Contract, nor shall Purchaser be entitled to bring any claim for a breach of Seller's Representations unless the claim for damages (either in the aggregate or as to any individual claim) exceeds One Hundred Thousand Dollars (\$100,000) (in which event the amount of all claims shall be actionable back to the first dollar but subject to the aggregate maximum liability of Seller as aforesaid). In the event that Seller breaches any representation contained in Section 6.1 and Purchaser had actual knowledge of such breach prior to the Closing Date, and elected to close regardless, Purchaser shall be deemed to have waived any right of recovery, and Seller shall not have any liability in connection therewith.

6.3.2 At Closing, Seller shall update the representations made in Section 6.1 above as the facts then exist, with all dates brought current and all references to Leases and Property Contracts updated to the Leases and Property Contracts in effect as of the Closing Date. If a representation is modified, then (i) if such modification is due to a material breach by Seller of its obligations pursuant to this Contract, then such modification shall be considered a default hereunder (and Purchaser shall be entitled to the remedies set forth in Section 10.2 below), (ii) if such modification is not caused by a material breach by Seller of its obligations pursuant to this Contract and such modification results in such representation (if not so modified) being materially inaccurate at Closing, then such modification shall be considered a failure of Purchaser's condition precedent to Closing (and Purchaser shall be entitled to the remedies set forth in Section 8.1 below), and (iii) if such modification is due to an act expressly permitted under this Contract or has been otherwise consented to in writing by Purchaser, or does not render the representation (if not so modified) being materially inaccurate then the subject representation shall be considered modified in accordance with Seller's update and Purchaser shall not be relieved of its Closing obligations hereunder by reason of such modification. In no event shall Seller be liable to Purchaser for, or deemed to be in default hereunder by reason of, nor shall Purchaser be relieved of its Closing obligations hereunder by reason of, any breach of representation or warranty that is actually known to Purchaser as of (or that is based upon any facts contained in any documents or Materials delivered to Purchaser by or on behalf of Seller prior to) the Effective Date.

6.4 **Definition of Seller's Knowledge.** Any representations and warranties made "to the knowledge of Seller" shall not be deemed to imply any duty of inquiry. For purposes of this Contract, the term Seller's "**knowledge**" shall mean and refer only to actual knowledge of the Regional Property Manager and the Community Manager and shall not be construed to refer to the knowledge of any other partner, officer, director, agent, employee or representative of Seller, or any affiliate of Seller, or to impose upon such Regional Property Manager and Community Manager any duty to investigate the matter to which such actual knowledge or the absence

thereof pertains, or to impose upon such Regional Property Manager and Community Manager any individual personal liability. As used herein, the term “**Regional Property Manager**” shall refer to Jennifer Defazio who is the regional property manager handling this Property and the term “**Community Manager**” shall refer to Jay Mattingly who is the community manager handling this Property.

6.5 Representations and Warranties of Purchaser. For the purpose of inducing Seller to enter into this Contract and to consummate the sale and purchase of the Property in accordance herewith, Purchaser represents and warrants to Seller the following as of the Effective Date and as of the Closing Date:

6.5.1 Purchaser is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware.

6.5.2 Purchaser has all necessary entity power and authority to enter into this Contract, to purchase the Property and to execute the documents required of Purchaser herein, and to consummate the transactions contemplated by this Contract, and no consent of any of Purchaser’s partners, directors, officers or members are required to so empower or authorize Purchaser. The compliance with or fulfillment of the terms and conditions hereof will not conflict with, or result in a breach of, the terms, conditions or provisions of, or constitute a default under, any contract to which Purchaser is a party or by which Purchaser is otherwise bound, which conflict, breach or default would have a material adverse effect on Purchaser’s ability to consummate the transaction contemplated by this Contract. This Contract is a valid and binding agreement enforceable against Purchaser in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors rights and by general principles of equity (whether applied in a proceeding at law or in equity).

6.5.3 No pending or, to the knowledge of Purchaser, threatened litigation exists which if determined adversely would restrain the consummation of the transactions contemplated by this Contract or would declare illegal, invalid or non-binding any of Purchaser’s obligations or covenants to Seller.

6.5.4 Other than Seller’s Representations, Purchaser has not relied on any representation or warranty made by Seller or any representative of Seller (including, without limitation, Broker) in connection with this Contract and the acquisition of the Property.

6.5.5 Except for any public shares owned by Broker or its affiliates in Washington Real Estate Investment Trust, the Broker and its affiliates do not, and will not at the Closing, have any direct or indirect legal, beneficial, economic or voting interest in Purchaser (or in an assignee of Purchaser, which pursuant to Section 13.3, acquires the Property at the Closing), nor has Purchaser or any affiliate of Purchaser granted (as of the Effective Date or the Closing Date) the Broker or any of its affiliates any right or option to acquire any direct or indirect legal, beneficial, economic or voting interest in Purchaser, except for any public shares owned by Broker or its affiliates in Washington Real Estate Investment Trust.

6.5.6 Purchaser is not a Prohibited Person.

6.5.7 To Purchaser's knowledge, none of its investors, affiliates or brokers or other agents (if any), acting or benefiting in any capacity in connection with this Contract is a Prohibited Person.

6.5.8 To Purchaser's knowledge, the funds or other assets Purchaser will transfer to Seller under this Contract are not the property of, or beneficially owned, directly or indirectly, by a Prohibited Person.

6.5.9 The funds or other assets Purchaser will transfer to Seller under this Contract are not the proceeds of specified unlawful activity as defined by 18 U.S.C. § 1956(c)(7).

ARTICLE VII OPERATION OF THE PROPERTY

7.1 **Leases and Property Contracts.** Seller may, in the ordinary course of business, (i) enter into new Property Contracts and new residential Leases, and renew or modify existing residential Leases, (ii) terminate or accept the surrender or forfeiture of any of the residential Leases which are in default, (iii) modify any Property Contracts (so long as, such Property Contracts are terminable upon not more than thirty (30) days' notice without penalty or fees), and (iv) institute and prosecute any available remedies for default under any residential Lease or Property Contract, without first obtaining the written consent of Purchaser; provided, however, (x) all such activities by Seller are performed in the ordinary course of business, consistent in all material respects with Seller's practice during the year prior to the Effective Date, including without limitation the leasing of the Property through use of Seller's rental maximization software (with such deviations therefrom that Seller from time to time determines are necessary or appropriate and are consistent in all material respects with Seller's past practices in the ordinary course of business); (y) Seller agrees that any new or renewed residential Leases shall not have a term in excess of fifteen (15) months and any new Property Contract shall be terminable upon not more than thirty (30) days' notice without penalty or fees; and (z) Seller shall notify and obtain the consent of Purchaser prior to pursuing any remedies with respect to any defaulted non-residential Lease. Notwithstanding anything to the contrary contained herein, Seller shall not enter into new non-residential Leases, or renew or modify the existing non-residential Lease, without Purchaser's written consent, which consent shall be at Purchaser's sole discretion.

7.2 **General Operation of Property.** Except as specifically set forth in this Article VII, Seller shall continue to operate the Property in the ordinary course of business substantially in the same manner as same as been operated prior to the date hereof, and except as necessary in Seller's sole discretion to address any life or safety issue at the Property. Seller will not make any material alterations to the Property or remove any material Fixtures and Tangible Personal Property (unless the same are replaced with similar Fixtures and/or Tangible Personal Property having equivalent or better value and utility) without the prior written consent of Purchaser.

7.3 **Liens.** Seller covenants that it will not voluntarily create or cause any lien or encumbrance to attach to the Property between the Effective Date and the Closing Date (other than Leases and Property Contracts as provided in Section 7.1). Notwithstanding the foregoing,

Seller may enter into one or more easement agreements with the County of Fairfax or its subsidiary in connection with the Huntington Levee Project as described in that certain notice of condemnation from Fairfax County to Seller dated October 14, 2015 (Project Number SD-000037-001), subject to the prior consent of Purchaser, which consent shall be at Purchaser's sole discretion. If Seller delivers a copy of any such proposed easement agreement(s) to Purchaser for approval, then Purchaser shall approve or disapprove such proposed easement agreement(s) within five (5) Business Days of receipt thereof (which approval or disapproval shall be at Purchaser's sole discretion), and if Purchaser fails to approve or disapprove same within such five (5) Business Day period, then Purchaser shall be deemed to have approved same.

7.4 Tax Appeals. If any tax reduction proceedings, tax protest proceedings or tax assessment appeals for the Property are pending at the time of Closing, Seller may continue to prosecute and/or settle the same without the consent of Purchaser. Seller shall have the exclusive right to institute a tax reduction proceeding, tax protest proceeding or tax assessment appeal for the Property with respect to real estate taxes attributable to any fiscal years through and including the fiscal year which the Closing occurs at any time after the Closing Date. Seller may prosecute and/or settle the same without the consent of Purchaser. Purchaser shall not independently institute any tax reduction proceedings, tax protest proceedings, or tax assessment appeals for the Property with respect to any fiscal years through and including the fiscal year in which the Closing occurs. Purchaser shall cooperate with Seller in connection with the prosecution and/or settlement of any such tax reduction proceedings, tax protest proceedings or tax assessment appeals, including executing such documents as Seller may reasonably request in order for Seller to prosecute and/or settle any such proceedings. Any refunds or savings in the payment of taxes resulting from any tax reduction proceedings, tax protest proceedings or tax assessment appeals applicable to the period prior to the Closing Date shall belong to Seller and any refunds or savings in the payment of taxes applicable to the period from and after the Closing Date shall belong to Purchaser. All attorneys' fees and other expenses incurred in obtaining such refunds or savings shall be apportioned between Seller and Purchaser in proportion to the gross amount of such refunds or savings payable to Seller and Purchaser, respectively.

7.5 Rent Ready Condition. Seller shall, at its sole cost and expense, cause all units at the Property that are vacant prior to the date that is five (5) Business Days prior to the Closing, to be placed in "rent ready" condition, in accordance with Seller's standard leasing practices, prior to the Closing Date. Purchaser shall receive a credit at Closing for any unit under the aforementioned criteria that is not in "rent ready" condition on the date that is two (2) Business Days prior to the Closing in the amount of One Thousand Dollars (\$1,000) per such vacant unit. As used herein, the term "rent ready" means an apartment unit that is cleaned and repainted, if and to the extent necessary, and contains all standard appliances and finishes that have been used by Seller in operating and making ready the apartment units during the year preceding the Effective Date and with appliances in working order and condition, with all carpeting and flooring either replaced or cleaned, but in all cases, consistent with Seller's prior practices during the year preceding the Effective Date. The foregoing requirements of this Section 7.5 shall not apply to any unit (i) that has been vacated but is still subject to a lease that has not yet expired or

otherwise been terminated, or (ii) that is vacant, has been re-leased and shall be delivered pursuant to such lease in its “as-is” condition.

ARTICLE VIII CONDITIONS PRECEDENT TO CLOSING

8.1 **Purchaser’s Conditions to Closing.** Purchaser’s obligation to close under this Contract shall be subject to and conditioned upon the fulfillment of the following conditions precedent:

8.1.1 All of the documents required to be delivered by Seller to Purchaser at the Closing pursuant to the terms and conditions hereof shall have been delivered;

8.1.2 Subject to the terms of Section 6.3.2 above, each of Seller’s Representations shall be true and correct in all material respects as of the Closing Date;

8.1.3 Seller shall have complied with, fulfilled and performed in all material respects each of the covenants, terms and conditions to be complied with, fulfilled or performed by Seller hereunder; and

8.1.4 Seller shall not be a debtor in any bankruptcy proceeding.

Notwithstanding anything to the contrary set forth in this Contract, there are no conditions to Purchaser’s obligation to close except as expressly set forth in Sections 4.3, 4.5, 6.1, and 8.1, and Article VII. If any condition set forth in this Section 8.1 is not met, Purchaser may (a) waive such condition and proceed to Closing on the Closing Date with no offset or deduction from the Purchase Price, (b) terminate this Contract and receive a return of the Deposit from the Escrow Agent, or (c) if such failure constitutes a default by Seller pursuant to Section 10.2 hereof, exercise any of Purchaser’s remedies pursuant to Section 10.2.

8.2 **Seller’s Conditions to Closing.** Seller’s obligation to close with respect to conveyance of the Property under this Contract shall be subject to and conditioned upon the fulfillment of the following conditions precedent:

8.2.1 All of the documents and funds required to be delivered by Purchaser to Seller at the Closing pursuant to the terms and conditions hereof shall have been delivered;

8.2.2 Each of the representations and warranties of Purchaser contained herein shall be true and correct in all material respects as of the Closing Date;

8.2.3 Purchaser shall have complied with, fulfilled and performed in all material respects each of the covenants, terms and conditions to be complied with, fulfilled or performed by Purchaser hereunder; and

8.2.4 Purchaser shall not be a debtor in any bankruptcy proceeding.

There are no conditions to Seller’s obligation to close except as expressly set forth in this Section 8.2.

ARTICLE IX BROKERAGE

9.1 **Indemnity.** Seller represents and warrants to Purchaser that it has dealt only with ARA Newmark, having an address at 8405 Greensboro Drive, McLean, Va. 22102 (“**Broker**”) in connection with this Contract. Seller and Purchaser each represents and warrants to the other that, other than Broker, such party has not dealt with or utilized the services of any other real estate broker, sales person or finder in connection with this Contract, Seller and Purchaser agree to indemnify, hold harmless, and, if requested in the sole and absolute discretion of the indemnitee, defend (with counsel approved by the indemnitee) the other party from and against all Losses relating to any breach by the indemnifying party of the foregoing representation, including any brokerage commissions and finder’s fees arising from or attributable to the acts or omissions of the indemnifying party.

9.2 **Broker Commission.** If Closing occurs, Seller agrees to pay Broker a commission according to the terms of a separate contract. Broker shall not be deemed a party or third party beneficiary of this Contract. As a condition to Seller’s obligation to pay the commission, Broker shall execute the signature page for Broker attached hereto solely for purposes of confirming the matters set forth therein.

ARTICLE X DEFAULTS AND REMEDIES

10.1 **Purchaser Default.**

10.1.1 If Purchaser (i) defaults on its obligations hereunder to close on the sale of the Property on the Closing Date (including without limitation, if Purchaser defaults on its obligations to deliver to Seller the deliveries specified in Section 5.3 on the date required thereunder or to deliver the balance of the Purchase Price in accordance with Article II (together with payment of any other sums due and payable by Purchaser at Closing); provided that if Purchaser’s failure to deliver the balance of the Purchase Price or other payments was caused solely by a third party’s error in the transfer of funds, then Purchaser shall have one (1) Business Day after receipt of notice of such failure to deliver such funds to Seller before such failure constitutes a default hereunder, or (ii) assigns its rights under this Contract in violation of the terms of Section 13.3, then Purchaser shall forfeit the Deposit, the Escrow Agent shall deliver the Deposit to Seller pursuant to terms of Section 2.3.3, and neither party shall be obligated to proceed with the purchase and sale of the Property. The Deposit is liquidated damages and recourse to the Deposit is, except for Purchaser’s indemnity and restoration obligations under Section 3.3, the confidentiality obligations under Section 13.13 and Seller’s right to recover attorneys’ fees pursuant to Section 13.16 hereof, Seller’s sole and exclusive remedy for Purchaser’s failure to perform its obligation to purchase the Property or breach of a representation or warranty. Seller expressly waives the remedies of specific performance and additional damages for such default by Purchaser. SELLER AND PURCHASER ACKNOWLEDGE THAT SELLER’S DAMAGES WOULD BE DIFFICULT TO DETERMINE, AND THAT THE DEPOSIT IS A REASONABLE ESTIMATE OF SELLER’S DAMAGES RESULTING FROM A DEFAULT BY PURCHASER IN ITS OBLIGATION TO

PURCHASE THE PROPERTY. SELLER AND PURCHASER FURTHER AGREE THAT THIS SECTION 10.1.1 IS INTENDED TO AND DOES LIQUIDATE THE AMOUNT OF DAMAGES DUE SELLER, AND SHALL BE SELLER'S EXCLUSIVE REMEDY AGAINST PURCHASER, BOTH AT LAW AND IN EQUITY, ARISING FROM OR RELATED TO A BREACH BY PURCHASER OF ITS OBLIGATION TO CONSUMMATE THE TRANSACTIONS CONTEMPLATED BY THIS CONTRACT, OTHER THAN WITH RESPECT TO PURCHASER'S INDEMNITY AND RESTORATION OBLIGATIONS UNDER SECTION 3.3, THE CONFIDENTIALITY OBLIGATIONS UNDER SECTION 13.13 AND SELLER'S RIGHT TO RECOVER ATTORNEYS' FEES PURSUANT TO SECTION 13.16 HEREOF.

10.1.2 If Purchaser defaults on any of its covenants or obligations under this Agreement, other than the covenants and obligations of Purchaser set forth in the first sentence of subsection 10.1.1 above (with respect to which the remedies of Seller set forth in Section 10.1.1 shall control), or if Purchaser's representations and warranties made under this Contract shall be untrue in any material respect, and such default or material misrepresentation continues for more than the (10) days after written notice from Seller, then the following shall apply: (i) Seller shall not have any right to terminate this Contract as a result of any such default or misrepresentation, and (ii) notwithstanding anything contained in this Contract to the contrary, Seller shall have the right to pursue against Purchaser any and all rights and remedies available at law or in equity to Seller (including, without limitation, injunctive relief and recovery of damages arising out of any such default and/or misrepresentation). Notwithstanding anything contained herein to the contrary, under no circumstances may Seller seek or be entitled to recover any special, consequential, punitive, speculative or indirect damages. The terms of this subsection 10.1.2 shall survive any termination of this Contract.

10.2 **Seller Default.** If Seller (i) defaults on its obligations hereunder to deliver to Escrow Agent the deliveries specified under Section 5.2 on the date required thereunder, or to close on the sale of the Property on the Closing Date, or (ii) prior to the Closing defaults on its covenants or obligations under this Contract, and such default continues until the earlier to occur of (x) the Closing Date and (y) more than ten (10) days after written notice from Purchaser, then, at Purchaser's election and as Purchaser's exclusive remedy, Purchaser may either (a) terminate this Contract, and all payments and things of value, including the Deposit, provided by Purchaser hereunder shall be returned to Purchaser and Purchaser may recover, as its sole recoverable damages (but without limiting its right to receive a refund of the Deposit), its direct and actual out-of-pocket expenses and costs (documented by paid invoices to third parties) in connection with this transaction, which damages shall not exceed \$50,000 in the aggregate, or (b) subject to the conditions below, seek specific performance of Seller's obligation to close on the sale of the Property pursuant to this Contract (but not damages); provided, however, if specific performance is not available to Purchaser solely because of any intentional and willful act of Seller in violation of this Contract (such as a conveyance or financing of the Property) that results in the inability of Seller to consummate the transaction required by this Contract in accordance with its terms (each, an "**Affirmative Act**"), then Purchaser shall have the right to pursue actual damages against Seller as allowed under applicable law (but not consequential, special or punitive damages). Purchaser may seek specific performance of Seller's obligation to close on the sale of the Property pursuant to this Contract or damages against Seller due to an Affirmative Act only

if, as a condition precedent to initiating such litigation for specific performance or damages, Purchaser shall (x) not otherwise be in default under this Contract and (y) file suit therefor with the court on or before the ninetieth (90th) day after the Closing Date. If Purchaser fails to file an action for specific performance or damages due to an Affirmative Act within ninety (90) days after the Closing Date, then Purchaser shall be deemed to have elected to terminate the Contract in accordance with subsection (a) above. Purchaser agrees that it shall promptly deliver to Seller an assignment of all of Purchaser's right, title and interest in and to (together with possession of) all plans, studies, surveys, reports, and other materials paid for with the out-of-pocket expenses reimbursed by Seller pursuant to the first sentence of this Section. SELLER AND PURCHASER FURTHER AGREE THAT THIS SECTION 10.2 IS INTENDED TO AND DOES LIMIT THE AMOUNT OF DAMAGES DUE PURCHASER AND THE REMEDIES AVAILABLE TO PURCHASER, AND SHALL BE PURCHASER'S EXCLUSIVE REMEDY AGAINST SELLER, BOTH AT LAW AND IN EQUITY ARISING FROM OR RELATED TO A BREACH BY SELLER OF ITS COVENANTS OR ITS OBLIGATION TO CONSUMMATE THE TRANSACTIONS CONTEMPLATED BY THIS CONTRACT. UNDER NO CIRCUMSTANCES MAY PURCHASER SEEK OR BE ENTITLED TO RECOVER ANY SPECIAL, CONSEQUENTIAL, PUNITIVE, SPECULATIVE OR INDIRECT DAMAGES, FORESEEABLE OR UNFORESEEABLE, ALL OF WHICH PURCHASER SPECIFICALLY WAIVES, FROM SELLER FOR ANY BREACH BY SELLER, OF ITS COVENANTS OR ITS OBLIGATIONS UNDER THIS CONTRACT (PROVIDED, HOWEVER, THAT THE FOREGOING SHALL NOT LIMIT THE RIGHT OF PURCHASER TO SEEK ACTUAL DAMAGES IF THE REMEDY OF SPECIFIC PERFORMANCE IS NOT AVAILABLE TO PURCHASER SOLELY DUE TO AN AFFIRMATIVE ACT OF SELLER). PURCHASER SPECIFICALLY WAIVES THE RIGHT TO FILE ANY LIS PENDENS OR ANY LIEN AGAINST THE PROPERTY UNLESS AND UNTIL IT HAS IRREVOCABLY ELECTED TO SEEK SPECIFIC PERFORMANCE OF THIS CONTRACT AND HAS FILED AND IS DILIGENTLY PURSUING AN ACTION SEEKING SUCH REMEDY.

ARTICLE XI RISK OF LOSS OR CASUALTY

11.1 **Major Damage.** If the Property is damaged or destroyed by fire or other casualty prior to the Closing, and the cost for demolition, site cleaning, restoration, replacement, or other repairs (collectively, the "**Repairs**") is more than Seven Million Five Hundred Thousand Dollars (\$7,500,000.00) (a "**Major Damage**"), then Seller shall have no obligation to make such Repairs, and shall notify Purchaser in writing of such damage or destruction (the "**Damage Notice**"). If there is a Major Damage, then Purchaser may elect, by delivering written notice to Seller on or before the earlier of (x) Closing and (y) the date which is ten (10) days after Purchaser's receipt of the Damage Notice, to terminate this Contract, in which event the Deposit shall be returned to Purchaser. If Purchaser fails to timely terminate this Contract pursuant to this Section 11.1, this transaction shall be closed in accordance with Section 11.3 below.

11.2 **Minor Damage.** If the Property is damaged or destroyed by fire or other casualty prior to the Closing, and the cost of Repairs is equal to or less than Seven Million Five Hundred Thousand Dollars (\$7,500,000.00), then this transaction shall be closed in accordance with Section 11.3, notwithstanding such casualty. In such event, Seller may at its election endeavor to make such Repairs to the extent of any recovery from insurance carried on the Property, if such

Repairs can be reasonably effected before the Closing. Regardless of Seller's election to commence such Repairs, or Seller's ability to complete such Repairs prior to Closing, this transaction shall be closed in accordance with Section 11.3 below.

11.3 **Closing.** If Purchaser fails to terminate this Contract following a casualty as set forth in Section 11.1, or if a casualty occurs as described in Section 11.2, then this transaction shall be closed in accordance with the terms of the Contract, at Seller's election, either (i) for the full Purchase Price, notwithstanding any such casualty, in which case Seller and Purchaser shall, at Closing, execute and deliver an assignment and assumption (in a form reasonably required by Seller) of Seller's rights and obligations with respect to the insurance claim related to such casualty, and thereafter Purchaser shall receive all insurance proceeds pertaining to such claim (including, without limitation, proceeds paid or to be paid on account of the loss of rents or other income from the Property for the period from and after the Closing Date), less any amounts which may already have been spent by Seller for Repairs (plus a credit against the Purchase Price at Closing in the amount of any co-insurance or deductible payable by Seller in connection therewith plus the cost of any Repairs which not covered by the insurance so assigned by Seller), or (ii) for the full Purchase Price less a credit to Purchaser in the amount necessary to complete such Repairs.

11.4 **Repairs.** If Seller elects to commence any Repairs prior to Closing, then Seller shall be entitled to receive and apply available insurance proceeds to any portion of such Repairs completed or installed prior to Closing, with Purchaser being responsible for completion of such Repairs after Closing. If any Repairs have been commenced prior to Closing, then at Closing Purchaser shall assume all construction and other contracts entered into by Seller in connection with such Repairs; provided however, that (except in the event of emergency, as determined in Seller's sole discretion) Seller will consult with Purchaser prior to entering into any such contract if Purchaser will likely have to assume such contract. Notwithstanding anything contained herein to the contrary, Seller retains the sole right and authority to enter into any such contract.

ARTICLE XII EMINENT DOMAIN

12.1 **Eminent Domain.** If at the time of Closing, any Material Taking (as hereinafter defined) has been or is about to occur (or if at such time there is any notice of any such Material Taking or of the intent by any government agency to pursue a Material Taking), then Purchaser shall have the right, at Purchaser's option, to terminate this Contract by giving written notice on the earlier of (x) Closing or (y) ten (10) days after Purchaser's receipt from Seller of notice of the occurrence of such event. If Purchaser so terminates this Contract then Escrow Agent shall promptly return the Deposit to Purchaser. If Purchaser fails to timely terminate this Contract within such period, then this transaction shall be closed in accordance with the terms of this Contract for the full Purchase Price and Purchaser shall receive the full benefit of any condemnation award. For purposes hereof, a "**Material Taking**" shall mean a taking by any governmental agency by the powers of eminent domain or transfer in lieu thereof of (i) more than three and a half percent (3.5%) of the square footage of the Improvements, (ii) more than three and a half percent (3.5%) of the square footage of the portion of the Land that is currently vacant and unimproved and which may be used for future development, (iii) more than three and a half percent (3.5%) of the parking spaces at the Property (or such lesser amount of parking

spaces which results in the remaining Improvements failing to either comply with applicable zoning regulations or constitute a so called legal non-conforming use), (iv) which materially impairs access to and from the Improvements, (v) which reduces the total value of the Property by more than three and a half percent (3.5%), or (vi) which reduces by more than three and a half percent (3.5%) the total number of additional square feet or number of residential apartment units which can, as of right, be added to the undeveloped portion of the Property. If the taking by any governmental agency by the powers of eminent domain or transfer in lieu thereof does not constitute a Material Taking, then this transaction shall be closed in accordance with the terms of this Contract for the full Purchase Price and Purchaser shall receive the full benefit of any condemnation award. Notwithstanding anything contained herein to the contrary, the parties hereto acknowledge that the condemnation action described in, and contemplated by, that certain notice of condemnation from Fairfax County dated October 14, 2015 relating to the Huntington Levee Project (Project Number SD-000037-001) does not constitute a Material Taking and that Purchaser shall receive the full benefit of any condemnation award related to such project.

ARTICLE XIII MISCELLANEOUS

13.1 **Binding Effect of Contract.** This Contract shall not be binding on either party until executed by both Purchaser and Seller. Neither the Escrow Agent's nor the Broker's execution of this Contract shall be a prerequisite to its effectiveness. Subject to Section 13.3, this Contract shall be binding upon and inure to the benefit of Seller and Purchaser, and their respective successors and permitted assigns.

13.2 **Exhibits and Disclosure Schedules.** All Exhibits and Disclosure Schedules, whether or not annexed hereto, are a part of this Contract for all purposes.

13.3 **Assignability.** Except to the extent required to comply with the provisions of Section 13.18 related to a 1031 exchange, this Contract is not assignable by Purchaser without the prior written approval of Seller. Notwithstanding the foregoing, Purchaser may assign this Contract, without the prior written approval of Seller, to an entity that is an Affiliate of the Purchaser named herein so long as (a) Purchaser is not released from its liability hereunder, and (b) Purchaser provides written notice to Seller of any proposed assignment no later than 10 days prior to the Closing Date. As used herein, (i) an "**Affiliate**" is a person or entity controlled by, under common control with, or controlling another person or entity and (ii) the term "control" means, with respect to any entity, (x) ownership directly or indirectly of fifty-one percent (51%) or more of all equity interests in such entity and (ii) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such entity, through the ownership of voting securities, by contract or otherwise.

13.4 **Captions.** The captions, headings, and arrangements used in this Contract are for convenience only and do not in any way affect, limit, amplify, or modify the terms and provisions hereof.

13.5 **Number and Gender of Words.** Whenever herein the singular number is used, the same shall include the plural where appropriate, and words of any gender shall include each other gender where appropriate.

13.6 **Notices.** All notices, demands, requests and other communications required or permitted hereunder shall be in writing, and shall be (a) personally delivered with a written receipt of delivery; (b) sent by a nationally-recognized overnight delivery service requiring a written acknowledgement of receipt or providing a certification of delivery or attempted delivery; (c) sent by certified or registered mail, return receipt requested; or (d) sent by electronic mail with an original copy thereof transmitted to the recipient by one of the means described in subsections (a) through (c) no later than one (1) Business Day thereafter. Any notice required or permitted to be provided under this Contract may be sent by such party's attorney. All notices shall be deemed effective when actually delivered as documented in a delivery receipt or on the date sent by electronic mail as attached in portable document format; provided, however, that if the notice was sent by overnight courier or mail as aforesaid and is affirmatively refused or cannot be delivered during customary business hours by reason of the absence of a signatory to acknowledge receipt, or by reason of a change of address with respect to which the addressor did not have either knowledge or written notice delivered in accordance with this paragraph, then the first attempted delivery shall be deemed to constitute delivery. Each party shall be entitled to change its address for notices from time to time by delivering to the other party notice thereof in the manner herein provided for the delivery of notices. All notices shall be sent to the addressee at its address set forth following its name below:

To Purchaser:

c/o Washington Real Estate Investment Trust
1775 Eye Street, NW Suite 1000
Washington, D.C. 20006
Attention: Andrew Leahy
Telephone: (202) 774-3245
Email: aleahy@washreit.com

And:

c/o Washington Real Estate Investment Trust
1775 Eye Street, NW Suite 1000
Washington, D.C. 20006
Attention: Tom Morey
Telephone: (202) 774-3165
Email: tmorey@washreit.com

With a copy to: Venable LLP

575 7th Street, NW Washington, D.C. 20004
Attention: Robert G. Gottlieb, Esq.

Telephone: (202) 344-8526
Email: rggottlieb@venable.com

To Seller:

c/o AIMCO
4582 South Ulster Street
Suite 1100
Denver, Colorado 80237
Attention: Mark Reoch
Telephone: (303)-691-4337
Email: mark.reoch@aimco.com

And:

c/o AIMCO
4582 South Ulster Street
Suite 1100
Denver, Colorado 80237
Attention: Mark Sinclair
Telephone: (303) 793-4837

Email: mark.sinclair@aimco.com with copy to each of:

AIMCO
4582 South Ulster Street
Suite 1100
Denver, Colorado 80237
Attention: Ken Diamond, Esq. Telephone: (303) 793-4763
Email: ken.diamond@aimco.com

And:

Bryan Cave LLP
1290 Avenue of the Americas
New York, New York 10104
Attention: Sandor A. Green, Esq. Telephone: (212) 541-2049
Email: sagreen@bryancave.com

Any notice required hereunder to be delivered to the Escrow Agent shall be delivered in accordance with above provisions as follows:

Fidelity National Title Insurance Company
1620 L Street NW, 4th Floor
Washington D.C. 20036
Attention: Michael A. Segal
Telephone: (202) 737-4747
Email: msegal@fnf.com

Unless a notice specifically required to be delivered to the Escrow Agent pursuant to the terms of this Contract, no notice must be delivered to the Escrow Agent in order to be effective so long as it is delivered to the other party in accordance with the above provisions.

13.7 **Governing Law and Venue.** The laws of the Commonwealth of Virginia shall govern the validity, construction, enforcement, and interpretation of this Contract. All claims, disputes and other matters in question arising out of or relating to this Contract, or the breach thereof, shall be decided by proceedings instituted and litigated in a court of competent jurisdiction in the state in which the Property is situated, and the parties hereto expressly consent to the venue and jurisdiction of such court.

13.8 **Entire Agreement.** This Contract embodies the entire agreement between the parties hereto concerning the subject matter hereof and supersedes all prior conversations, proposals, negotiations, understandings and contracts, whether written or oral.

13.9 **Amendments.** This Contract shall not be amended, altered, changed, modified, supplemented or rescinded in any manner except by a written contract executed by all of the parties; provided, however, that, (a) the signature of the Escrow Agent shall not be required as to any amendment of this Contract other than an amendment of Section 2.3, and (b) the signature of the Broker shall not be required as to any amendment of this Contract.

13.10 **Severability.** If any part of this Contract shall be held to be invalid or unenforceable by a court of competent jurisdiction, such provision shall be reformed, and enforced to the maximum extent permitted by law. If such provision cannot be reformed, it shall be severed from this Contract and the remaining portions of this Contract shall be valid and enforceable.

13.11 **Multiple Counterparts/Facsimile and Email Signatures.** This Contract may be executed in a number of identical counterparts. This Contract may be executed by facsimile signatures or electronic delivery of signatures which shall be binding on the parties hereto, with original signatures to be delivered as soon as reasonably practical thereafter.

13.12 **Construction.** No provision of this Contract shall be construed in favor of, or against, any particular party by reason of any presumption with respect to the drafting of this Contract; both parties, being represented by counsel, having fully participated in the negotiation of this instrument.

13.13 **Confidentiality.**

13.13.1 Except as otherwise expressly set forth herein (including without limitation as set forth in the last sentence of this subsection and Section 13.13.2), Seller and

Purchaser shall not disclose the terms and conditions contained in this Contract and shall keep the same confidential, provided that each may disclose the terms and conditions of this Contract (a) as required by law, (b) to consummate the terms of this Contract, or any financing relating thereto, or (c) to its lenders, attorneys, accountants, agents, consultants, investors, principals, affiliates or partners. Prior to the Closing, any information obtained by Purchaser in the course of its inspection of the Property, and any Materials provided by Seller to Purchaser hereunder, shall be confidential and Purchaser shall be prohibited from making such information public to any other person or entity other than its lenders, attorneys, accountants, agents, consultants, investors, principals, affiliates or partners, without Seller's prior written authorization, which may be granted or denied in Seller's sole discretion. The parties acknowledge and agree that in no event shall confidential information include information that (i) becomes generally available to the public, (ii) becomes available to Purchaser from a third party on a non-confidential basis not in breach of such third party's contractual, legal or other duty of confidentiality, or (iii) is already in Purchaser's possession or which Purchaser independently developed or acquired prior the date hereof. In addition, each party shall use its reasonable efforts to prevent its Consultants from divulging any such confidential information to any unrelated third parties except for the limited purpose of analyzing and investigating such information for the purpose of consummating the transaction contemplated by this Contract. Unless and until the Closing occurs, Purchaser shall not market the Property (or any portion thereof) for sale or lease to any prospective purchaser or lessee without the prior written consent of Seller, which consent may be withheld in Seller's sole discretion. Notwithstanding anything to contrary contained herein, Seller and Purchaser acknowledge and agree that this Contract may be filed with the Securities and Exchange Commission by either party if necessary in such party's judgment.

13.13.2 Notwithstanding anything contained in this Contract to the contrary, (i) each of Seller and Purchaser may disclose the terms and conditions of this Contract as is necessary, in such party's sole discretion, in order for such party to make any public disclosures required under federal or state securities laws or regulations with respect to such party or its affiliates, (ii) from and after the Effective Date until the Closing, if required by the rules of the Securities and Exchange Commission or NYSE stock exchange listing requirements or otherwise reasonably determined to be necessary as a result of the status of Seller or Purchaser's corporate parent as a public company (in each case as determined in good faith by such party), such party may issue a public press release or other public disclosure announcing that Seller and Purchaser have entered into the Contract and the material terms thereof, and (iii) from and after the Closing, neither Seller or Purchaser shall be restricted in issuing a public press release or other public disclosure with respect to this Contract (but such post-closing press release shall not name the other party or its affiliates). The provisions of this Section 13.13.2 shall survive Closing.

13.14 **Time of the Essence.** TIME IS OF THE ESSENCE WITH RESPECT TO THIS CONTRACT AND ANY ASPECT THEREOF.

13.15 **Waiver.** No delay or omission to exercise any right or power accruing upon any default, omission, or failure of performance hereunder shall impair any right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. No waiver, amendment, release, or modification of this Contract shall be established by conduct, custom, or course of dealing and all waivers must be in writing and signed by the waiving party.

13.16 **Attorneys' Fees**. In the event either party hereto commences litigation against the other to enforce its rights hereunder, the prevailing party in such litigation shall be entitled to recover from the other party its reasonable attorneys' fees and expenses incidental to such litigation, including the cost of in-house counsel and any appeals.

13.17 **Time Zone/Time Periods**. Any reference in this Contract to a specific time shall refer to the time in the time zone where the Property is located. If the last day of a time period falls on a non-Business Day, then the next Business Day shall be considered the end of the time period.

13.18 **1031 Exchange**. Seller and Purchaser agree that the purchase and sale of the Property may be part of a tax-free exchange for either Purchaser or Seller pursuant to Section 1031 of the Code, the regulations promulgated thereunder, revenue procedures, pronouncements and other guidance issued by the Internal Revenue Service. Seller and Purchaser agree to cooperate with each other at no cost to the requesting party and take all reasonable steps on or before the Closing Date to facilitate such exchange if requested by the other party (including, without limitation, a written acknowledgement of such exchange as a closing document as provided in Sections 5.2.15 and 5.3.10, as applicable), provided that (a) no party making such accommodation shall be required to acquire any substitute property, (b) such exchange shall not affect the representations, warranties, liabilities and obligations of the parties to each other under this Contract, (c) no party making such accommodation shall incur any additional cost, expense or liability in connection with such exchange (other than expenses of reviewing and executing documents required in connection with such exchange), (d) no dates in this Contract will be extended as a result thereof, except as specifically provided herein, and (e) any exchange being effected by a party shall be effected by means of that party's use of a qualified intermediary and/or exchange accommodation title-holder.

13.19 **No Personal Liability of Officers, Trustees or Directors**. Purchaser acknowledges that this Contract is entered into by Seller which is a Delaware limited liability company, and Purchaser agrees that none of Seller's Indemnified Parties shall have any personal liability under this Contract or any document executed in connection with the transactions contemplated by this Contract. Seller acknowledges that this Contract is entered into by Purchaser which is a Delaware limited liability company, and Seller agrees that none of Purchaser, or Purchaser's partners, managers, members, employees, officers, directors, trustees, shareholders, counsel, representatives or agents shall have any personal liability under this Contract or any document executed in connection with the transactions contemplated by this Contract.

13.20 **ADA Disclosure**. Purchaser acknowledges that the Property may be subject to the federal Americans With Disabilities Act (the "**ADA**") and the federal Fair Housing Act (the "**FHA**"). The ADA requires, among other matters, that tenants and/or owners of "public accommodations" remove barriers in order to make the Property accessible to disabled persons and provide auxiliary aids and services for hearing, vision or speech impaired persons. Seller makes no warranty, representation or guarantee of any type or kind with respect to the Property's compliance with the ADA or the FHA (or any similar state or local law), and Seller expressly disclaims any such representations.

13.21 **No Recording.** Purchaser shall not cause or allow this Contract or any contract or other document related hereto, or any memorandum or other evidence hereof, to be recorded or become a public record without Seller's prior written consent, which consent may be withheld at Seller's sole discretion. If Purchaser records this Contract, or other document related hereto, or any memorandum or other evidence hereof without Seller's prior written consent, Purchaser shall be in default under this Contract. Purchaser hereby appoints Seller as Purchaser's attorney-in-fact to prepare and record any documents necessary to effect the nullification and release of the Contract or other memorandum or evidence thereof from the public records. This appointment shall be coupled with an interest and irrevocable.

13.22 **Relationship of Parties.** Purchaser and Seller acknowledge and agree that the relationship established between the parties pursuant to this Contract is only that of a seller and a purchaser of property. Neither Purchaser nor Seller is, nor shall either hold itself out to be, the agent, employee, joint venturer or partner of the other party.

13.23 **AIMCO Marks.** Purchaser agrees that Seller, the Property Manager or AIMCO, or their respective affiliates, are the sole owners of all right, title and interest in and to the AIMCO Marks (or have the right to use such AIMCO Marks pursuant to license agreements with third parties) and that no right, title or interest in or to the AIMCO Marks is granted, transferred, assigned or conveyed as a result of this Contract. Purchaser shall not use the AIMCO Marks for any purpose.

13.24 **Survival.** Except for (a) all of the provisions of this Article XIII (other than Section 13.18); (b) Sections 2.3, 3.2, 3.3, 3.4, 3.6, 5.4, 5.5, 6.3, 6.5, 7.4, 9.1, 11.4, 13.13.2, 13.6, 13.19, 13.26 and 14.2; (c) any other provisions in this Contract, that by their express terms survive the Closing; and (d) any payment or indemnity obligation of Purchaser under this Contract (the foregoing clauses (a), (b), (c) and (d) referred to herein as the "**Survival Provisions**"), none of the terms and provisions of this Contract shall survive the Closing. Except for Sections 3.3, 9.1, 13.6, 13.7, 13.13, 13.16, 13.19, 13.24, 13.25 and 13.26 of this Contract and any other provisions of this Contract that are expressly stated to survive the termination of this Contract (collectively, the "**Post-Termination Obligations**"), none of the terms and provisions of this Contract shall survive the termination of this Contract.

13.25 **WAIVER OF JURY TRIAL.** THE PARTIES HERETO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY ON ANY MATTER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS CONTRACT.

13.26 **HISTORICAL FINANCIALS.** Notwithstanding anything contained in this Contract to the contrary, if required by rules of the Securities and Exchange Commission with respect to Purchaser's corporate parent as determined by Purchaser, Seller grants Purchaser the right after the Closing, at Purchaser's sole expense, to prepare an audited income statement of the Property for the most recent fiscal year(s) as specified by Rule 3-14 of Regulation S-X under the Securities Act of 1933 and the Securities Exchange Act of 1934. Seller shall provide and/or fully cooperate in obtaining any and all such data and financial information (including, without limitation, data and information obtainable from Seller's management agent for the Property) in connection with fulfilling Purchaser's corporate parent's disclosure obligations as a public

company subject to the rules and regulations of the Securities and Exchange Commission. The provisions of this Section 13.26 shall survive Closing.

ARTICLE XIV
LEAD-BASED PAINT DISCLOSURE

14.1 **Disclosure**. Seller and Purchaser hereby acknowledge delivery of the Lead Based Paint Disclosure attached as Schedule 6 hereto.

14.2 **Testing and Report**. Testing has been performed at the Property with respect to lead-based paint. Law Engineering and Environmental Services, Inc. performed the testing and reported its findings in the Lead-Based Paint Evaluation Report of Riverside I, II & III dated May 21, 2003, a copy of which has been provided to Purchaser. Such report certifies the Property as lead-based paint free. By execution hereof, Purchaser acknowledges receipt of a copy of such report and the Lead-Based Paint Disclosure Statement attached hereto as Schedule 6.

[Signature Pages Follow]

NOW, THEREFORE, the parties hereto have executed this Contract as of the date first set forth above.

SELLER:

AIMCO RIVERSIDE PARK:, L.L.C.,
a Delaware limited liability company

By: RIVERSIDE PARK ASSOCIATES LIMITED PARTNERSHIP,
a Delaware limited partnership, its sole member

By: AIMCO/RIVERSIDE PARK ASSOCIATES GP, LLC,
a Delaware limited liability company, its general partner

By: AIMCO PROPERTIES, L.P.,
a Delaware limited partnership, its sole member

By: AIMCO-GP, INC.,
a Delaware corporation, its general partner

By: /s/ Mark C. Reoch
Name: Mark C. Reoch
Title: Vice President, Transactions

For good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, AIMCO PROPERTIES, L.P., a Delaware limited partnership, hereby executes this Contract for the sole purpose of guarantying the payment obligations of Seller, if any, to Purchaser arising out of any post-closing claim(s) asserted by Purchaser against Seller for a breach of any of Seller's Representations, subject to the terms, provisions and limitations set forth in this Contract (including, without limitation, the terms of Section 6.3 hereof).

AIMCO PROPERTIES, L.P.,
a Delaware limited partnership, its sole member

By: AIMCO-GP, INC.,
a Delaware corporation, its general partner

By: /s/ Mark C. Reoch
Name: Mark C. Reoch
Title: Vice President, Transactions

[signatures continued on next page]

PURCHASER:

WASHREIT RIVERSIDE LLC,
a Delaware limited liability company

By: /s/ Paul T. McDermott

Name:	<u>Paul T. McDermott</u>
Title:	<u>President</u>

Washington Real Estate Investment Trust hereby executes this Contract for the sole purpose of assigning and transferring all of its right, title and interest in and to the Deposit Escrow Agreement and the Deposit to Purchaser, and acknowledging and agreeing that the Deposit Escrow Agreement shall be superseded by the terms of this Contract.

WASHINGTON REAL ESTATE INVESTMENT TRUST,
a Maryland real estate investment trust

By: /s/ Paul T. McDermott

Name:	<u>Paul T. McDermott</u>
Title:	<u>President and CEO</u>

[signatures continued on next page]

ESCROW AGENT SIGNATURE PAGE

The undersigned executes the Contract to which this signature page is attached for the purpose of agreeing to the provisions of Section 2.3 of the Contract, and hereby establishes April 26, 2016 as the date of opening of escrow.

ESCROW AGENT:

FIDELITY NATIONAL TITLE INSURANCE
COMPANY

By: /s/ Michael Segal
Name: Michael Segal
Title: Vice President

[signatures continued on next page]

BROKER SIGNATURE PAGE

The undersigned Broker hereby executes this Broker Signature Page solely to confirm the following: (a) Broker represents only the Seller in the transaction described in the Contract to which this signature page is attached, (b) Broker acknowledges that the only compensation due to Broker in connection with the Closing of the transaction described in the Contract to which this signature page is attached is as set forth in a separate agreement between Seller and Broker, and (c) Broker represents and warrants to Seller that Broker and its affiliates has not and will not receive any compensation (cash or otherwise) from or on behalf of Purchaser or any affiliate thereof in connection with the transaction, and do not, and will not at the Closing, have any direct or indirect legal, beneficial, economic or voting interest in Purchaser (or in an assignee of Purchaser, which pursuant to Section 13.3 of the Contract, acquires the Property at the Closing) nor has Purchaser granted (as of the Effective Date or the Closing Date) the Broker or any of its affiliates any right or option to acquire any direct or indirect legal, beneficial, economic or voting interest in Purchaser.

BROKER:

ARA NEWMARK

By:	<u>/s/ John D. Giebel</u>
Name:	<u>John D. Giebel</u>
Title:	<u>Broker, Virginia</u>

EXHIBIT A

LEGAL DESCRIPTION FOR RIVERSIDE APARTMENTS FAIRFAX COUNTY, VIRGINIA

Beginning at a point marking the intersection of the northerly right-of-way line of Huntington Avenue (Route 1332) as dedicated in Deed Book 5403 at page 49, and the northwesterly right- of-way line of Old Richmond Highway (Route #1301); thence with the said right-of-way line of Huntington Avenue the following courses: N44°52, 49"W, 22.36 feet; S45°06, 24"W, 0.99 feet; with a curve to the right whose radius is 25.00 feet and whose chord is S85°39'51"W, 32.51 feet, arc distance of 35.39 feet; with a curve to the left whose radius is 606.46 feet and whose chord is N54°51'44"W, 22.95 feet, an arc distance of 22.95 feet; N55°56'46"W, 40.82 feet; N36°51'10"W, 13.76 feet; N10°56'46"W, 11.31 feet; N55°56'46"W, 56.00 feet; S82°52'04"W, 10.63 feet; N77°23'38"W, 15.04 feet; N55°56'46"W, 213.00 feet; N23°56'27"W, 14.15 feet; N10°56, 46"W, 9.90 feet; N56°49'09"W, 63.70 feet; S75°16'20"W, 13.15 feet and with a curve to the right whose radius is 917.93 feet (and whose chord is N54°38'54"W, 9.61 feet) an arc distance of 9.61 feet to a point on the easterly right-of-way line of Huntington Creek Road (Route 1325); thence with the said right-of-way line of Huntington Creek Road and continuing with the easterly boundary of the Fairfax County Water Authority the following courses: N29° 52'3"E, 64.22 feet; N59° 52'09"W, 6.31 feet and N30°23'06"E, 1210.21 feet to a point marking the northeasterly corner of the said Water Authority; thence with the northerly boundary of the said Water Authority and continuing with the northerly boundary of Grosvenor Riverside Associates, the northerly terminus of Folley Street (Route 1324) and Grosvenor Riverside Associates N48°16'00"W, 487.82 feet to a point on the easterly line of Lot 198-A, Block D, Section 3, Huntington; thence with the said easterly line of Huntington and the easterly terminus of Temple View Drive N34°35'30" E. 134.38 feet to a point marking the northeasterly terminus of the said Temple View Drive; thence with the northerly right-of-way line of Temple View Drive N58°40'30"W, 607.47 feet to a point marking the intersection of the said Temple View Drive and the southerly right-of-way line of The Capital Beltway (Route #495); thence with the said right-of-way line of The Capital Beltway the following courses: S63°04'21"E, 446.33 feet; with a curve to the left whose radius is 6645.45 feet and whose chord is S66°46'46"E, 859.30 feet, an arc distance of 859.90 feet and with a curve to the right whose radius is 2875.00 feet and whose chord is S63°35'54"E, 689.58 feet, an arc distance of 691.25 feet to a point marking the most northerly corner of Parcels 2B-1 and 2C, Chrysler Realty Corporation; thence with the northwesterly line of Chrysler Corporation S53°35'45"W, 1020.82 feet to a point; thence with the westerly line of Chrysler Realty Corporation and continuing with the northwesterly right-of- way line of Old Richmond Highway the following courses: S10°48'01"W, 400.84 feet, S49°37'00"W, 62.29 feet and S45°13'16"W, 354.51 feet to the point of beginning containing 28.17131 acres of land.

PURCHASE AND SALE AGREEMENT

between

Each of the parties designated as a “Seller” on Exhibit A-1,

and

BSREP II OFFICE HOLDINGS LLC,

as Purchaser,

as of April 26, 2016

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PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (“**Agreement**”) is dated as of this 26th day of April, 2016 (the “**Effective Date**”), and is made by and between each of the parties identified on Exhibit A-1 hereto (each, a “**Seller**”, and collectively, and jointly and severally, the “**Sellers**”), and BSREP II Office Holdings LLC, a Delaware limited liability company (the “**Purchaser**”).

RECITALS

- A. Each of the Sellers is the owner of the Property or Properties corresponding to such Seller on Exhibit A-1 hereto.
- B. Purchaser desires to purchase all of the Properties and to acquire all of the Sellers’ respective right, title and interest in and to all of the Properties, on the terms and conditions set forth in this Agreement.
- C. The Sellers desire to sell to Purchaser all of the Properties and to convey to Purchaser all of their respective right, title and interest in all of the Properties, on the terms and conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, for valuable consideration, including the promises, covenants, representations and warranties hereinafter set forth, the receipt and adequacy of which are hereby acknowledged, the parties, intending to be legally bound, agree as follows:

I. DEFINITIONS AND INTERPRETIVE PRINCIPLES

1.1 General Interpretive Principles.

1.1.1 All references to sections, schedules, exhibits, recitals or the preamble are to sections, schedules, exhibits or recitals of, or the preamble to, this Agreement, unless otherwise specified.

1.1.2 Unless otherwise specified, the words “hereof”, “herein” and “hereunder,” and words of similar import, refer to this Agreement as a whole and not to any particular provision of this Agreement.

1.1.3 If the context requires, the use of any gender will also refer to any other gender, and the use of either number will also refer to the other number.

1.1.4 The word “including” as used herein does not denote an exclusive group (i.e., the word “including” may also be read as “including, without limitation”).

1.1.5 Accounting terms used but not specifically defined herein have the meanings determined by reference to generally accepted accounting principles.

1.1.6 Any provision of this Agreement referring to a particular time of day shall be interpreted in accordance with the local time in Washington, D.C.

1.2 Definitions. As used in this Agreement:

“**6110 License**” has the meaning set forth in Section 5.2.20.

“**Accommodator**” has the meaning set forth in Section 12.23.3.

“**Additional Rent**” means all amounts and charges of any kind or nature payable by a Tenant to a Seller, as landlord, under such Tenant’s Lease other than Basic Rent and Security Deposits, including reimbursements of Operating Expenses and administrative charges, common area maintenance charges, reimbursements of real estate taxes, rent or other costs, expenses or escalations (including escalations based on increases in the consumer price index or any other measures of inflation, retroactive rent escalations, insurance cost reimbursements, parking charges, antenna rents and license fees).

“**Affiliate**” means, with respect to any Person, (i) a Person that, directly or indirectly, controls, is controlled by, or is under common control with, such Person; or (ii) a Person that, directly or indirectly, owns, is owned by or is under common ownership with, such Person.

“**Agreement**” has the meaning set forth in the preamble hereof.

“**Allocated Amount**” has the meaning set forth in Section 2.6 hereof.

“**Allocated Share**” has the meaning set forth in Section 2.6.

“**Assignment of Contracts and Licenses**” has the meaning set forth in Section 5.2.4 hereof.

“**Assignment of Intangibles**” has the meaning set forth in Section 5.2.3 hereof.

“**Assignment of Leases**” has the meaning set forth in Section 5.2.5 hereof.

“**Assumed Contracts**” means the Contracts listed on Disclosure Schedule 1.

“**Basic Rent**” means all base rent or basic rent payable in fixed installments and fixed amounts for stated periods by Tenants under their Leases.

“**Bill of Sale**” has the meaning set forth in Section 5.2.2 hereof.

“**Books and Records**” means, with respect to each Property, all documentation, third party reports and studies, land surveys, land use applications, land use permits and approvals, operating permits and other documents in printed or electronic form (but excluding software which is proprietary to such Property’s Seller, its Affiliates or any third party, or is licensed from third

parties by such Seller or its Affiliate) that is in the possession or under the control of such Seller or its Affiliate and that solely or primarily pertains to the use, operation, ownership or condition of such Property, including (i) all correspondence, billing, and other files, (ii) all environmental assessments or audits, architectural drawings and engineering, geophysical, soils, seismic, geologic, environmental (including with respect to the impact of materials used in the construction or renovation of the Improvements) and architectural reports, studies and certificates pertaining to such Property, and (iii) all financial statements and other accounting, tax, financial, and other books and records relating to the use, maintenance, and operation of such Property, but excluding only any Excluded Documents.

“**Broker**” has the meaning set forth in Article X hereof.

“**Business Day**” means any day other than a Saturday, a Sunday or a state or federal holiday on which, or in observance of which, the Board of Governors of the U.S. Federal Reserve System dictates that Federal Reserve banks are to be closed.

“**Cap Amount**” has the meaning set forth in Section 9.3 hereof.

“**Casualty**” has the meaning set forth in Section 12.13.1 hereof.

“**Casualty Notice**” has the meaning set forth in Section 12.13.1 hereof.

“**Casualty Renovation Cost**” has the meaning set forth in Section 12.13.1 hereof.

“**Claim Notice**” has the meaning set forth in Section 9.5 hereof.

“**Claims**” means, collectively, damages, claims (including without limitation, any claim for damage to property of others or injury to or death of any persons), penalties, obligations, liabilities, fines, losses, taxes, causes of action, fees, injuries, liens, encumbrances, proceedings, judgments, actions, rights, demands, costs and expenses (including without limitation, reasonable attorneys’ fees (whether or not legal proceedings are instituted) and court and litigation costs), except to the extent that any of the foregoing (i) allege or constitute indirect, special, consequential or punitive damages (or would constitute indirect, special, consequential or punitive damages if ordered by a court), (ii) with respect to claims against Seller, are caused by the gross negligence or willful misconduct of Seller, its Affiliates, its contractors or any Seller Related Parties, or (iii) with respect to claims against Purchaser, are caused by the gross negligence or willful misconduct of Purchaser, its Affiliates or any of Purchaser’s agents, employees, or contractors.

“**Closing**” means the sale and assignment of the Properties to Purchaser on the Closing Date.

“**Closing Date**” has the meaning set forth in Section 5.1 hereof.

“**Closing Documents**” has the meaning set forth in Section 9.3 hereof.

“**Closing Instructions**” has the meaning set forth in Section 3.1 hereof.

“**Closing Payment**” has the meaning set forth in Section 2.2.2 hereof.

“**Code**” has the meaning set forth in Section 12.23.

“**Completion of Landlord Work**” means the completion of any applicable Landlord Work, as evidenced by (i) a certification from both the Sellers and the applicable third-party contractor (under all applicable Work Agreements) that all such Landlord Work has been completed and fully paid for in accordance with (x) the applicable Lease or License, pursuant to which such Landlord Work is required to be undertaken (provided that no third-party contractor shall be required make any certification as to the subject matter of this clause (x)), (y) the applicable Work Agreements and (z) the plans and specifications, and other drawings in respect of such Landlord Work, (ii) final lien waivers from all applicable contractors and (iii) confirmation from the applicable Tenant or Licensee that such Landlord Work has been completed in accordance with the Lease or License, as applicable (provided that such confirmation shall not be required in order to evidence completion of Landlord Work if and to the extent (x) Sellers provide evidence to Purchaser that Sellers have requested such confirmation, (y) the applicable Tenant or Licensee has not provided such confirmation and (z) Sellers represents to Purchaser that the applicable Tenant or Licensee has not either (1) refused to provide such confirmation or (2) stated to Sellers (or the applicable third-party contractor under the applicable Work Agreements) that such Landlord Work has not been completed in accordance with the Lease or License, as applicable.

“**Confidentiality Agreement**” means that certain Principal Confidentiality Agreement dated as of January 12, 2016, by Brookfield Properties Acquisition LLC, a Delaware limited liability company and an Affiliate of the Purchasers.

“**Consolidated Closing Statement**” has the meaning set forth in Section 5.2.12 hereof.

“**Contracts**” means, with respect to each Property, the equipment leases, and all contracts, Work Agreements, management agreements and other agreements relating to the use, ownership and/or operation of such Property, all as described on Disclosure Schedule 3.

“**Cure**” means, with respect to a Lien or an Encumbrance, to cause the Title Company to issue a title policy insuring Purchaser’s title without exception for such Lien or Encumbrance, either by Discharging such Lien or Encumbrance or on the basis of an indemnification, a bond or another arrangement satisfactory to the Purchaser and the Title Company.

“**Deeds**” has the meaning set forth in Section 5.2.1 hereof.

“**Delinquent Rent**” means any Rent not timely paid under the Leases.

“**Designating Party**” has the meaning set forth in Section 12.23.3.

“**Discharge**” means, (i) with respect to a Lien, (a) to cause the party secured by such Lien to release and discharge the same of record; or (b) to cause the Title Company to issue a title policy insuring Purchaser’s title without exception for such Lien by paying the indebtedness it secures, together with any penalties and interest thereon (the amount thereof having been previously

specified for the applicable payoff date by the secured party), into Escrow at Closing, or (ii) with respect to an Encumbrance, to cause the parties benefitted by such Encumbrance to discharge and terminate such Encumbrance of record.

“**Disclosing Party**” has the meaning set forth in Section 12.17 hereof.

“**Due Diligence Materials**” has the meaning set forth in Section 4.2.1 hereof.

“**Earnest Money Deposit**” has the meaning set forth in Section 2.2.1 hereof.

“**Effective Date**” has the meaning set forth in the preamble hereof.

“**Encumbrance**” means (i) any covenant, condition, restriction, easement, right of way or other matter affecting title to a Property, and (ii) any encroachment, violation, easement, right of way or other matter that would be disclosed by an accurate and complete survey satisfying the Survey Standards; provided, however, that “Encumbrances” do not include Liens or Leases.

“**Environmental Damages**” has the meaning set forth in Section 4.3(h) hereof.

“**Environmental Reports**” means the reports listed on Disclosure Schedule 5.

“**Environmental Requirements**” has the meaning set forth in Section 4.3(i) hereof.

“**Escrow**” has the meaning set forth in Section 3.1 hereof.

“**Escrow Agent**” means the Title Company, when acting in its capacity as escrow holder or closing agent hereunder or under any Closing Document.

“**Escrow Agreement**” has the meaning set forth in Section 3.1 hereof.

“**Exchange**” has the meaning set forth in Section 12.23.

“**Excluded Assets**” means, with respect to each Property, the Excluded Documents, all computer hardware and software used by such Property’s Seller or its Affiliate or in connection with such Property, cash, cash equivalents, checks and other funds, including, without limitation, notes, securities and other evidence of indebtedness held at such Property as of the Closing, and balances on deposit to the credit of such Seller with banking institutions, all of which shall be retained by such Seller.

“**Excluded Documents**” means, with respect to each Property, all (a) Intellectual Property Rights, (b) all insurance policies owned or obtained by such Property’s Seller on behalf or in connection with such Seller’s business at the Property, (c) the corporate minute books and stock registers of such Seller or its Affiliates, (d) internal memoranda or analyses prepared by or for such Seller or its Affiliates in connection with the sale of such Property, including tax returns or financial statements of such Seller (but exclusive of operating statements and the general ledger of such Property and any supporting information which shall be available for review by Purchaser), (e) communications between such Seller or any Affiliate and their respective attorneys, (f)

appraisals, assessments or other valuations of such Property in the possession or control of such Seller, (g) structural reviews of the Properties and (h) original bills, invoices, receipts and checks related to expenses incurred prior to Closing (provided, however, that Sellers shall make available to Purchaser copies of the items described in clause (h)).

“Final Closing Adjustment” has the meaning set forth in Section 5.5.11.

“Good Funds” means a confirmed wire transfer of funds.

“Guarantor” has the meaning set forth in Section 9.8.

“Guaranty” has the meaning set forth in Section 9.8.

“GSA” has the meaning set forth in Section 6.2.3.

“GSA Lease” has the meaning set forth in Section 6.2.3.

“GSA Tenant” has the meaning set forth in Section 6.2.5.

“GSA Transfer Documents” has the meaning set forth in Section 6.2.5.

“Hazardous Materials” has the meaning set forth in Section 4.3(j).

“Improvements” means, with respect to each Property, the buildings, structures, fixtures, and other permanent improvements located on such Property’s Land, including, without limitation, electrical distribution systems, HVAC systems, walkways, driveways, parking lots, plumbing, lighting, and mechanical equipment and fixtures installed thereon.

“Individual Closing Statement” has the meaning set forth in Section 5.2.12 hereof.

“Intangible Property” means, with respect to each Property, (a) local telephone and facsimile exchange numbers identified exclusively with such Property, (b) transferable certificates (including the certificate of occupancy for such Property), licenses, permits (including the Permits) and warranties now in effect with respect to such Property, (c) all general intangibles relating to design, development, operation and use of such Property, all transferable rights and work product under construction, service, consulting, engineering, architectural, design and construction agreements, if any, that are assigned to Purchaser at Closing as Assumed Contracts, and plans and specifications of any portion of such Property, and all development rights and goodwill related to any portion of such Property, and (d) all other intangible property used by such Property’s Seller exclusively in connection with the ownership and operation of such Property, but excluding the Excluded Assets.

“Intellectual Property Rights” means, with respect to each Property, all patents, copyrights, trade secrets, trademarks, trade names, service marks, confidential information and other know-how owned by such Property’s Seller or its Affiliates or used by such Seller or its Affiliates in managing such Property, including but not limited to (a) marketing and management intangibles, (b) all proprietary computer software developed and owned by such Seller or its

Affiliate, and (c) all proprietary manuals, instructions, policies, procedures and directives issued by such Seller or its Affiliates to its employees at such Property, except for those manuals, policies and instructions that related solely to the operation of such Property. The term “Intellectual Property Rights” does not include the Property Specific Proprietary Marks and the specific data and information stored or maintained on the Intellectual Property Rights for such Property that uniquely pertains to such Property or those served at such Property. The term “Property Specific Proprietary Marks” means, with respect to such Property, all trademarks, service marks, trade names, trade dress, symbols, logos, slogans, designs, insignia, emblems, devices, domain names, distinctive designs of signs, or any other source identifying feature, or combinations thereof, which are (i) used to identify such Property, or which are used in connection with the operation of such Property by such Seller or its Affiliates, and (ii) do not contain the names “Washington REIT”, “WRIT,” “Washington Real Estate Investment Trust” or variants thereof. Seller shall not contest Purchaser’s right to use any Property Specific Proprietary Marks, which expressly include the names “West Gude Office Park”, “Wayne Plaza”, “Jefferson Plaza”, and “6110 Executive Boulevard”. None of the Sellers makes any representation or warranty to Purchaser regarding such names except as expressly set forth in Section 7.2 below. Purchaser acknowledges that none of the foregoing building names is registered or otherwise maintained by any of the Sellers as a trademark.

“**Involuntary Encumbrance**” means an Encumbrance that is not created by an affirmative act or omission of any Seller.

“**Involuntary Lien**” means a Lien that (i) is not a Tenant Lien, and (ii) is not created by an affirmative act or omission of any Seller.

“**Land**” means, with respect to each Property, the land or condominium unit included in such Property and described on Exhibit A-2, together with all easements, rights-of-way, rights of ingress and egress, strips, zones, licenses, transferable hereditaments, privileges, tenements and appurtenances in any way belonging to or appertaining to such land or condominium unit, and any right or interest in any open or proposed highways, streets, roads, avenues, alleys, easements, strips, gores and rights-of-way in, across, in front of, contiguous to, abutting or adjoining such land or condominium unit.

“**Landlord Work**” means the renovations, build-outs, demolition or other work set forth on Disclosure Schedule 2-3 hereto, that a Seller is required to conduct for the benefit of any Tenant or licensee pursuant to the terms of such Tenant’s or licensee’s Lease or Licenses, as applicable.

“**Lease**” means an agreement (other than a License) pursuant to which a party other than a Seller has the right to use or occupy a portion of a Property owned by such Seller, together with all amendments, modifications, supplements, renewals, and extensions thereof, as well as any guarantees thereof. For purposes of clarification, it is acknowledged and agreed that each of those agreements and instruments (other than Licenses) properly entered into by Seller (whether as a matter of right or with Purchaser’s consent) pursuant to the terms of Section 6.2.2 hereof shall constitute a Lease.

“**Leased Space**” means the aggregate amount of gross rentable area that is occupied by Tenants at all of the Properties, taken together.

“**Lease Expenses**” means the Leasing Commissions, TI Obligations, costs associated with Landlord Work, free rent and other concessions payable pursuant to or on account of the Leases and/or Licenses, including, without limitation, those set forth on Disclosure Schedule 2-4 hereto.

“**Lease Schedule**” means the list of Leases attached hereto as Disclosure Schedule 2-1.

“**Leasing Commission**” means the commissions, fees or other compensation or reimbursement set forth and payable to a broker or other third party in connection with a Lease or License or the expansion or renewal of a Lease or License, including, without limitation, those set forth on Disclosure Schedule 2-2 hereto.

“**Legal Requirement**” means any applicable federal, state, local or municipal constitution, law, ordinance, rule, order, regulation or statute of any governmental authority bearing on the construction, alteration, rehabilitation, maintenance, use, operation, sale, transfer or any other aspect of all or any portion of a Property.

“**License**” means a utility license or access agreement, a right-of way agreement, an antenna license agreement, or a similar agreement pursuant to which a Person other than a Seller is entitled to use or occupy a portion of a Property. For purposes of clarification, it is acknowledged and agreed that each of those agreements and instruments expressly referred to as a License pursuant to the terms of Section 6.2.2 hereof and properly entered into by Seller (whether as a matter of right or with Purchaser’s consent) pursuant to the terms of Section 6.2.2 hereof shall constitute a License.

“**Licensee Estoppel Certificate**” has the meaning set forth in Section 6.2.3.

“**Lien**” means any mortgage, deed of trust or other consensual lien, a mechanic’s or any materialman’s lien, a judgment lien, a lien for delinquent real property taxes or assessments, any other tax or statutory lien, or any other lien, in each case to the extent the same affects a Property and is prior or senior to, or otherwise encumbers the interest of such Property’s Seller in such Property.

“**Multi-Property Contract**” has the meaning set forth in Section 4.2.4 hereof.

“**New Title Matter**” has the meaning set forth in Section 4.1.2.

“**Non-Designating Party**” has the meaning set forth in Section 12.23.3.

“**Non-Foreign Affidavit**” has the meaning set forth in Section 5.2.6 hereof.

“**Notice**” has the meaning set forth in Article XI hereof.

“**Notice to Tenants**” has the meaning set forth in Section 5.2.14 hereof.

“**OFAC**” has the meaning set forth in Section 7.1.6.

“**Official Records**” means the Land Records Department of the Circuit Court of Montgomery County.

“**Operating Expenses**” means, for any Property, all usual and customary operating expenses not otherwise expressly specified in Section 5.5 hereof for proration that are incurred in the ownership or operation of such Property and constituting an assumed liability or arising under any agreement or other matter included in the Property to be conveyed hereunder.

“**Owner’s Affidavit**” has the meaning set forth in Section 5.2.8 hereof.

“**Pending Claim**” has the meaning set forth in Section 9.5 hereof.

“**Permits**” means, with respect to each Property, the licenses and permits, approvals, entitlements, and other governmental authorizations (including certificates of occupancy) issued to or in favor of Seller by a governmental or administrative agency or authority (whether federal, state or local) for the ownership, operation, planning, development, constructions, use, or maintenance of such Property.

“**Permitted Exceptions**” means (a) any and all general, special, supplementary or retroactive property taxes or assessments, to the extent such taxes or assessments are not due as of the Closing Date; (b) any Encumbrances and Involuntary Liens affecting a Property that exist as of the Effective Date of the Title Commitment for such Property (excluding, however, the Liens and Encumbrances listed on Disclosure Schedule 8); (c) any survey matters affecting a Property that exist as of the most recent date of the Survey (as listed on Disclosure Schedule 7) for such Property; (d) any Liens or Encumbrances that become Permitted Exceptions pursuant to an express provision of this Agreement or that are expressly approved in writing by Purchaser; (e) rights of Tenants under Leases (as tenants only); (f) rights of third parties under equipment leases relating to Personal Property; (g) Legal Requirements, including, without limitation, zoning ordinances (and amendments and additions relating thereto) and the Americans with Disabilities Act of 1990, as amended; and (h) any exceptions created by Purchaser or its agents, employees and/or contractors, including without limitation, any exceptions arising by reason of the entry on the Real Property by Purchaser or by its agents, employees and/or contractors (provided that the parties acknowledge and agree that Purchaser’s mere discovery and/or immaterial displacement of an existing condition shall not constitute such an exception).

“**Person**” means a natural person, an agency or body of federal, state or local government, a corporation, a general or limited partnership, a limited liability company, a trust, or any other entity recognized under applicable law as having authority to own property, to conduct business, to sue or to be sued.

“**Personal Property**” means, with respect to each Property, all tangible personal property, including the following items, that is owned by such Property’s Seller and used by such Seller or its Affiliates, representatives or agents exclusively (or primarily) in connection with the ownership, maintenance, and operation of such Property or any combination of the Properties: (a)

keys and combinations to all doors, cabinets, enclosures and other locks on or about such Property, (b) furniture, equipment, televisions, telephone systems; mechanical systems, fixtures and equipment; electrical systems, fixtures and equipment; heating fixtures, systems, and equipment; air conditioning fixtures, systems and equipment; plumbing fixtures, systems, and equipment; security systems and equipment; carpets, drapes, artwork and other furnishings; refrigerators, microwaves, ovens, stoves, and all other appliances; vehicles, office equipment, furniture and fixtures not considered improvements, spare parts, supplies and other physical assets, machinery, tools, trade fixtures, utensils, china and glassware; (c) copies of files maintained or generated by such Seller in the course of the operation of such Property (excluding the Excluded Documents) which are located at such Property or at WashREIT's headquarters in Washington, DC or are otherwise in Seller's possession or under Seller's control; and (d) the Books and Records, but excluding, however, the Excluded Assets.

"Post Due Diligence Disclosure" has the meaning set forth in Section 7.3.

"Proceeding" has the meaning set forth in Section 7.2.4(b).

"Property" means a property designated on Exhibit A-1 hereto, which property consists of the corresponding Land described on Exhibit A-2, the Improvements located on such Land, the Personal Property located on such Land or in such Improvements, and the Intangible Property, Assumed Contracts and Leases, excluding, however, any of the foregoing that are Excluded Assets.

"Proprietary Information" has the meaning set forth in Section 12.17.

"Purchase Price" has the meaning set forth in Section 2.2 hereof.

"Purchaser" has the meaning set forth in the preamble hereof.

"Purchaser Closing Documents" has the meaning set forth in Section 9.6 hereof.

"Purchaser Costs" has the meaning set forth in Section 9.2.

"Purchaser Default" has the meaning set forth in Section 9.1.

"Real Property" means, with respect to a Property, such Property's Land and Improvements, collectively.

"Receiving Party" has the meaning set forth in Section 12.17 hereof.

"Rent" means all Basic Rent and Additional Rent.

"Required Cure Items" has the meaning set forth in Section 4.1.2 hereof.

"Required License" means the following Licenses: (i) in respect of the Property commonly known as Wayne Plaza: Sprint/Nextel, (ii) in respect of the Property commonly known

as 6110 Executive Boulevard: Sprint/Nextel, and (iii) in respect of the Property commonly known as 600 Jefferson Plaza: Sprint/Nextel.

“**Required REAs**” has the meaning set forth in Section 6.2.4.

“**Required REA Estoppel Certificates**” has the meaning set forth in Section 6.2.4.

“**Required Tenant**” has the meaning set forth in Section 8.2.5.

“**Required Tenant’s Satisfactory Tenant Estoppel Certificates**” has the meaning set forth in Section 8.2.5.

“**Satisfactory Licensee Estoppel Certificate**” has the meaning set forth in Section 8.2.6.

“**Satisfactory REA Estoppel Certificate**” has the meaning set forth in Section 8.2.7.

“**Satisfactory Tenant Estoppel Certificates**” has the meaning set forth in Section 8.2.5.

“**Security Deposit**” means a cash deposit, or a letter of credit or similar evidence of indebtedness held by a Seller (i) under a Lease as security for the obligations of the Tenant under such Lease or (ii) under a License as security for the obligations of the licensee under such License.

“**Seller**” has the meaning set forth in the preamble hereof.

“**Seller Default**” has the meaning set forth in Section 9.2.

“**Seller Lease Estoppel Certificate**” has the meaning set forth in Section 8.2.5.

“**Seller License Estoppel Certificate**” has the meaning set forth in Section 8.2.6.

“**Seller Related Parties**” has the meaning set forth in Section 4.3.

“**Sellers’ Survey Certification**” has the meaning set forth in Section 4.1.1.

“**Statement of Lease**” has the meaning set forth in Section 6.2.3.

“**Supplemental Losses**” has the meaning set forth in Section 7.3.

“**Surveyor**” means, as to each Property, the surveyor identified on Disclosure Schedule 7 as the preparer of such Property’s Survey.

“**Surveys**” has the meaning set forth in Section 4.1.1 hereof.

“**Survey Standards**” means the Minimum Standard Detail Requirements for ALTA/NSPS Land Title Surveys in effect as of the Effective Date.

“**Survival Date**” has the meaning set forth in Section 9.5 hereof.

“**Tenant**” means the tenant or lessee under a Lease.

“**Tenant Estoppel Certificate**” has the meaning set forth in Section 6.2.3.

“**Tenant Lien**” means a Lien that encumbers only a Tenant’s leasehold interest in a Property, and that does not secure indebtedness or other obligations voluntarily created or assumed by Seller.

“**Tenant’s Fiscal Year**” has the meaning set forth in Section 5.5.11(b).

“**TI Obligation**” means an obligation, if any, of a Seller, as landlord or licensor under a Lease or a License, to pay for tenant improvements, and if such tenant improvements are to be constructed by such Seller rather than a Tenant or licensee, “**TI Obligation**” also includes the obligation to construct such tenant or licensee improvements, all of which are set forth on Disclosure Schedule 2-3 hereto.

“**Title Commitments**” has the meaning set forth in Section 4.1.1 hereof.

“**Title Company**” means Fidelity National Title Insurance Company, acting through its New York office located at 485 Lexington Avenue, 18th Floor, New York, New York 10017, Attn: Nick DeMartini, Managing Counsel, provided that the parties acknowledge that Fidelity National Title Insurance Company will utilize its local Washington, D.C. office located at 1620 L Street, NW, 4th Floor, Washington, D.C. 20036, Attn: Michael Segal with respect to the transactions contemplated by this Agreement.

“**Unreleased Claims**” has the meaning set forth in Section 4.3.

“**Updated Disclosure**” has the meaning set forth in Section 7.2.4(f).

“**Utility Deposits**” means, with respect to each Property, all deposits made by such Property’s Seller in connection with providing water, sewer, gas, electricity, telephone and other public utilities to such Property.

“**Voluntary Encumbrance**” means an Encumbrance that is not an Involuntary Encumbrance.

“**Voluntary Lien**” means a Lien that is not an Involuntary Lien or a Tenant Lien.

“**WashREIT**” means Washington Real Estate Investment Trust, a Maryland real estate investment trust.

“**Work Agreements**” means any agreements between a Seller and a contractor or other third party relating to the conduct of Landlord Work, which agreements are expressly designated as a “Work Agreement” on Disclosure Schedule 3.

II. SALE AND PURCHASE OF PROPERTY

2.1 Purchase of Property. On the Closing Date, and subject to the terms and conditions of this Agreement, each Seller shall sell, assign, convey, transfer and deliver to Purchaser, and Purchaser shall purchase and acquire from each Seller, all of such Seller's right, title and interest in and to the Property, or Properties, owned by such Seller, free and clear of Liens and Encumbrances that are not Permitted Exceptions, at the purchase price provided in Section 2.2 hereof. Purchaser hereby acknowledges and agrees that this Agreement is for the purchase and sale of all of the Properties and that under no circumstances shall Purchaser be obligated to purchase fewer than all of the Properties.

2.2 Purchase Price and Terms of Payment. The aggregate purchase price for all of the Properties (the "**Purchase Price**") shall be \$111,500,000, allocated among the Properties as indicated on Exhibit A-4, and shall consist of and be payable as follows:

2.2.1 Earnest Money Deposit. Simultaneously with the execution and delivery of this Agreement by the parties, Purchaser shall deliver to Escrow Agent, in Good Funds, \$9,000,000, which amount, together with all interest accrued thereon, is referred to herein as the "**Earnest Money Deposit**." The Earnest Money Deposit shall be non-refundable to Purchaser except as expressly provided herein. If the Closing occurs, the Earnest Money Deposit shall be applied to the Purchase Price on the Closing Date.

2.2.2 Balance of Purchase Price. Not later than 2:00 p.m., Washington, D.C. time, on the Closing Date, Purchaser shall deposit with Escrow Agent, in Good Funds, the balance of the Purchase Price, reduced or increased by such amounts as are required to take into account any prorations, credits, costs or other adjustments to be made at Closing under this Agreement. The amount to be paid under this Section 2.2.2 is referred to in this Agreement as the "**Closing Payment**."

2.3 Assignment and Assumption of the Contracts. As additional consideration, Purchaser shall, on and as of the Closing Date, at its sole cost and expense, assume and agree to pay all sums and perform, fulfill and comply with all other covenants and obligations which are to be paid, performed and complied with by the Sellers under the Assumed Contracts, to the extent such obligations first arise or accrue on or after the Closing Date, and the Sellers shall, on and as of the Closing Date, at their sole cost and expense, assign to Purchaser all of Sellers' right, title and interest in and to the Assumed Contracts. The Sellers shall remain liable to pay all sums and perform, fulfill and comply with all other covenants and obligations which are to be paid, performed and complied with by the Sellers under the Assumed Contracts, to the extent such obligations pertain to the period before the Closing Date.

2.4 Assignment and Assumption of the Leases and Licenses. As additional consideration, Purchaser shall on and as of the Closing Date, at its sole cost and expense, assume and agree to perform, fulfill and comply with all covenants and obligations which are to be performed and complied with by the Sellers under the Leases and Licenses, to the extent such obligations first arise or accrue on or after the Closing Date, and the Sellers shall on and as of the Closing Date, at their sole cost and expense, assign to Purchaser all of Sellers' right, title and interest in and to the Leases and Licenses. The Sellers shall remain liable to perform, fulfill and comply with all covenants and obligations which are to be performed and complied with by the

Sellers under the Leases and Licenses, to the extent such obligations pertain to the period before the Closing Date.

2.5 Assumed Liabilities. Except as expressly set forth herein, Purchaser shall not assume, in connection with the transactions contemplated hereby, any other liability or obligation of any Seller whatsoever for or in respect of periods prior to the Closing Date, and each Seller shall retain responsibility for all liabilities and obligations accrued or incurred prior to Closing (including any liabilities and obligations arising on or after Closing but accrued prior to Closing or arising out of acts or omissions of Seller prior to Closing) with respect to the ownership or operation of such Seller's Property or Properties.

2.6 Allocations of Purchase Price. The parties have agreed to allocate to each Property a percentage of the Purchase Price (referred to herein as such Property's "**Allocated Share**") indicated for such Property in Column 2 of Exhibit A-4. The portion of the Purchase Price corresponding to each Property's Allocated Share is set forth in Column 3 of Exhibit A-4 and is referred to herein as such Property's "**Allocated Amount**." The parties have also agreed to allocate each Property's Allocated Amount among the Real Property and the other items of property comprising such Property, which allocations are set forth on Exhibit A-5 hereto. The Sellers and Purchaser shall use the foregoing allocations in preparing and filing federal, state and local tax returns, and in determining the amount of any transfer or recordation taxes payable in connection with the recordation of the Deeds.

III. ESCROW

3.1 Escrow. Simultaneously with the execution and delivery of this Agreement, the parties have established an escrow ("**Escrow**") with Escrow Agent by depositing with Escrow Agent the Earnest Money Deposit and having three (3) copies of the Escrow Agreement in the form attached hereto as Exhibit B duly executed by the Sellers, Purchaser and Escrow Agent (the "**Escrow Agreement**"). The Earnest Money Deposit shall be held by Escrow Agent in accordance with the terms of the Escrow Agreement. In the event of any conflict between this Agreement and the Escrow Agreement, the terms of this Agreement shall control. The Escrow shall include both the Escrow Agent's handling of the Earnest Money Deposit and Escrow Agent's handling of any other documents and deliveries deposited with Escrow Agent at any time up to, and including, the Closing Date. At Closing Purchaser, Escrow Agent and the Sellers shall prepare and execute separate escrow instructions, consistent with this Agreement, confirming the parties' understanding with respect to the Escrow Agent's handling of the Escrow for matters other than the Earnest Money Deposit (the "**Closing Instructions**").

3.2 Deposit of Funds. Except as otherwise provided in this Agreement, all funds deposited into the Escrow by Purchaser shall be immediately deposited by Escrow Agent into a demand deposit account, subject to the control of Escrow Agent in a federally insured U.S. bank; provided, however, that such funds must be readily available as necessary to comply with the terms of this Agreement and the Escrow Agreement, and for the Escrow to close within the time specified in Section 5.1 of this Agreement. Except as may be otherwise specifically provided herein, interest on amounts placed by Escrow Agent in any such investments or interest bearing

accounts shall accrue to the benefit of Purchaser, and Purchaser shall promptly provide to Escrow Agent Purchaser's Tax Identification Number.

IV. TITLE AND PROPERTY CONDITION

4.1 Title to the Real Property.

4.1.1 Acceptance of Title as of the Effective Date. The parties acknowledge and agree that the Title Company has made available to Purchaser commitments for title insurance (collectively, the "**Title Commitments**") addressing the status of title to each Property as of a date prior to the Effective Date, including (to the extent available) copies of Liens and Encumbrances that are indicated as Property-specific exceptions to title in such title commitments. Each of the Title Commitments is set forth on Disclosure Schedule 6. The parties acknowledge and agree that the Purchaser has received for each Property a survey that complies with the Survey Standards. Each of the Surveys, including all revisions issued by the Surveyor prior to the Effective Date, is identified on Disclosure Schedule 7 (such surveys are referred to herein as the "**Surveys**"). On or prior to the Closing Date, Seller shall deliver a certification to Title Company, in the form attached hereto as Exhibit J-2, as to the absence of physical changes to the exterior of Improvements at the Properties from that shown on the Surveys (collectively, "**Sellers' Survey Certification**"). Purchaser hereby acknowledges and agrees that Purchaser has no right to object to any Liens or Encumbrances disclosed in the Title Commitments or the Surveys set forth on Disclosure Schedule 6 and Disclosure Schedule 7, respectively, except for Involuntary Liens or Involuntary Encumbrances, if any, listed on Disclosure Schedule 8, and that the Sellers shall not be obligated to Cure any of such Liens or Encumbrances except as provided in the first sentence of Section 4.1.2 below.

4.1.2 Liens and Encumbrances; Existing and Arising After the Effective Date. Each Seller, with respect to its Property or Properties, agrees to Cure, prior to or at Closing: (i) all Voluntary Liens and Voluntary Encumbrances, if any, listed on Disclosure Schedule 8 and all Voluntary Liens and Voluntary Encumbrances first arising after the Effective Date of the Title Commitment for the Property affected by such Voluntary Lien or Voluntary Encumbrance; and (ii) the Involuntary Liens and Involuntary Encumbrances, if any, listed on Disclosure Schedule 8 (items (i) and (ii) collectively, the "**Required Cure Items**"). If a Seller or Purchaser becomes aware that an Involuntary Lien or Involuntary Encumbrance has arisen after the Effective Date of the Title Commitment for the Property affected by such Involuntary Lien or Involuntary Encumbrance, such Seller or Purchaser, as applicable, shall promptly give written notice to the other of such Involuntary Lien or Involuntary Encumbrance. If the cost to Cure such Involuntary Lien or Involuntary Encumbrance, together with the cost to Cure all other Involuntary Liens and Involuntary Encumbrances of which the Purchaser or any Seller has received written notice pursuant to the preceding sentence after the date hereof and prior to Closing (each, a "**New Title Matter**"), does not exceed \$2,500,000, such Seller shall be obligated to Cure such New Title Matter prior to or at Closing, at such Seller's sole cost and expense. If the cost to Cure such New Title Matter, together with the cost to Cure all other New Title Matters of which the Purchaser or any Seller has received notice pursuant to this Section 4.1.2, exceeds \$2,500,000,

then such Seller shall have the option but not the obligation to Cure such New Title Matter prior to Closing at such Seller's sole cost and expense, and such Seller shall notify Purchaser of its election within five (5) Business Days after such Seller either sends or receives notice of such New Title Matter pursuant to the second sentence of this Section 4.1.2. If such Seller does not make such election in writing within such five (5) Business Day period, such Seller shall be deemed to have elected not to Cure such New Title Matter. If such Seller is not obligated to Cure one or more New Title Matters and if such Seller elects (or is deemed to have elected) not to Cure such New Title Matters, then Purchaser may elect to either: (i) proceed with the Closing (absent some other grounds for termination of this Agreement prior to Closing) and receive a credit against the Purchase Price in the amount necessary to Cure such uncured New Title Matter(s) but not to exceed (y) \$2,500,000 less (z) the out-of-pocket amount actually spent by such Seller to Cure such New Title Matter(s); or (ii) terminate this Agreement, by written notice to Sellers, in which case the Earnest Money Deposit shall be returned to Purchaser and the Seller shall pay an additional \$1,000,000 as liquidated damages, in accordance with Section 9.2, this Agreement shall terminate and neither party shall have any obligation to the other party hereunder except for obligations that expressly survive termination of this Agreement. Seller is required to Cure all Required Cure Items at or prior to Closing. If such Seller does not Cure any Required Cure Items at or prior to Closing, Purchaser may elect to either: (i) proceed with the Closing (absent some other grounds for termination of this Agreement prior to Closing) and receive a credit against the Purchase Price in the amount necessary to Cure such uncured Required Cure Items; or (ii) terminate this Agreement, by written notice to Sellers, in which case such Seller's failure to Cure such Required Cure Item shall constitute a Seller Default hereunder and Purchaser shall be entitled to pursue and obtain its remedies pursuant to Section 9.2. Any Lien or Encumbrance that a Seller is not obligated to Cure prior to Closing pursuant to this Section 4.1.2 is a Permitted Exception (provided that, in connection therewith, Seller has provided Purchaser a credit against the Purchase Price if and to the extent required above in this Section 4.1.2).

4.2 Inspection.

4.2.1 Prior to the date hereof, each of the Sellers made available to Purchaser the information, documents, agreements and reports in each Seller's possession or control relating to the Properties (collectively, the "**Due Diligence Materials**") without representation or warranty of any kind or nature, whether express or implied, except as expressly set forth in this Agreement. The parties acknowledge that Purchaser has had the opportunity to review and inspect the Due Diligence Materials and all of the Properties prior to the date hereof. By executing this Agreement, Purchaser acknowledges that it has completed its inspections and studies of all of the Properties and it has no remaining contingencies to Closing nor rights to object to any due diligence matters except as expressly provided below in this Section 4.2.1, and is agreeing to proceed in accordance with the terms hereof (including without limitation, the terms of Section 4.3 below). Notwithstanding such prior inspections, the Sellers shall cooperate and provide Purchaser and its agents, employees, representatives, consultants and lenders with reasonable and continuing access to the Real Property included in each Property upon commercially reasonable Notice to the Sellers for the purpose of Purchaser's inspection (provided, however, that Purchaser shall not perform any invasive testing of any Real Property

without the Sellers' prior written consent in each instance, which may be granted or withheld in the Sellers' sole and absolute discretion). Neither Purchaser nor any of its employees, agents or representatives shall contact or otherwise discuss this transaction and /or the operation of the Properties with any on-site employees of the Properties; provided, however, that Purchaser may meet with any Property's asset manager and property manager upon commercially reasonable Notice to the Property's Seller but, if required by such Seller, only in the presence of such Seller's representative. Each Seller shall have the right to have a representative of such Seller present during all inspections or examinations of such Seller's Real Property by Purchaser.

4.2.2 Prior to any entry by Purchaser or any of Purchaser's designees onto any Property for the purpose of performing any physical inspection, Purchaser shall: (i) if Purchaser does not then have such a policy in force, procure a policy of commercial general liability insurance, issued by an insurer reasonably satisfactory to the Sellers, covering all of Purchaser's activities at such Property, with a single limit of liability (per occurrence and aggregate) of not less than \$2,000,000.00; and (ii) to the extent not yet delivered to Sellers, deliver to Sellers a Certificate of Insurance evidencing that such insurance is in force and effect, and evidencing that the Seller that owns such Property has been named as an additional insured thereunder with respect to any of Purchaser's activities. In the event that such insurance is required as a result of Purchaser or any of Purchaser's designees entering any Property for the purpose of physical inspection, such insurance shall be written on an "occurrence" basis, and shall be maintained in force until the earlier of (x) the termination of this Agreement and the conclusion of all of Purchaser's activities, or (y) the Closing Date.

4.2.3 Purchaser, at all times, will conduct all inspections and reviews in compliance with all Legal Requirements, and in a manner intended not to cause damage, loss, cost or expense to any Seller, any Property or Tenants of any Property, and without unreasonably interfering with or disturbing any Tenants or employees at the Properties. Prior to Closing, the results of or any other information acquired pursuant to Purchaser's inspections shall be subject to the terms and conditions of Section 12.17 below. Purchaser will promptly restore any damage to any Property caused by Purchaser's inspection to its condition immediately preceding such inspections and examinations and will keep the Properties free and clear of any mechanic's liens or materialmen's liens in connection with such inspections and examinations.

4.2.4 Purchaser shall assume all of the Assumed Contracts on the Closing Date. Purchaser acknowledges and agrees that some or all of the Contracts are Multi-Property Contracts, each of which shall be terminated on or before Closing with respect to each Property and shall not be included in the Assignment of Contracts and Licenses or otherwise constitute an "Assumed Contract"; provided, however, that with respect to any Multi-Property Contract listed on Disclosure Schedule 3 as a Contract for "Introduction and Request," the applicable Seller shall use good faith efforts to introduce Purchaser to the third party counter-party to such Multi-Property Contract with the intent of causing the third party counter-party to enter into a new agreement with Purchaser on substantially the same terms as the original Multi-Property Contract but with respect only to the Property being purchased hereunder. Purchaser agrees that Seller shall be conclusively deemed to have used its "good faith efforts" to accomplish the purposes set forth in the immediately preceding sentence if Seller shall (x) introduce the third party counter-party to the applicable Multi-Property Contract to Purchaser and (y) cooperate

reasonably and in good faith (but at no costs or expense to Sellers) with Purchaser's request that such third party counter-party enter into a new agreement meeting the requirements described in the immediately preceding sentence. In no event shall Seller have any liability for the failure of any third party counter-party to enter any such new agreement with Purchaser. For purposes of this Agreement, "**Multi-Property Contract**" means a Contract pursuant to which services are rendered to one or more properties that are not included in the Properties. The Multi-Property Contracts are designated as such on Disclosure Schedule 3. Seller shall terminate at or prior to Closing (either outright or, with respect to Multi-Property Contracts, with respect to each Property) all Contracts listed on Disclosure Schedule 3 that do not constitute "Assumed Contracts".

4.2.5 The cost of the inspections and tests undertaken pursuant to this Section 4.2 shall be borne solely by Purchaser.

4.2.6 Purchaser acknowledges and agrees that, until the Closing Date, Purchaser's possession of all information and materials disclosed and/or delivered to it by the Sellers, or Sellers' agents, employees and representatives (including without limitation, the Due Diligence Materials), is governed by the terms of the Confidentiality Agreement and the terms and conditions of Section 12.17 below.

4.2.7 Except as expressly provided herein and/or in the Closing Documents, none of the Sellers makes any representations or warranties as to the truth, accuracy or completeness of any materials, data or other information, if any, supplied to Purchaser in connection with Purchaser's inspection of any of the Properties (e.g., that such materials are complete, accurate or the final version thereof, or that all such materials are in any Seller's possession). Except for Purchaser's reliance on any representation and warranties expressly provided herein and/or in the Closing Documents, it is the parties' express understanding and agreement that any such materials are to be provided only for Purchaser's convenience in making its own examination and determination as to whether it wishes to purchase the Properties, and, in doing so, Purchaser shall rely exclusively on its own independent investigation and evaluation of every aspect of each Property and not on any materials supplied by the Sellers. Except for Purchaser's reliance on any representation and warranties expressly provided herein and/or in the Closing Documents with respect to any such materials, Purchaser expressly disclaims any intent to rely on any such materials provided to it by the Sellers in connection with its inspection and agrees that it shall rely solely on its own independently developed or verified information.

4.2.8 The obligations of Purchaser under this Section 4.2 (including its indemnification obligations) shall survive Closing or the termination of this Agreement for a period of one (1) year.

4.3 Condition of the Property. THE FOLLOWING PROVISIONS IN THIS SECTION 4.3 ARE SUBJECT TO THE EXPRESS REPRESENTATIONS, WARRANTIES, COVENANTS, AGREEMENTS, AND OTHER PROVISIONS OF THIS AGREEMENT (INCLUDING WITHOUT LIMITATION THE REPRESENTATIONS AND WARRANTIES SET FORTH IN SECTION 7.2) AND THE CLOSING DOCUMENTS:

(a) BY ENTERING INTO THIS AGREEMENT, PURCHASER REPRESENTS AND WARRANTS THAT IT HAS PERFORMED (AND PURCHASER REPRESENTS AND WARRANTS TO THE SELLERS THAT PURCHASER IS CAPABLE OF PERFORMING) AN INDEPENDENT INVESTIGATION, ANALYSIS AND EVALUATION OF EACH OF THE PROPERTIES. PRIOR TO THE EFFECTIVE DATE, PURCHASER HAS DETERMINED, SUBJECT TO THE TERMS AND CONDITIONS OF THIS AGREEMENT, THAT EACH OF THE PROPERTIES IS ACCEPTABLE TO PURCHASER. PRIOR TO THE EFFECTIVE DATE, PURCHASER HAS CONDUCTED ITS OWN THOROUGH AND INDEPENDENT INSPECTION, INVESTIGATION, ANALYSIS AND EVALUATION OF ALL INSTRUMENTS, RECORDS AND DOCUMENTS WHICH PURCHASER DETERMINED TO BE APPROPRIATE OR ADVISABLE TO REVIEW IN CONNECTION WITH PURCHASER'S ACQUISITION OF EACH OF THE PROPERTIES AND THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

(b) PURCHASER FURTHER ACKNOWLEDGES AND AGREES THAT PURCHASER HAS SUBSTANTIAL EXPERIENCE WITH REAL PROPERTY AND ITS OPERATIONS, AND THAT PURCHASER WILL ACQUIRE EACH OF THE PROPERTIES IN "AS IS, WHERE IS, WITH ALL FAULTS" CONDITION, AND SOLELY IN RELIANCE ON PURCHASER'S OWN INSPECTION AND EXAMINATION AND THE SELLERS' REPRESENTATIONS AND WARRANTIES EXPRESSLY CONTAINED HEREIN.

(c) EXCEPT AS TO THOSE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN THIS AGREEMENT AND THE CLOSING DOCUMENTS, IT IS EXPRESSLY UNDERSTOOD AND AGREED THAT NONE OF THE SELLERS MAKES ANY REPRESENTATIONS, WARRANTIES OR GUARANTIES OF ANY KIND, NATURE OR SORT, EXPRESS OR IMPLIED, WITH RESPECT TO THE PHYSICAL CONDITION, PAST, PRESENT OR FUTURE OPERATION AND/OR PERFORMANCE, OR VALUE, OF ANY PROPERTY AND THAT THE SELLERS CONVEY ALL OF THE PROPERTIES TO PURCHASER "AS IS AND WHERE IS, WITH ALL FAULTS," AND PURCHASER ACKNOWLEDGES THAT NONE OF THE SELLERS MAKES ANY REPRESENTATIONS, GUARANTIES OR WARRANTIES WHATSOEVER, EXPRESS OR IMPLIED, AS TO THE QUALITY, CHARACTER, EXTENT, PERFORMANCE, CONDITION OR SUITABILITY OF ANY OF THE PROPERTIES FOR ANY PURPOSE.

(d) PURCHASER'S INSPECTION, INVESTIGATION AND SURVEY OF THE PROPERTIES SHALL BE IN LIEU OF ANY NOTICE OR DISCLOSURE REQUIRED BY ANY APPLICABLE HEALTH AND SAFETY CODE, OR BY ANY OTHER PROVISION OF APPLICABLE LAW, RULE OR REGULATION, INCLUDING, WITHOUT LIMITATION, LAWS REQUIRING DISCLOSURE BY THE SELLERS OF FLOOD, FIRE, MOLD, SEISMIC HAZARDS, LEAD PAINT, LANDSLIDE AND LIQUEFACTION, OTHER GEOLOGICAL HAZARDS, RAILROAD AND OTHER UTILITY ACCESS, SOIL CONDITIONS AND OTHER CONDITIONS WHICH MAY AFFECT THE USE OF ANY OF THE REAL PROPERTY, AND PURCHASER HEREBY

WAIVES ANY REQUIREMENT FOR A NOTICE PURSUANT TO THOSE PROVISIONS AND HEREBY ACKNOWLEDGES AND AGREES THAT IT WILL CONDUCT ITS OWN INSPECTIONS AND REVIEWS WITH RESPECT TO ALL MATTERS COVERED THEREBY, AND HEREBY RELEASES THE SELLERS FROM LIABILITY IN CONNECTION WITH ANY SUCH MATTERS THAT ARE NOT THE SUBJECT OF ANY OF THE SELLERS' REPRESENTATIONS AND WARRANTIES.

(e) PURCHASER ALSO ACKNOWLEDGES AND AGREES THAT, ALTHOUGH THE SELLERS HAVE PROVIDED THE DUE DILIGENCE MATERIALS TO PURCHASER, NONE OF THE SELLERS HAS VERIFIED THE ACCURACY THEREOF AND NONE OF THE SELLERS MAKES ANY REPRESENTATIONS OR WARRANTIES REGARDING THE MATTERS SET FORTH THEREIN EXCEPT AS MAY BE EXPRESSLY SET FORTH HEREIN OR IN THE CLOSING DOCUMENTS, IT BEING THE RESPONSIBILITY OF PURCHASER TO VERIFY THE ACCURACY OF SUCH MATERIALS. WITHOUT LIMITING THE FOREGOING, NONE OF THE SELLERS MAKES ANY REPRESENTATION OR WARRANTY REGARDING THE COMPLETENESS OR ACCURACY, AS OF ANY DATE, OF THE TITLE COMMITMENTS, THE SURVEYS OR THE ENVIRONMENTAL REPORTS, PURCHASER HEREBY ACKNOWLEDGING AND ASSUMING THE RISK OF ANY ERRORS OR OMISSIONS IN THE TITLE COMMITMENTS, THE SURVEYS OR THE ENVIRONMENTAL REPORTS, IRRESPECTIVE OF WHETHER ANY SUCH ITEMS WERE ORDERED BY THE SELLERS AND DELIVERED TO THE PURCHASER; PROVIDED, HOWEVER, THAT THE SELLERS SHALL INFORM PURCHASER PROMPTLY AFTER OBTAINING KNOWLEDGE OF ANY SUCH MATERIAL ERRORS OR OMISSIONS. PURCHASER ACKNOWLEDGES THAT NONE OF THE PARTIES WHO PREPARED THE SURVEYS, THE TITLE COMMITMENTS OR THE ENVIRONMENTAL REPORTS IS AFFILIATED WITH ANY OF THE SELLERS.

(f) FURTHERMORE, EXCEPT AS TO THOSE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN THIS AGREEMENT AND THE CLOSING DOCUMENTS, PURCHASER ACKNOWLEDGES THAT NONE OF THE SELLERS MAKES OR HAS MADE ANY REPRESENTATIONS OR WARRANTIES IN CONNECTION WITH THE PRESENCE OR INTEGRATION OF HAZARDOUS MATERIALS UPON OR WITHIN ANY OF THE REAL PROPERTY. IN THAT REGARD, PURCHASER HAS, PRIOR TO THE EFFECTIVE DATE, CONDUCTED ITS OWN INVESTIGATIONS TO DETERMINE IF ANY OF THE REAL PROPERTY CONTAINS ANY HAZARDOUS MATERIALS OR TOXIC WASTE, MATERIALS, DISCHARGE, DUMPING OR CONTAMINATION, WHETHER SOIL, GROUNDWATER OR OTHERWISE, WHICH VIOLATES ANY FEDERAL, STATE, LOCAL OR OTHER GOVERNMENTAL LAW, REGULATION OR ORDER OR REQUIRES REPORTING TO ANY GOVERNMENTAL AUTHORITY.

EXCEPT AS TO THOSE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN THIS AGREEMENT AND THE CLOSING DOCUMENTS, PURCHASER, FOR ITSELF AND ITS OWNERS, SUCCESSORS AND ASSIGNS, HEREBY RELEASES AND FOREVER DISCHARGES EACH OF THE SELLERS, AND

THE SELLERS' PAST, PRESENT AND FUTURE MEMBERS, PARTNERS, AFFILIATES, EMPLOYEES, AGENTS, ATTORNEYS, ASSIGNS, AND SUCCESSORS-IN-INTEREST (THE "**SELLER RELATED PARTIES**"), FROM ALL PAST, PRESENT AND FUTURE CLAIMS, DEMANDS, OBLIGATIONS, LOSSES AND CAUSES OF ACTION OF ANY NATURE WHATSOEVER, WHETHER NOW KNOWN OR UNKNOWN, DIRECT OR INDIRECT, FORESEEN OR UNFORESEEN, SUSPECTED OR UNSUSPECTED, WHICH ARE BASED UPON OR ARISE OUT OF OR IN CONNECTION WITH THE CONDITION OF ANY OF THE PROPERTIES AND, WITH RESPECT TO THE PRESENCE OF ANY HAZARDOUS MATERIALS, ANY ENVIRONMENTAL DAMAGES OR ENVIRONMENTAL REQUIREMENTS, INCLUDING, WITHOUT LIMITATIONS, THE PHYSICAL, STRUCTURAL, GEOLOGICAL, MECHANICAL AND ENVIRONMENTAL (SURFACE AND SUBSURFACE) CONDITION OF ANY OF THE REAL PROPERTY (INCLUDING THE IMPROVEMENTS THEREON) OR ANY LAW OR REGULATION RELATING TO HAZARDOUS MATERIALS. WITHOUT LIMITING THE FOREGOING, THIS RELEASE SPECIFICALLY APPLIES TO ALL LOSSES AND CLAIMS ARISING UNDER THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION AND LIABILITY ACT OF 1980, AS AMENDED, THE SUPERFUND AMENDMENTS AND REAUTHORIZATION ACT OF 1986, (42 U.S.C. SECTIONS 9601 ET SEQ.), THE RESOURCES CONSERVATION AND RECOVERY ACT OF 1976, (42 U.S.C. SECTIONS 6901 ET SEQ.), THE CLEAN WATER ACT, (33 U.S.C. SECTIONS 466 ET SEQ.), THE SAFE DRINKING WATER ACT, (14 U.S.C. SECTION 1401-1450), THE HAZARDOUS MATERIALS TRANSPORTATION ACT, (49 U.S.C. SECTIONS 1801 ET SEQ.), THE TOXIC SUBSTANCE CONTROL ACT, (15 U.S.C. SECTIONS 2601-2629), AND ANY OTHER FEDERAL, STATE OR LOCAL LAW OF SIMILAR EFFECT, AS WELL AS ANY AND ALL COMMON LAW CLAIMS.

(g) NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS SECTION 4.3, PURCHASER DOES NOT ASSUME ANY RESPONSIBILITY OR LIABILITY ARISING OUT OF OR IN CONNECTION WITH AND DOES NOT RELEASE SELLERS OR ANY SELLER RELATED PARTIES FROM ("COLLECTIVELY, "**UNRELEASED CLAIMS**"):

(1) ANY CLAIMS MADE OR CAUSES OF ACTION BROUGHT BY ANY THIRD PARTY UNRELATED TO PURCHASER ALLEGING A DEFAULT OR BREACH BY ANY SELLER OR ANY SELLER RELATED PARTIES WHICH IS ALLEGED TO HAVE OCCURRED PRIOR TO THE CLOSING DATE UNDER ANY CONTRACT OR AGREEMENT OR ANY LEASE ENTERED INTO BETWEEN ANY SELLER OR ANY SELLER RELATED PARTIES AND ANY SUCH CLAIMANT, PROVIDED, HOWEVER, THAT PURCHASER SHALL BE DEEMED TO ASSUME IN ACCORDANCE WITH THE TERMS OF THIS SECTION 4.3 ANY SUCH CLAIMS OR CAUSES OF ACTION TO THE EXTENT THAT THE SAME RELATE TO ANY ALLEGED DEFAULTS OR THE BREACH OF ANY OF THE ASSUMED CONTRACTS OR LEASES THAT FIRST ARISE OR ACCRUE ON OR AFTER THE CLOSING; OR

(2) ANY TORT CLAIMS MADE OR BROUGHT BY A THIRD PARTY UNRELATED TO PURCHASER TO THE EXTENT ARISING ON ACCOUNT OF EVENTS THAT OCCURRED AT THE PROPERTY DURING THE TIME THAT THE APPLICABLE SELLER OWNED FEE TITLE TO THE APPLICABLE PROPERTY; OR

(3) ANY CLAIMS MADE OR CAUSES OF ACTION BROUGHT BY ANY GOVERNMENTAL AUTHORITY OR ANY OTHER PERSON OR ENTITY UNRELATED TO PURCHASER TO THE EXTENT RELATING TO HAZARDOUS MATERIALS DEPOSITED OR PLACED IN, AT, OR UNDER ANY PROPERTY BY ANY SELLER OR DURING THE TIME THAT THE APPLICABLE SELLER OWNED FEE TITLE TO THE APPLICABLE PROPERTY; OR

(4) ANY CLAIM PERMITTED TO BE MADE BY PURCHASER FOR A BREACH OF ANY SELLER'S REPRESENTATIONS AND WARRANTIES UNDER THIS AGREEMENT OR ANY OF THE CLOSING DOCUMENTS, SUBJECT TO THE TERMS OF SECTIONS 7.3, ARTICLE IX AND SECTION 12.16;

(6) ANY CLAIMS OR CAUSES OF ACTION BROUGHT IN CONNECTION WITH THE MATTERS SET FORTH ON DISCLOSURE SCHEDULE 4.

FURTHERMORE, SUBJECT TO THE TERMS OF APPLICABLE LAWS, ORDINANCES, RULES AND REGULATIONS, NOTHING IN THIS AGREEMENT SHALL PROHIBIT PURCHASER FROM IMPEADING SELLER INTO ANY ACTION RELATED TO ANY UNRELEASED CLAIM.

(h) “**Environmental Damages**” means all claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability), encumbrances, liens, costs, and expenses of investigation and defense of any claim, whether or not such claim is ultimately defeated, and of any good faith settlement of judgment, of whatever kind or nature, contingent or otherwise matured or unmatured, foreseeable or unforeseeable, including without limitation reasonable attorneys’ fees and disbursements and consultants’ fees, any of which are incurred at any time as a result of the existence of Hazardous Materials upon, about or beneath any Real Property or migrating to or from any Real Property, or the existence of a violation of Environmental Requirements pertaining to any Real Property, regardless of whether the existence of such Hazardous Materials or the violation of Environmental Requirements arose prior to the present ownership or operation of such Real Property.

(i) “**Environmental Requirements**” means all applicable present and future statutes, regulations, rules, ordinances, codes, licenses, permits, orders, approvals, plans, authorizations, concessions, franchises, and similar items, of all governmental agencies, departments, commissions, boards, bureaus, or instrumentalities of the United States, states and political subdivisions thereof and all applicable judicial, administrative, and regulatory

decrees, judgments, and orders relating to Hazardous Materials which are applicable to the Properties.

(j) “**Hazardous Materials**” means any substance (i) the presence of which requires investigation or remediation under any federal, state or local statute, regulation, ordinance or policy; or (ii) which is defined as a “hazardous waste” or “hazardous substance” under any federal, state or local statute, regulation or ordinance, including without limitation the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.) and the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.) and amendments thereto and regulations promulgated thereunder; or (iii) which is toxic, explosive, corrosive, infectious or otherwise hazardous or is regulated by any federal, state or local governmental authority; or (iv) without limitation which contains polychlorinated biphenyls (PCBs), asbestos or urea formaldehyde.

The provisions of this Section 4.3 shall survive Closing indefinitely.

V. CLOSING

5.1 Closing Date. The “**Closing Date**” for purposes of this Agreement shall be June 15, 2016, or such earlier date as may be agreed upon, in writing, by the Sellers and Purchaser; subject, however, to the Sellers’ and Purchaser’s rights to extend the Closing Date as set forth in Section 12.13 herein. Sellers and Purchaser shall each have the right to delay the Closing Date to a date not more than seven (7) days after the date set forth in the preceding sentence (such right to be exercised by written notice from the extending party to the other parties not less than four (4) days prior to the Closing Date set forth in the preceding sentence).

5.2 Action Prior to the Closing Date by Sellers. The Sellers agree that, provided Purchaser has complied with its obligations under Section 5.3 hereof, on or before 2:00 p.m. on the Closing Date, the Sellers will deposit with Escrow Agent the following items and instruments (executed and acknowledged, if appropriate):

5.2.1 For each Property, a special warranty deed in the form attached hereto as Exhibit C, prepared and executed by the Seller that owns such Property (collectively, the “**Deeds**”);

5.2.2 For each Property, two (2) duplicate originals of a Bill of Sale, in the form and content attached hereto as Exhibit D, prepared and executed by the Seller that owns such Property (“**Bill of Sale**”);

5.2.3 For each Property, two (2) duplicate originals of an Assignment of Intangible Property, in the form and content attached hereto as Exhibit E, prepared and executed by the Seller that owns such Property (“**Assignment of Intangibles**”);

5.2.4 For each Property, two (2) duplicate originals of an Assignment and Assumption of Contracts and Licenses, in the form and content attached hereto as Exhibit F, prepared and executed by the Seller that owns such Property (“**Assignment of Contracts and Licenses**”);

5.2.5 For each Property, two (2) duplicate originals of an Assignment and Assumption of Leases, in the form and content attached hereto as Exhibit G, prepared and executed by the Seller that owns such Property ("**Assignment of Leases**");

5.2.6 For each Seller, a non-foreign affidavit signed by such Seller, in the form attached hereto as Exhibit H ("**Non-Foreign Affidavits**") any state tax withholding affidavits as applicable, and an IRS Form 1099;

5.2.7 All transfer tax and other tax returns, if any, which any Seller is required by law to execute and acknowledge and to deliver, either individually or together with Purchaser, to any governmental authority as a result of the sale;

5.2.8 For each Property, (i) three (3) duplicate originals of an owner's affidavit, in the form and content attached hereto as Exhibit J-1, prepared and executed by the Seller that owns such Property ("**Owner's Affidavit**") and (ii) such other instruments and materials as the Title Company may require from Seller (as set forth in the Title Commitments or in writing from the Title Company to Seller (or to Purchaser, and thereafter delivered to Seller) prior to the Effective Date) in order to issue to Purchaser Owner's Policies of Title Insurance in accordance with Section 8.2.8 below (excepting only those instruments and materials that Purchaser is required to deliver to the Title Company as set forth in such Section 8.2.8);

5.2.9 All of the plans (including "as built" plans), drawings, blueprints and specifications relating to the Properties and Sellers' tenant files where available, which are in any Sellers' possession or control, other than any plans, drawings, blueprints or specifications that constitute Excluded Documents;

5.2.10 All written warranties in possession or control of each Seller, if any, of manufacturers, suppliers and contractors in effect on the Closing Date;

5.2.11 All keys to each Property in the possession or control of such Property's Seller (which will be available at such Property);

5.2.12 (a) A closing statement prepared by Seller or the Escrow Agent, a draft of which the Sellers shall deliver no less than three (3) Business Days prior to Closing, reasonably approved by the Sellers and the Purchaser and executed by each Seller setting forth, among other things, all prorations, credits, costs or other adjustments to be made at Closing under this Agreement with respect to such Seller's Property (or each of such Seller's Properties) individually (an "**Individual Closing Statement**"), and (b) a closing statement (the "**Consolidated Closing Statement**") prepared by the Escrow Agent and reasonably approved by the Sellers and Purchaser setting forth, among other things, the consolidated prorations, credits, costs or other adjustments reflected in each of the Individual Closing Statements and, in addition, all other payments to and from Escrow in connection with the purchase and sale of the Properties; provided, however, that is acknowledged and agreed that any Individual Closing Statement prepared by Seller shall only be required to include the prorations and other matters described in Section 5.5 below;

5.2.13 The Sellers' Survey Certification in the form attached hereto as Exhibit J-2, as well as all other documents reasonably required by the Title Company (including without limitation, evidence reasonably satisfactory to the Title Company that all necessary authorizations of the transaction contemplated hereby have been obtained by the Sellers), each in form and substance reasonably acceptable to the Sellers;

5.2.14 For each Property, a notice to the Tenants and licensees of such Property, in the form and content attached hereto as Exhibit I, prepared and executed by the Seller that owns such Property (collectively, the "**Notices to Tenants**");

5.2.15 To the extent not previously delivered to Purchaser, originals (or copies, if originals are not available) of the Due Diligence Materials relating to such Seller's Property or Properties (including, to the extent available, originals of all Leases, Assumed Contracts, and Permits and copies of all Tenant correspondence and billing files and records relating to such Seller's Property or Properties);

5.2.16 A certification in the form attached hereto as Exhibit O-1 executed by the Sellers;

5.2.17 No later than five (5) Business Days prior to Closing, a current rent roll for each of the Properties, each showing all Leases for such Property as of the date thereof, which rent roll shall be (x) in the form utilized by each Seller in the ordinary course of its business and (y) delivered without any other representation or warranty, except as set forth in Section 7.2;

5.2.18 To the extent received by Seller(s) but not previously delivered to Purchaser, originals of the Tenant Estoppel Certificates, Statement of Lease (as applicable) and the Licensee Estoppel Certificates;

5.2.19 Originals of the Seller Lease Estoppel Certificates and the Seller License Estoppel Certificates, each to the extent required pursuant to the terms of this Agreement;

5.2.20 In respect of the Property commonly known as 6110 Executive Boulevard, two (2) duplicate originals of the License Agreement in the form attached hereto as Disclosure Schedule 14, executed by WashREIT (the "**6110 License**"); and

5.2.21 Such other instruments or documents as are expressly required by this Agreement to be delivered by a Seller at Closing or may be reasonably necessary to effect or carry out the covenants and obligations to be performed by the Sellers pursuant to this Agreement.

5.3 Action Prior to the Closing Date by Purchaser. Purchaser agrees that on or before 2:00 p.m. on the Closing Date, Purchaser will deposit with Escrow Agent the Closing Payment and, in addition, the following items and instruments (executed and acknowledged, if appropriate):

5.3.1 To the extent that applicable law requires that the Deeds, transfer tax or other tax forms, or recording forms be executed by the grantee, such instruments, executed by Purchaser and acknowledged in the presence of a Notary Public in accordance with the laws of the state in which the applicable Property is located;

5.3.2 For each Property, two (2) fully executed duplicate originals of the applicable Assignment of Contracts and Licenses, executed by Purchaser;

5.3.3 For each Property, two (2) fully executed duplicate originals of the applicable Assignment of Leases, executed by Purchaser;

5.3.4 An executed counterpart of the Consolidated Closing Statement and each Individual Closing Statement;

5.3.5 For each Property, two (2) fully executed duplicate originals of the applicable Assignment of Intangibles, executed by Purchaser;

5.3.6 For each Property, two (2) fully executed duplicate originals of the applicable Bill of Sale, executed by Purchaser;

5.3.7 Such other instruments or documents as are expressly required by this Agreement to be delivered by Purchaser at Closing or as may be reasonably necessary to effect or carry out the covenants and obligations to be performed by Purchaser pursuant to this Agreement;

5.3.8 A certification in the form attached hereto as Exhibit O-2 executed by the Purchaser;

5.3.9 In respect of the Property commonly known as 6110 Executive Boulevard, two (2) fully executed duplicate originals of the 6110 License, executed by Purchaser; and

5.3.10 All other documents consistent with the express provisions of this Agreement and reasonably required by the Title Company (including without limitation, evidence reasonably satisfactory to the Title Company that all necessary authorizations of the transaction contemplated hereby have been obtained by the Purchaser), each in form and substance reasonably acceptable to the Purchaser.

5.4 Recording of Deeds. Subject to Section 8.3 below, Escrow Agent will cause the Deeds to be dated as of the Closing Date and recorded in the Official Records, and all other Closing Documents deposited with Escrow Agent to be dated as of the Closing Date, when (but in no event after the Closing Date) Escrow Agent holds for the account of the Sellers and Purchaser all items and funds (if any) to be delivered to the Sellers and Purchaser through the Escrow, after payment of costs, expenses, disbursements and prorations chargeable to the Sellers or Purchaser pursuant to the provisions of this Agreement.

5.5 Prorations. The Sellers shall provide the information required to prepare estimated Individual Closing Statements and the Consolidated Closing Statement to Purchaser for review at least five (5) Business Days prior to the Closing Date. Purchaser shall notify Seller within two (2) Business Days after its receipt of such information of any items which Purchaser disputes, and the parties shall attempt in good faith to reconcile any differences not later than one (1) day before the Closing Date. The following items are to be prorated, adjusted or credited (as appropriate) as of 12:01 a.m. on the Closing Date, it being understood that for purposes of prorations and adjustments, Purchaser shall be deemed to be the owner of the Properties on the Closing Date. Unless otherwise

expressly set forth in this Section 5, payments with respect to prorations shall be made on a cash, or as-collected, basis (as opposed to an “accrual” basis or otherwise), provided, however, that the parties hereto acknowledge that the allocable shares of certain of the items to be prorated pursuant to this Section 5.5 shall be determined on an accrual basis (for example, and by way of example only prorated Rent shall be allocated to each of Seller and Purchaser on the basis of pre-Closing and post-Closing periods, but payments in respect of such prorations shall be made on an “As-collected” basis, as otherwise provided in this Section 5.5).

5.5.1 Taxes. With respect to each Property, all non-delinquent real estate and personal property general and special taxes and assessments for such Property for the current assessment year of the applicable taxing authority in which the Closing Date occurs shall be prorated as of the Closing Date. If the exact amount of taxes is not known at Closing, the proration will be based on the amount of taxes most recently charged to Tenants at the applicable Property as Additional Rent (adjusted as necessary to derive the taxes for the entire Property from such amounts) and shall be adjusted once actual figures become available after Closing, as part of the Final Closing Adjustment. Notwithstanding anything to the contrary in this Agreement, (i) each Seller shall retain all right, title and interest in and to any and all property tax (both real property and personal property) refunds and claims for refunds with respect to its Properties for any period prior to the Closing Date, and (ii) each Seller is responsible for all taxes attributable to a taxable period (or portion thereof) ending on or before the Closing Date. Each Seller shall have the right to continue and control any contest of any taxes or assessments for its Property or Properties due and payable during all tax years prior to the tax year in which Closing occurs, except that Sellers shall have no right to (x) initiate the contest of any taxes or assessments after the Effective Date if such contest relates to or impacts taxes for which Purchaser is responsible hereunder or (y) settle or compromise any pending contest of taxes or assessments, to the extent pertaining to or adversely impacting the period from and after the Closing or could reasonably be expected to adversely impact the tax liability of Purchaser. Purchaser shall have the right to control any contest of any taxes or assessments for the Properties due and payable during the current tax year in which Closing occurs, if any, and all tax years thereafter. Each Seller and Purchaser shall each reasonably cooperate with the other in connection with such contests. With respect to each Property, Purchaser and such Property’s Seller shall be equally responsible for, and shall pay equal portions of, all sales, use and other transfer taxes imposed in connection with the sale and transfer of the Personal Property and the Intangible Property (i.e., Purchaser shall pay 50% and such Property’s Seller shall pay 50%).

5.5.2 Utility Service. To the extent commercially reasonable and practicable, the Sellers and Purchaser shall obtain billings and meter readings as of the Business Day preceding the Closing Date to aid in the proration of charges for gas, electricity and other utility services which are not the direct responsibility of Tenants. If such billings or meter readings as of the Business Day preceding the Closing Date are obtained, adjustments for any costs, expenses, charges or fees shown thereon shall be made in accordance with such billings or meter readings. If such billings or meter readings as of the Business Day preceding the Closing Date are not available for a utility service, the charges therefor shall be adjusted at the Closing on the basis of the per diem charges for the most recent prior period for which bills were issued and shall be further adjusted at the Final Closing Adjustment on the basis of the actual bills for the period in which the Closing takes place. Each Property’s Seller shall receive a credit at Closing for the Utility Deposits, if any, that are

transferred or made available to Purchaser and that are held by applicable utility companies for the account of such Seller in respect of services provided to such Seller's Property or Properties. Purchaser shall arrange for placing all utility services and bills in its own name as of the Closing Date.

5.5.3 Security Deposits. Purchaser shall be credited with and the Sellers shall be charged with an amount equal to all cash Security Deposits being held by or on behalf of all Sellers, Sellers' managing agent or any other Person under the Leases or Licenses. The Sellers shall be entitled to retain all Security Deposits or other such credits due Tenants or licensee for which Purchaser receives credit and the Sellers are charged pursuant to this Section 5.5.3. Sellers agree not to apply any Security Deposits held as of the Effective Date under Leases or Licenses on account of arrearages existing as of the Closing Date. Each Seller shall, at its sole cost and expense, use commercially reasonable efforts to cause the issuer of any letters of credit or other instruments held by such Seller in lieu of a cash Security Deposit to transfer such letters of credit or other instruments to the Purchaser at or promptly after Closing.

5.5.4 Operating Expenses. All Operating Expenses shall be prorated between the Sellers and Purchaser as of the Closing Date, based on the actual number of days in the month during which the Closing Date occurs for monthly expenses, and based on a 365 day year for annual expenses. The Sellers shall be responsible for all Operating Expenses attributable to the period before the Closing Date and Purchaser shall be responsible for all Operating Expenses attributable to the period on and after the Closing Date.

5.5.5 Miscellaneous Permits and Taxes. Except as covered by the terms of Section 5.5.1 above, with respect to each Property, all water and sewer charges, taxes (other than ad valorem property taxes), including license taxes or fees for licenses which are assignable or transferable without added cost and have a value which will survive Closing, and any unpaid taxes payable in arrears, shall be prorated as of the Closing Date. Each Property's Seller will be credited for that portion of taxes and fees paid by such Seller allocable to the period after the Closing Date.

5.5.6 Assumed Contracts. With respect to each Property, all payments and receipts, as applicable, under the Assumed Contracts shall be prorated between Purchaser and such Property's Seller as of the Closing Date. Such Seller shall receive a credit for all prepayments and deposits thereunder.

5.5.7 Leasing Commissions, Tenant Improvements and Rental Abatements.

(a) Each Seller shall pay at or prior to the Closing Date, or shall give Purchaser a credit at Closing, for (i) the then-outstanding Lease Expenses (as set forth in the Updated Disclosure to Disclosure Schedule 2-4, and including, by way of clarification, Lease Expenses that are not yet due and payable) to which such Seller has committed under the terms of any Lease or License, or any Lease or License modification, extension or renewal entered into prior to the Effective Date (excluding, however, Lease Expenses expressly contemplated to be Purchaser's obligation pursuant to Section 5.5.7(b)); and (ii) the then-outstanding Lease Expenses (as set forth in the Updated Disclosure to Disclosure Schedule 2-4, and including, by way of clarification, Lease Expenses that are not yet due and payable) due in connection with any Lease or License or any

Lease or License modification, extension or renewal, if any, that is executed on or after the Effective Date and with respect to which Purchaser has not provided its express written approval (excluding, however, Lease Expenses expressly contemplated to be Purchaser's obligation pursuant to Section 5.5.7(b)).

(b) Purchaser shall pay for (and shall not receive a credit at Closing for) (i) Lease Expenses due in connection with any Lease or License or any Lease or License modification, extension or renewal that is executed on or after the Effective Date as and to the extent same have been expressly approved by Purchaser in writing hereunder, and (ii) Lease Expenses that become due with respect to the exercise by a Tenant or licensee on or after the Effective Date of an extension, expansion or renewal option to which such Tenant or licensee was entitled under the terms of its Lease or License, as applicable, as of the Effective Date. If Seller has paid for any Lease Expenses that are Purchaser's obligation pursuant to the express terms of this Section 5.5.7(b), Purchaser shall provide a credit to Seller in the amount of such payment at Closing, but only as and to the extent: (i) such Lease Expense is required to be paid prior to Closing; (ii) Seller pays such Lease Expense prior to Closing; and (iii) Tenant, licensee or any other applicable recipient of such Lease Expense payment, as applicable, confirms in writing that such Lease Expense has been paid in satisfaction of such obligation (or, in lieu thereof, Seller delivers to Purchaser evidence of Seller's payment to the applicable recipient of such Lease Expense in the form of either a cancelled check cashed by such recipient or a federal reference number confirming the wire of funds to such recipient).

(c) Effective as of the Closing Date, Purchaser shall honor and assume all covenants and obligations to be performed by each Seller as landlord under the Leases or Licenses, as applicable, including any Lease Expenses.

5.5.8 Other Income. With respect to each Property, all income not specifically addressed in this Section 5.5 and derived by such Property's Seller from such Property, to the extent such income accrues before the Closing Date, shall be paid to such Seller (it being acknowledged that payments in respect of such income shall only be made on an "as and when collected" basis). All income not specifically addressed in this Section 5.5 and derived by such Seller from such Property accruing or relating to the period on and after the Closing Date shall be paid to Purchaser.

5.5.9 Other Expenses. With respect to each Property, all expenses and monetary obligations not otherwise specified in this Section 5.5, incurred in the ownership or operation of such Property and for which Purchaser is assuming responsibility on and after Closing pursuant to the express terms of this Agreement and/or the Closing Documents shall be prorated between such Property's Seller and Purchaser as of the Closing Date.

5.5.10 Rent. Basic Rent and Additional Rent shall be prorated at the Closing in accordance with the following provisions (it being acknowledged that (i) payments in respect of such Basic Rent and Additional Rent shall only be made on an "as and when collected" basis and (ii) all income derived from Licenses shall be prorated in accordance with the following provisions, as if such income was received by the Seller or Purchaser as Basic Rent hereunder):

(a) Basic Rent. Subject to Section 5.5.10(c), Basic Rent shall be prorated between each Seller and Purchaser as of the Closing Date based on the actual number of days in the month during which the Closing Date occurs. Each Seller shall be entitled to all Basic Rent which accrues before the Closing Date and Purchaser shall be entitled to all Basic Rent which accrues on and after the Closing Date, in each case, whether payable in advance or in arrears.

(b) Additional Rent. Subject to Section 5.5.10(c), monthly or other payments made by Tenants in advance based upon projected or estimated Additional Rent shall be prorated between each Seller and Purchaser as of the Closing Date based on the actual Additional Rent collected as of the Closing and the actual number of days in the monthly or other period for which the advance payment is made. Such proration shall be made separately for each Tenant which is obligated to pay Additional Rent on the basis of the fiscal year set forth in the Tenant's Lease for the determination and payment of Additional Rent. Each payment of Additional Rent that is prorated pursuant to this Section 5.5.10(b), and the applicable Tenant's payments of Additional Rent made prior to or after such prorated payment for the same calendar year or other fiscal period during which a year-end reconciliation of Additional Rent is required by the applicable Lease, shall be adjusted as part of the Final Closing Adjustment as provided below in Section 5.5.11.

(c) Delinquent Rent. Delinquent Rent (including delinquent Additional Rent) shall not be prorated at Closing and shall be paid by Purchaser to the applicable Seller if, as and when actually collected by Purchaser after the Closing, it being understood and agreed that Purchaser shall use commercially reasonable efforts to collect Delinquent Rent on behalf of each Seller. Rent (including Additional Rent, if and to the extent expressly identified as Additional Rent) collected after the Closing but during the calendar month during which the Closing occurs shall be applied (i) first to Rent due in the month of Closing and (ii) then to Rent due in respect of periods prior to the Closing (including Delinquent Rent). Rent (including Basic Rent and Additional Rent) collected after the calendar month during which the Closing occurs shall be applied (i) first to Rent due in respect of periods from and after the Closing and (ii) then to Rent due in respect of periods prior to the Closing (including Delinquent Rent). Delinquent Rent collected by the Sellers or Purchaser after the date of Closing shall be delivered as follows: (i) if any Seller collects any unpaid or delinquent rent for the Property, such Seller shall, within fifteen (15) days after the receipt thereof, deliver to Purchaser any such rent to which Purchaser is entitled hereunder relating to the period commencing on the date of Closing, and (ii) if Purchaser collects any unpaid or delinquent rent from any Property (and after the payment of all Rent and other amounts due to Purchaser from the applicable Tenant, which payments shall be applied in accordance with the terms of the two immediately preceding sentences), Purchaser shall, within fifteen (15) days after the receipt thereof, deliver to the Seller of such Property any such rent to which such Seller is entitled hereunder relating to the period prior to the date of Closing.

(d) Rents Due in Arrears. The parties hereby acknowledge and agree that with respect to any Lease or License as to which the United States of America (or any instrumentality or agency thereof) is the Tenant or licensee (as applicable) and pursuant to which Rent is payable in arrears, the provisions of Section 5.5.10(c) shall be applied such that: (x) Rent received during the month in which Closing occurs (but only as and to the extent the same relates to the immediately preceding calendar month) shall belong entirely to Seller; and (y) Rent received during the month in which Closing occurs (as and to the extent such Rent does not relate to the

immediately preceding calendar month) and months after the month in which Closing occurs shall be prorated and allocated among Purchaser and Seller in the same manner in which Rent is otherwise adjusted as set forth in Section 5.5.10(c) above.

5.5.11 Final Closing Adjustment. No later than one (1) year following the Closing Date, the Sellers and Purchaser shall make a final adjustment to the prorations made pursuant to this Section 5 (the “**Final Closing Adjustment**”). The Final Closing Adjustment shall be made in the following manner:

(a) General. All adjustments or prorations which could not be determined at the Closing because of the lack of actual statements, bills or invoices for the current period, the year-end reconciliation of Additional Rent, or any other reason, shall be made as a part of the Final Closing Adjustment. Any net adjustment in favor of Purchaser shall be paid in cash by the Sellers to Purchaser no later than thirty (30) days after the Final Closing Adjustment. Any net adjustment in favor of the Sellers shall be paid in cash by Purchaser to the Sellers no later than thirty (30) days after the Final Closing Adjustment. Without limiting the foregoing, the parties shall correct any manifest error in the prorations and adjustments made at Closing promptly after such error is discovered.

(b) Additional Rent Adjustment. Each Seller and Purchaser shall prorate the actual amount of Additional Rent paid by each Tenant at such Seller’s Property for such Tenant’s applicable fiscal year (“**Tenant’s Fiscal Year**”) as follows:

(i) The Seller shall be entitled to the portion of the actual amount of Additional Rent paid by the Tenant equal to the product obtained by multiplying such amount by a fraction, the numerator of which is the number of days in the Tenant’s Fiscal Year preceding the Closing Date and the denominator of which is the total number of days in the Tenant’s Fiscal Year; and

(ii) Purchaser shall be entitled to the balance of the Additional Rent paid by the Tenant.

(iii) If the sum of all interim payments of Additional Rent collected and retained by the Seller from the Tenant for the Tenant's Fiscal Year (reduced by the pro-rated portion of the interim payment on account of Additional Rent paid for the month or quarter in which the Closing Date occurs for which Purchaser is given credit pursuant to Section 5.5.10(b)) exceeds the amount of such Additional Rent to which the Seller is entitled with respect to such Tenant pursuant to subparagraph (i) above, the Seller shall pay such excess to Purchaser. If the sum of all interim payments of such Additional Rent collected and retained by Purchaser from each Tenant for the Tenant's Fiscal Year (increased by a pro-rated portion of the interim payment on account of Additional Rent paid for the month or quarter in which the Closing Date occurs for which Purchaser is given credit pursuant to Section 5.5.10(b)) exceeds the amount of Additional Rent to which Purchaser is entitled with respect to such Tenant pursuant to subparagraph (ii) above, Purchaser shall pay the excess to the Seller. The adjustment of interim payments received and actual Additional Rent paid shall be made separately for each Tenant and for each type of Additional Rent.

(c) No Further Adjustments. Except for: (i) additional or supplemental real estate taxes, real estate tax credits or rebates, or other adjustments to real estate taxes due to back assessments, corrections to previous tax bills or real estate tax appeals or contests, (ii) any item of Additional Rent which may be contested by a Tenant or (iii) manifest errors, the Final Closing Adjustment shall be conclusive and binding upon the Sellers and Purchaser, and the Sellers and Purchaser hereby waive any right to contest after the Final Closing Adjustment any prorations, apportionments or adjustments to be made pursuant to this Section 5.

5.5.12 General Provisions. The computation of the adjustments shall be jointly prepared by the Sellers and Purchaser. In the event any prorations or apportionments made under this Section 5.5 shall prove to be incorrect for any reason, then any party shall be entitled to an adjustment to correct the same in accordance with the remaining terms of this Section 5.5.12. For proration purposes, the day that falls on the Closing Date shall be charged to Purchaser.

5.5.13 Survival. The provisions of this Section 5.5 shall survive Closing for a period of thirteen (13) months.

5.6 Closing Costs. With respect to each Property, Purchaser shall bear the cost of (i) the title searches and preparation of the Title Commitments prepared by the Title Company, and the premium for Purchaser's title policies and any and all endorsements requested by Purchaser or its lender; (ii) updating the Survey for each Property if Purchaser so elects; (iii) one-half (1/2) of the documentary transfer taxes and the recording fee for the Deeds; (iv) one-half (1/2) of all escrow and closing fees relating to the sale of such Property; (v) all escrow and closing fees relating to Purchaser's financing; and (vi) any mortgage taxes or recording fees for any mortgages securing Purchaser's financing. With respect to each Property, such Property's Seller shall bear the cost of (i) any commission due to Broker (as defined in Article X); (ii) one-half (1/2) of the documentary transfer taxes and the recording fee for the Deeds; (iii) and one-half (1/2) of all escrow and closing fees relating to the sale of such Property (but not in connection with any financing by Purchaser, which shall be paid solely by Purchaser); and (iv) the costs of the Title Commitments prepared by the Title Company on behalf of Seller. Each party shall pay its own attorneys' fees pertaining to the sale of the Properties. All other costs pertaining to the sale of each Property shall be allocated as is customary for real estate transactions where such Property is located. The parties agree to cooperate in all reasonable respects to minimize all such costs, premiums, taxes, and fees.

5.7 Distribution of Funds and Documents Following Closing. The conditions to the closing of Escrow shall be Escrow Agent's receipt of funds and documents described in Sections 5.2 and 5.3 above, and written authorization from the Sellers and Purchaser to proceed with the Closing in accordance with the Closing Instructions. Upon satisfaction of the above conditions, Escrow Agent shall distribute the documents described in Sections 5.2 and 5.3 above in accordance with the Closing Instructions and shall take all other actions authorized by the Escrow Agreement upon closing.

5.8 Possession. Purchaser shall be entitled to sole possession of each Property on the Closing Date, subject to the Permitted Exceptions.

VI. ADDITIONAL COVENANTS AND INDEMNITIES

6.1 Purchaser's Indemnity. With the exception of items for which Purchaser is expressly indemnified hereunder, Purchaser covenants and agrees to defend, indemnify, protect, and hold harmless the Sellers and the Seller Related Parties from and against any and all Claims arising from the acts and omissions of Purchaser and its agents, employees and contractors occurring in connection with or as a result of, any inspections, tests or examinations of or to any of the Properties, provided that Purchaser shall not be liable or responsible for the mere discovery or immaterial displacement of a pre-existing condition at any Property. This indemnity shall survive only until the date that is three (3) years after the Effective Date.

6.2 Seller Covenants. Each Seller covenants to Purchaser as follows with respect to each of the Properties:

6.2.1 Continued Care and Maintenance. Prior to Closing, such Seller agrees: (i) to continue its care, maintenance and operation of its Property on substantially the same standards as employed by such Seller to date; (ii) not to terminate, change, amend or modify materially any Lease, License or any Contract (except that Seller shall have the right to: (x) enter into any Lease renewals, amendments, modifications or extensions of existing Leases evidencing or reflecting the exercise by any Tenant of any expressly existing rights or options, the terms of which are fixed or determinable as of the Effective Date, under any existing Lease; and (y) the terminate, change, amend or modify any Contract that is not an Assumed Contract); (iii) not to make any substantial or material alterations or changes to any of such Seller's Property, other than ordinary and necessary maintenance and repairs, without Purchaser's prior written approval (provided, however, such Seller may make any alterations or changes to the Property that are required by any Lease or by applicable law without Purchaser's prior approval); and (iv) to maintain in effect all policies of casualty and liability insurance or similar policies of insurance, with no less than the limits of coverage now carried with respect to such Seller's Property. Nothing contained herein shall prevent such Seller from acting to prevent loss of life, personal injury or property damage in emergency situations, or prevent such Seller from performing any act with respect to such Seller's Property which may be required by any Lease, applicable law, rule or governmental regulations, provided that such Seller shall notify Purchaser of any emergency situations as soon as reasonably possible thereafter.

6.2.2 Leasing/Licensing of the Property. Prior to the execution of any new Leases or Licenses for the Property or the renewal, amendment, modification or extension of any existing Leases or Licenses for the Property, such Seller shall give written notice of its intent to do so to Purchaser. Such notice shall include the amount of space involved, the length of the lease term, the proposed financial terms thereof (including any rent abatement periods), the amount of any Leasing Commission, any TI Obligations, and a copy of the form of Lease, License, amendment or other document to be executed. Such Seller shall not enter into any new Lease or License, or any extension or renewal of any existing Lease or License, without Purchaser's prior written consent, which consent may be withheld in Purchaser's sole and absolute discretion (but which consent may be conclusively evidenced in correspondence to Seller by electronic mail from Robert Swennes (robert.swinnes@brookfield.com)). Purchaser shall use commercially reasonable efforts to notify such Seller of Purchaser's objection, if any, to any such proposed Lease or extension or renewal of

any existing Lease, within five (5) Business Days of Purchaser's receipt of any notice provided pursuant to the first sentence of this Section 6.2.2, but Purchaser's failure to provide such objection shall in no event constitute approval thereof or a default by Purchaser hereunder. Notwithstanding the foregoing (a) Purchaser's consent shall not be required for new Leases, new License and/or renewals, amendments, modifications or extensions of existing Leases or existing Licenses evidencing or reflecting the exercise by Tenants or licensees of any rights or options, the terms of which are fixed or determinable as of the Effective Date, under existing Leases and/or Licenses, as applicable; and (b) Purchaser acknowledges and agrees that the Leases, Licenses and the extensions, amendments, modifications or renewals of Leases and Licenses (if any) listed on Disclosure Schedule 2-3 have been approved by Purchaser. Nothing in this Agreement shall be interpreted to require any Seller to lease any additional space in its Property as a condition to the sale of such Property, and none of the Sellers shall have any obligation to enter into or to seek any Leases or Licenses for its Property prior to the Closing Date.

6.2.3 **Tenant/Licensee Estoppel Certificates.** Prior to Closing, each Seller shall use commercially reasonable efforts to obtain and deliver to Purchaser from the Tenant under each Lease and from the licensee under each Required License of such Seller's Property an estoppel certificate in substantially the form attached hereto as Exhibit L-1, with respect to Leases, and in substantially the form attached hereto as Exhibit L-3, with respect to Required Licenses, or, if any Lease or License, as applicable, requires a different form, in the form required by such Lease or License, all dated no more than thirty (30) days prior to the Closing Date (each such estoppel certificate from a Tenant under Lease, a "**Tenant Estoppel Certificate**", and each such estoppel certificate from a licensee under a Required License, a "**Licensee Estoppel Certificate**"); provided, however, solely with respect to the Lease to the Federal Bureau of Investigation at the Property located at 30 West Gude Dr., Rockville, Maryland (such Lease, a "**GSA Lease**") entered into with the General Services Administration ("**GSA**"), Seller shall, in lieu of a Tenant Estoppel Certificate, use commercially reasonable efforts to obtain a "statement of lease" in such form as may be acceptable to the Tenant thereunder ("**Statement of Lease**"). None of the Sellers shall be in default for failure to obtain any Tenant Estoppel Certificates, Statement of Lease or Licensee Estoppel Certificate so long as such Sellers have used commercially reasonable efforts to obtain such Tenant Estoppel Certificates, Statement of Lease and Licensee Estoppel Certificates as required herein, but such failure may be a failure of the condition precedent to Closing set forth in Section 8.2.5 and/or Section 8.2.6, as applicable.

6.2.4 Prior to Closing, the Seller(s) of the Property encumbered thereby shall use commercially reasonable efforts to obtain and deliver to Purchaser an estoppel certificate with respect to recorded instruments referred to in Disclosure Schedule 15, which estoppel certificate shall be in the form attached hereto as Exhibit M, or, if such instrument requires a different form, in the form required by instrument, dated no more than thirty (30) days prior to the Closing Date. The recorded instruments referred to in the immediately preceding sentence are collectively referred to as the "**Required REAs**"; the estoppel certificates respecting such Required REAs are collectively referred to as the "**REA Estoppel Certificates**". None of the Sellers shall be in default for failure to obtain such estoppel certificates so long as such Sellers have used commercially reasonable efforts to obtain the same.

6.2.5 Novation Agreement. It is hereby acknowledged and agreed that pursuant to the GSA Lease, certain documents are required to be executed and delivered by Seller and Purchaser in order to confirm the transfer to Purchaser of Seller's interest in, to and under any GSA Lease (collectively, the "**GSA Transfer Documents**"). From and after the Effective Date, Seller and Purchaser shall commence the necessary process for GSA approval of the transfer of the GSA Lease, and Seller and Purchaser shall cooperate with one another in good faith and utilize commercially reasonable efforts to negotiate, finalize and submit GSA Transfer Documents in form and substance reasonably acceptable to each party as soon as reasonably possible following the Closing Date. Notwithstanding the foregoing, Seller shall have the right to pursue from the Tenant under the GSA Lease (the "**GSA Tenant**") a novation agreement substantially in the form of Disclosure Schedule 12 attached hereto; provided, however, if Seller is not able to obtain the novation agreement in the form attached hereto as Disclosure Schedule 12, in all events, Seller shall execute and deliver within thirty (30) days after Closing (or by such later date which is five (5) business days after receipt from the GSA Tenant of its counterpart signature to the GSA Transfer Documents as approved by the GSA Tenant) such other form of transfer or novation agreement as is requested by the GSA Tenant pursuant to the Federal Assignment of Claims Act and regulations promulgated pursuant thereunto. Without limiting the generality of the foregoing, each of Seller and Purchaser hereby covenant and agree to reasonably cooperate in connection with the procurement and execution of the GSA Transfer Documents, and agree that they shall execute the GSA Transfer Documents in such form as is ultimately acceptable to the GSA Tenant, provided that such GSA Transfer Documents do not impose any material obligation or liability on Purchaser beyond those expressly set forth in the GSA Lease. Subject to the foregoing, Purchaser and Seller each hereby agree to provide any and all additional documentation and signatures required by the GSA Tenant or reasonably requested by the other party for the novation or transfer of the GSA Lease within seven (7) business days of request from such other party. Further, in the event of any inconsistency between this Agreement and the documents delivered at Closing by the parties pursuant hereto, on the one hand, and any novation agreement executed by Purchaser, Seller and a GSA Tenant after Closing, on the other hand, the terms and provisions of this Agreement and such documents delivered hereto shall control as between Purchaser and Seller. This Section 6.2.5 shall survive Closing.

6.2.6 Completion of Landlord Work. Sellers are currently performing the Landlord Work. Seller represents and warrants that (x) upon completion of the work contemplated under the Work Agreements in accordance with such Work Agreements, and the payment of amounts expressly required to be paid pursuant to the Work Agreements, all Landlord Work shall be completed in accordance with the applicable Lease or License pursuant to which such Landlord Work is undertaken and (y) all Work Agreements are freely assignable by Sellers to Purchaser, at no cost or expense to Purchaser. From and after the Effective Date and until the Closing, Sellers shall continue to diligently perform (and cause the third-party contractors under the Work Agreements to continue to diligently perform) the Landlord Work pursuant to the Work Agreements and timely make all payments required to be made under the Work Agreements as such payments become due and payable prior to Closing. Sellers shall at all times use their commercially reasonable efforts to cause Completion of Landlord Work to occur prior to the Closing, in respect of all Landlord Work. In the event that Completion of Landlord Work (or any portion thereof) has not occurred as of the Closing Date, then, at the Closing: (a) Seller shall deliver to Purchaser at Closing (i) a certification from Sellers: (1) of all work that that has not then been completed under the Work Agreement(s),

(2) of all amounts that have been paid under the Work Agreement(s) (which shall be accompanied by all applicable lien waivers and other evidence of payment in Sellers possession), (3) that no amounts are then due and payable under the Work Agreement(s), (4) of Sellers' good faith estimate of all amounts that may become due and payable under the Work Agreement(s) at any time on and after the Closing (including without limitation, the cost (inclusive of all fees and expenses) required to complete the Landlord Work (or applicable portion(s) thereof) that is the subject of the applicable Work Agreement(s)), (5) that neither Seller nor any third party contractor is in default under the Work Agreement(s), (6) that Seller is not in default under any Lease or License, as applicable, in respect of any applicable Landlord Work and (7) describing, in reasonable detail, any discussions or other feedback from the Tenant or licensee, as applicable, with respect to the Landlord Work that has then been undertaken, or that remains to be completed and (ii) a certification from the third party contractor under each Work Agreement (as to which Completion of Landlord Work has not occurred): (1) of all work that that has not then been completed under the Work Agreement(s), (2) that no amounts are then due and payable under the Work Agreement(s), (3) of such contractor's good faith estimate of all amounts that may become due and payable under the Work Agreement(s) at any time on and after the date of such certification (including without limitation, the cost (inclusive of all fees and expenses) required to complete the Landlord Work (or applicable portion thereof) that is the subject of the applicable Work Agreement), and (4) that neither Seller nor any third party contractor is in default under the Work Agreement(s). At the Closing: (I) Purchaser shall receive a credit against the Purchase Price in an amount equal to one hundred twenty-five percent (125%) of the greater of the amounts described in clauses (i)(4) and (ii)(3) above; (II) Seller shall deliver to Purchaser all materials in Seller's possession or control relating to all Landlord Work that has not been completed and all Work Agreements; and (III) all Work Agreements as to which Completion of Landlord Work has not yet occurred shall constitute "Assumed Contracts" for purposes of this Agreement (provided that the parties acknowledge and agree that the Purchaser's willingness to assume such Work Agreements is based on, and in reliance on the truth, accuracy and completeness of the Sellers' certification set forth above). Within thirty (30) days of the completion of Landlord Work under any Work Agreement that has been assumed by Purchaser hereunder, the Purchaser shall determine, reasonably and in good faith, the total cost of completing the Landlord Work (or any portion thereof) that remained incomplete as of the Closing Date (which costs shall include, without limitation, any costs incurred by Purchaser in respect of such Landlord Work both under the applicable Work Agreement, and otherwise). If (x) Purchaser determines that the amount credited to Purchaser at Closing under this Section 6.2.6 exceeds the cost of completion described in the immediately preceding sentence, then such excess shall be paid by Purchaser to the applicable Seller(s) within ten (10) days of such determination, and if (y) Purchaser determines that the amount credited to Purchaser at Closing under this Section 6.2.6 is less than the cost of completion described in the immediately preceding sentence, then such deficiency shall be paid by the applicable Seller(s) to Purchaser within ten (10) days of such determination. The terms of this Section 6.2.6 shall survive the Closing.

6.2.7 UST – 6110 Property.

(a) Seller shall at Seller's sole cost and expense and as soon as reasonably practicable, but in any event prior to May 6, 2016: (i) empty the UST (and dispose of any and all heating oil (and other contents of the UST) and (ii) lock and secure the fill port, the vent line and

any and all other connections of or to the UST (collectively, the **"Seller's Pre-UST Removal Obligations"**). Seller shall on or before May 9, 2016, provide Purchaser with evidence reasonably satisfactory to Purchaser that the Seller's Pre-UST Removal Obligations have been completed, which evidence shall be accompanied by, *inter alia*, a copy of the manifest from the applicable contractor evidencing the appropriate disposal or recycling of all such materials.

(b) Purchaser and Seller acknowledge and agree that, as soon as reasonably practicable, Seller shall, at Seller's sole cost and expense, remove and dispose of the UST and all contents of the UST (such removal, the **"UST Removal"** and such removal and disposal, the **"Seller's Initial UST Obligations"**). Seller's Initial UST Obligations shall be undertaken by a contractor selected by Seller and reasonably approved by Purchaser, pursuant to a scope and contract that has been approved in writing by Purchaser, such approvals not to be unreasonably withheld or delayed. Seller shall, as promptly as practicable after the Effective Date, establish a date with MDE for the UST Removal (the **"UST Removal Date"**), provided that Seller shall endeavor reasonably and in good faith to establish the UST Removal Date on or before April 29, 2016. Seller agrees to use its good faith and commercially reasonable efforts to cause the UST Removal Date to be on or before June 1, 2016, provided that in the event MDE does not agree to a UST Removal Date that is on or before June 1, 2016, Seller shall cause the UST Removal Date to be the first date thereafter that MDE will agree to as the UST Removal Date. Seller shall cause MDE to be present at the UST Removal, and shall notify Purchaser of the UST Removal Date, in writing, and in any event at least two (2) Business Days promptly after scheduling the UST Removal Date with the Seller and prior to the UST Removal, of the date and time of the UST Removal. Purchaser and/or its representatives, shall be permitted to attend the UST Removal. Commencing as soon as reasonably practicable, Seller shall undertake, at Seller's sole cost and expense, all applicable testing and remediation in respect of the UST as and to the extent recommended or required by MDE and/or Environmental Requirements (such testing and remediation to be undertaken pursuant to documents and procedures reasonably prepared or approved by Hillman in order to appropriately effectuate the recommendations or requirements of MDE) (the **"Seller's Testing/Remediation UST Actions"**), and together with the Seller's Initial UST Obligations, the **"Seller's Testing/Remediation UST Obligations"**). Purchaser acknowledges that such testing and remediation may include the installation of ground water monitoring wells, which may, as and to the extent reasonably approved by Purchaser (it being acknowledged that Purchaser shall approve the installation of such wells to the extent required by Environmental Requirements, but shall have the right to reasonably approve the location of such wells, as well as any other invasive testing or work that is to be undertaken at the 6110 Property) may remain at the 6110 Property at the Closing in the event that the Completion of the UST Actions (as defined below) has not then occurred. For clarification, (i) Seller's Testing/Remediation UST Obligations shall include continuing monitoring of the wells, and remediation, in compliance with and as required by Environmental Requirements, of any and all contaminants and contaminated soil identified by any such wells and related testing and (ii) the completion of the UST Removal on or before the Closing Date shall not be a condition to Closing and the failure to effectuate the complete the UST Removal prior to Closing shall not be a default by Seller hereunder provided that Seller shall have complied with its good faith and commercially reasonable efforts to cause the UST Removal to be completed prior to the Closing Date.

(c) In the event that the UST Removal has not occurred on or before May 18, 2016, the following shall apply: (i) Seller shall allow Purchaser to complete soil sampling around the UST to, *inter alia*, assess the potential for a past release of heating oil (or other UST contents) from the UST in accordance with a scope of work delivered by Purchaser to Seller at least two (2) Business Days prior to the date of such sampling (the “**UST Investigation Scope of Work**”), (ii) Purchaser’s access to the real property for completion of the UST Investigation Scope of Work shall be subject to the terms and conditions of Sections 4.2.2, 4.2.3 and 4.2.5, and Purchaser’s indemnification obligations in Section 6.1 and (iii) Purchaser shall implement the UST Investigation Scope of Work promptly after delivery of the same to Seller, and upon the receipt of the final written results of the same (“**UST Investigation Results**”) shall promptly deliver such final results to Seller. If the UST Investigation Results identify any condition that is required to be remediated pursuant to Environmental Requirements or is reportable to MDE, Seller shall promptly notify MDE of the discharge.

(d) In the event Completion of the UST Actions has not occurred as of the Closing, Seller shall deliver evidence reasonably satisfactory to Purchaser, identifying with specificity and in reasonable detail (and together with all applicable supporting documentation), (i) those portions of the Completion of the UST Actions that have been fully completed and paid for, (ii) those portions of the Completion of the UST Actions that have not been fully completed and paid for and (iii) Hillman’s reasonable and good faith estimate of remaining work (including all applicable testing, remediation, repair and restoration) required in order to achieve Completion of the UST Actions, and all related costs and expenses (“**Seller’s Estimate**”).

(e) In the event that Completion of the UST Actions does not occur at or prior to Closing, Seller shall at all times thereafter endeavor diligently and in good faith to cause Completion of the UST Actions (including, without limitation, the completion of the Seller’s Post-Closing UST Obligations) to occur as soon as reasonably practicable.

(f) Purchaser shall cooperate and provide Seller and its agents, employees, representatives, contractors and consultants with reasonable and continuing access to the 6110 Property after Closing as necessary for Seller to achieve Completion of the UST Actions. Seller shall provide not less than two (2) Business Days’ prior written notice to Purchaser prior to entering the 6110 Property (or not less than five (5) Business Day’s prior written notice in the event that the proposed work could reasonably be expected to impact or interfere with the normal use and operation of the 6110 Property), including a general description for the proposed work to be performed and the estimated time period for the entry or entries. Purchaser shall have the right to have a representative present during any entry by Seller or its agents, employees, representatives, contractors or consultants, but in no event shall Seller be required to delay the performance of any work due to Purchaser’s representative not being present, provided that Seller has timely delivered written notice to Purchaser of such entry as provided above.

(g) Prior to any entry by Seller or Seller’s designees onto the 6110 Property for the purpose of undertaking any of the Seller’s Post-Closing UST Obligations, Seller shall: (i) if Seller or its consultant or contractor accessing the 6110 Property does not then have such a policy in force, procure a policy of commercial general liability insurance, issued by an

insurer reasonably satisfactory to the Purchaser, covering Seller's or its designee's activities at the 6110 Property, with a single limit of liability (per occurrence and aggregate) of not less than \$2,000,000.00; and (ii) to the extent not yet delivered to Purchaser, deliver to Purchaser a Certificate of Insurance evidencing that such insurance is in force and effect, and evidencing that the Purchaser has, and any additional parties as may be reasonably requested by Purchaser have, been named as an additional insured thereunder. In the event that such insurance is required as a result of Seller or any of Seller's designees entering the 6110 Property for the purpose of undertaking any of the Seller's Post-Closing UST Obligations, such insurance shall be written on an "occurrence" basis, and shall be maintained in force until Completion of the UST Actions in accordance with this Section 6.2.7. Seller's (or its designees) entry onto the 6110 Property for the purpose of undertaking any of the Seller's Post-Closing UST Obligations shall constitute a representation by Seller that all insurance required under this Section 6.2.7 remains in full force and effect.

(h) Purchaser understands and agrees that in order for Seller to achieve Completion of the UST Actions, that Seller may have to temporarily damage the 6110 Property with borings or excavations and that there may be some temporary interference with Purchaser's and Tenants' use of the 6110 Property. Seller, at all times, will conduct all of the Seller's UST Obligations in compliance with all Environmental Requirements, and in a manner intended not to cause permanent damage, loss, cost or expense to Purchaser, or permanent damage to any 6110 Property or Tenants, and shall make commercially reasonable efforts not to unreasonably interfere or disturb any Tenants or employees at the 6110 Property. In addition, prior to undertaking any Seller's UST Obligations that may either cause damage to the Property, or interfere with Purchaser's and Tenants' use of the 6110 Property, Seller shall provide Purchaser with detailed plans and specifications showing the activities that Seller will undertake that could cause such damage or interference, as well as Seller's proposed activities to mitigate or otherwise minimize such damage or interference. Seller shall not undertake any such activities unless and until the same have been expressly approved in writing by Purchaser and shall modify any such proposed activities as reasonably requested by Purchaser. Seller will keep the 6110 Property free and clear of any mechanic's liens or materialmen's liens in connection with the Seller's UST Obligations. Seller shall promptly provide Purchaser with copies of any correspondence sent by Seller or any of its designees to or received from MDE or other governmental authorities regarding the Seller's UST Obligations.

(i) Seller shall engage Hillman Consulting, LLC ("**Hillman**") as Seller's consultant having oversight and coordination authority on behalf of Seller in respect of all of Seller's UST Obligations. Seller acknowledges that Hillman has been, or may hereafter also be, engaged on behalf of Purchaser in respect of Seller's UST Obligations.

(j) Seller shall undertake and complete, and shall cause all of Seller's representatives, agents, consultants, employees and contractors to undertake and complete, the Seller's UST Obligations in accordance with all Environmental Requirements and, to the extent not otherwise included therein, all applicable local laws and regulations.

(k) Seller covenants and agrees to defend, indemnify, protect, and hold harmless Purchaser (and its affiliates, employees, representatives, agents, consultants and

contractors), and Tenants from and against any and all Claims arising from the acts and omissions of Seller and its agents, representatives, employees, consultants or contractors occurring in connection with the existence of the UST and the Seller's UST Obligations, except only as and to the extent the same arise from the gross negligence or willful misconduct of the Purchaser or its agents, representatives, employees, consultants or contractors.

(l) As used in this Section 6.2.7, (i) "**MDE**" means the Maryland Department of the Environment (or any successor or replacement agency of the State of Maryland having authority over the matters that are the subject of this Section 6.2.7), (ii) "**UST**" means an underground storage tank located at the 6110 Property, (iii) "**6110 Property**" means the portion of the Property constituting 6110 Executive Boulevard, Rockville, Maryland, (iv) "**Closure Letter**" means a final, unconditional closure letter from MDE pursuant to Code of Maryland Regulations 26.10.01.05.05 (or successor regulation) or an equivalent written document from MDE indicating that no further action is required with respect to the discharge of UST contents (provided that, if the closure letter is addressed to Seller, Seller shall request in writing that such closure letter be re-issued to Purchaser as well, provided that the failure of MDE to re-issue such closure letter addressed to Purchaser shall not cause such closure letter to fail to satisfy this definition), (v) "**Completion of the UST Actions**" shall mean: (w) completion and payment in full of Seller's UST Obligations in accordance with this Section 6.2.7 and all Environmental Requirements, (x) receipt (by Purchaser or Seller, as applicable) of a Closure Letter, (y) closure of any ground water monitoring wells installed by Seller and/or Purchaser and removal of any remediation equipment of Seller and/or Purchaser in compliance with the Environmental Requirements, (z) restoration of the 6110 Property as near as reasonably practical to its condition prior to commencement of the Seller's Pre-UST Removal Obligations, such restoration to be undertaken in accordance with plans and specifications, and with contractors, that have been approved by Purchaser, (vi) "**Seller's Post-Closing UST Obligations**" means, as of the Closing, all remaining Seller's UST Obligations that are required in order to achieve Completion of the UST Actions, and (vii) "**Seller's UST Obligations**" means, collectively, Seller's Pre-UST Removal Obligations, Seller's Testing/Remediation UST Obligations and Seller's Post-Closing UST Obligations.

(m) Notwithstanding anything to the contrary contained herein, at any time from and after the Closing and prior to the Completion of the UST Actions, Purchaser shall, by written notice to Seller, have the right in its sole and absolute discretion, to thereafter complete all or any portion of the Seller's Post-Closing UST Obligations, all at Seller's cost and expense. In connection with any such election by Purchaser, Seller shall promptly (and in any event within two (2) Business Days) (i) as and to the extent selected by Purchaser in its sole discretion, assign any and all contracts and other agreements relating to Seller's UST Obligation to Purchaser pursuant to an assignment and assumption agreement that is based upon and substantially similar to the form set forth on Exhibit F and (ii) deliver all documents and other materials information with respect to the Seller's UST Obligations that are in Seller's possession or control. From and after the date on which such notice is delivered, (i) Seller shall have no further right to enter the 6110 Property in connection with the applicable portion of the Seller's Post-Closing UST Obligations or to undertake the applicable portion of the Seller's Post-Closing UST Obligations hereunder and (ii) and in addition to the Seller's indemnification obligations set forth in paragraph (k) above), if

Purchaser incurs costs and expenses in respect of Seller's Post-Closing UST Obligations, Seller shall, promptly on demand, pay to Purchaser the amount of any and all such costs and expenses.

(n) In the event that the UST Removal does not occur prior to June 15, 2016, but Purchaser reasonably determines, following consultation with Hillman, that the UST Removal can be completed on or before June 24, 2016, Purchaser shall have the right to extend the Closing Date to a date not later than June 27, 2016 by giving written notice of such election to extend to Seller, which notice shall specify the extended Closing Date. Notwithstanding anything to the contrary contained in Section 5.1, in the event that Purchaser exercises its extension option pursuant to this Section 6.2.7(n), Purchaser shall not thereafter have the right to delay the Closing Date pursuant to Section 5.1 to a date after June 27, 2016.

(o) This Section 6.2.7 shall survive Closing.

VII. REPRESENTATIONS AND WARRANTIES

7.1 Purchaser's Representations and Warranties. Purchaser represents and warrants to the Sellers as follows:

7.1.1 Organization and Standing. Purchaser is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Delaware and is, or on the Closing Date will be, duly qualified to do business in each state where such qualification is necessary with respect to all of the Properties, and has the full power and authority to enter into this Agreement and to carry out the transactions contemplated hereby to be carried out by it.

7.1.2 Due Authorization. The performance of this Agreement and the transactions contemplated hereunder by Purchaser have been duly authorized by all necessary action on the part of Purchaser, and this Agreement is binding on and enforceable against Purchaser in accordance with its terms. No further consent of any shareholder, creditor, board of directors, governmental authority or other party to such execution, delivery and performance hereunder is required. The person(s) signing this Agreement, and any document pursuant hereto on behalf of Purchaser, has full power and authority to bind Purchaser.

7.1.3 Lack of Conflict. Neither the execution of this Agreement nor the consummation of the transactions contemplated hereby will violate any restriction, court order, judgment, law, regulation, charter, bylaw, instrument or agreement to which Purchaser is subject.

7.1.4 Solvency/Bankruptcy. Purchaser has not (i) made any general assignment for the benefit of creditors, (ii) filed any voluntary petition in bankruptcy or suffered the filing of an involuntary petition in bankruptcy by Purchaser's creditors, (iii) suffered the appointment of a receiver to take possession of all, or substantially all, of Purchaser's assets, (iv) suffered the attachment or other judicial seizure of all, or substantially all, of Purchaser's assets, (v) admitted in writing its inability to pay its debts as they come due, or (vi) made any offer of settlement, extension or compromise to its creditors generally. Furthermore, Purchaser has not taken against it any such actions.

7.1.5 ERISA. Purchaser does not hold the assets of any employee benefit plan within the meaning of 29 CFR 2501.3-101(a)(2).

7.1.6 OFAC. Neither the Purchaser nor, to Purchaser's actual knowledge, any of its Affiliates, shareholders, beneficial owners, officers, directors, employees, agents or other third parties acting on behalf of any of the foregoing entities, is or has been in the last five (5) years: (i) a Sanctioned Person, (ii) organized, resident, or located in a Sanctioned Country, (iii) operating in, conducting business with, or otherwise engaging in dealings with any Sanctioned Person or in any Sanctioned Country, to the extent such activities violate Sanctions, or (iv) otherwise in violation of any Sanctions or anti-money laundering laws. The term "Sanctioned Person" shall mean any individual, entity, or vessel that is the subject or target of Sanctions, including: (a) any individual, entity, or vessel listed on any U.S. or other applicable sanctions-related restricted party list (including, without limitation, the U.S. Department of Treasury Office of Foreign Assets Control's ("OFAC") List of Specially Designated Nationals and Blocked Persons), (b) any entity that is, directly or indirectly, fifty percent (50%) or greater owned, or otherwise controlled by, one or more individuals or entities described in (a) above, or (c) any national of a Sanctioned Country (excluding any such national that has taken up permanent residence outside the relevant Sanctioned Country). The term "Sanctioned Country" shall mean any country or region that is the subject or target of a comprehensive embargo under Sanctions (including Cuba, Iran, North Korea, Sudan, Syria, and the Crimea region of the Ukraine, as may be amended from time to time). The term "Sanctions" shall mean all economic or financial sanctions, laws, measures, or embargoes administered or enforced by the United States (including by OFAC or the U.S. Department of State), Canada, or any other relevant sanctions-related governmental authority.

7.2 Sellers' Representations and Warranties. Sellers represent and warrant to Purchaser as follows:

7.2.1 Organization and Standing; Ownership. Such Seller is (i) a limited liability company or a real estate investment trust, as reflected on Exhibit A-3 to this Agreement, (ii) duly organized under the laws of the state of its formation, is validly existing, and in good standing under the laws of such state, (iii) qualified or registered to do business in the state where its Property is located (or in the states where its Properties are located), and (iv) has the full power and authority to enter into this Agreement and to carry out the transactions contemplated hereby to be carried out by it. Except only for the Property(ies) that is/are owned directly by WashREIT, WashREIT is the sole direct or indirect beneficial owner of each Seller. SYN-Rock, LLC, a Maryland limited liability company, SME Rock, LLC, a Delaware limited liability company and Trade Rock, LLC, a Delaware limited liability company (collectively, the "TIC Owners"), collectively own 100% of the Property commonly referred to as West Gude Office Park, located at 20, 30, 40 and 50 West Gude Drive, Rockville, Maryland.

7.2.2 Due Authorization. (a) the performance of this Agreement and the transactions contemplated hereunder by such Seller have been duly authorized by all necessary action on the part of such Seller, and this Agreement is binding on and enforceable against such Seller in accordance with its terms; and (b) no further consent of any member, manager, creditor, governmental authority or other party to such execution, delivery and performance hereunder is

required. The person(s) signing this Agreement, and any document pursuant hereto on behalf of the Sellers, has full power and authority to bind the Sellers.

7.2.3 Representations and Warranties Regarding Legal Matters:

(a) Neither the execution of this Agreement nor the consummation of the transactions contemplated herein will cause or constitute a violation of any restriction, court order, judgment, law, regulation, charter, bylaw or operating agreement to which such Seller is subject.

(b) Neither such Seller nor any general partner or managing member of such Seller has (i) made any general assignment for the benefit of creditors, (ii) filed any voluntary petition in bankruptcy or suffered the filing of an involuntary petition in bankruptcy by such Seller's or such general partner's or managing member's creditors, (iii) suffered the appointment of a receiver to take possession of all, or substantially all, of such Seller's or such general partner's or managing member's assets, (iv) suffered the attachment or other judicial seizure of all, or substantially all, of such Seller's or such general partner's or managing member's assets, (v) admitted in writing its inability to pay its debts as they come due, or (vi) made any offer of settlement, extension or compromise to its creditors generally.

(c) None of the Sellers or, to Seller's knowledge, any of their respective Affiliates, shareholders, beneficial owners, officers, directors, employees, agents or other third parties acting on behalf of any of the foregoing entities, is or has been in the last five (5) years: (i) a Sanctioned Person, (ii) organized, resident, or located in a Sanctioned Country, (iii) operating in, conducting business with, or otherwise engaging in dealings with any Sanctioned Person or in any Sanctioned Country, to the extent such activities violate Sanctions, or (iv) otherwise in violation of any Sanctions or anti-money laundering laws. The Sellers have conducted reasonable due diligence on Tenants and licensees to ensure that Tenants and licensees are not Sanctioned Persons, and to ensure compliance with Sanctions and anti-money laundering laws.

(d) No Seller has received any written notice of any pending condemnation proceeding or other proceeding in eminent domain with respect to any Property and to each Seller's knowledge, there are no such pending or threatened proceedings.

(e) Each Seller is a "United States person" (as defined in Section 7701(a)(30)(B) or (C) of the Code) for the purposes of the provisions of Section 1445(a) of the Code.

7.2.4 Representations and Warranties Regarding the Properties:

(a) Neither the execution of this Agreement nor the consummation of the transactions contemplated herein will cause or constitute a violation of any restriction, court order, judgment, law, regulation, instrument, or agreement to which such Seller's Property or Properties (or any portion thereof) are subject.

(b) Except as listed on Disclosure Schedule 4 attached hereto, there are no demands, complaints, actions, suits, arbitrations, governmental investigations or other proceedings pending or, to such Seller's actual knowledge, threatened against or affecting such Seller or its respective

Property or Properties or any portion thereof (any of the foregoing, a “**Proceeding**”) and such Seller has not received written notice of any such Proceeding. If and to the extent any matter listed on Disclosure Schedule 4 represents a liability of Seller as landlord under the applicable Lease or as licensor under the applicable License, then such liability shall remain with Seller to the extent it relates to Seller’s period of ownership (consistent with the last sentences of each of Section 2.3 and Section 2.4). All Proceedings listed on Disclosure Schedule 4 and described as “Other Matters” are covered in full by insurance maintained by Sellers (subject to any applicable deductibles, which will be paid by Seller as and when applicable or required) and no insurer has challenged its obligation to provide insurance in respect of any such Proceedings.

(c) Such Seller has not received written notice of any material default in respect of its obligations under any of the Assumed Contracts, the Licenses or the Leases.

(d) Disclosure Schedule 2-1 contains a true, correct and complete list of all Leases in existence on the Effective Date for the Property or Properties owned by such Seller, including the name of each Tenant, the date of each Tenant’s Lease and all amendments, if any, thereto, the expiration date of each Lease, and the amount of any Security Deposit paid by the Tenant under each Lease. The copies of such Leases provided to Purchaser by such Seller are true, correct and complete copies of such Leases, including all amendments thereto. There are no Leases or other tenancies for any space in the Property or Properties owned by such Seller as of the Effective Date other than those set forth on Disclosure Schedule 2-1. There are no letters of credit or other similar financial instruments held in lieu of Security Deposits under any of the Leases, except as set forth on Disclosure Schedule 2-1. Such Seller does not warrant or represent that any particular Lease will be in effect on the Closing Date, provided that such Seller agrees to provide prompt written notice to Purchaser if any such Lease is no longer in effect prior to the Closing Date, other than Leases which have expired in accordance with their express terms (and which have not been terminated prior to the scheduled expiration). No Person (other than as set forth in Disclosure Schedule 2-1) has any option or right to acquire, occupy or lease the Properties or any part thereof.

(e) Disclosure Schedule 11 sets forth a true and complete list, with respect to each of the Licenses, of the name of each licensee, the date of each License and all amendments, if any, thereto, and the expiration date of each License in existence on the Effective Date, as well the amount of any Security Deposit paid by the licensee under each such License. The copies of such Licenses provided to Purchaser prior to the Effective Date by such Seller are true, correct and complete copies of such Licenses, including all amendments thereto. Such Seller does not warrant or represent that any particular License will be in effect on the Closing Date, provided that such Seller agrees to provide prompt written notice to Purchaser if any such License is no longer in effect prior to the Closing Date other than Licenses which have expired in accordance with their express terms (and which have not been terminated prior to the scheduled expiration).

(f) Except as set forth on Disclosure Schedule 2-3 and Disclosure Schedule 2-4 (as each of the same may be updated (x) in connection with Leases entered into by Seller pursuant to the express terms of this Agreement after the Effective Date and (y) as expressly set forth in the next succeeding sentence), there are no Lease Expenses under any Lease or License that are due as of the Closing Date or, as of the Effective Date, will become due after the Closing

Date. Seller shall have the right to update and revise Disclosure Schedule 2-3 and/or Disclosure Schedule 2-4 prior to the Closing Date (each, an “**Updated Disclosure**”) provided that, any such Updated Disclosure shall only reflect Landlord Work and other Lease Expenses that have actually been completed and paid for by Seller prior to the effective date of such Updated Disclosure.

(g) The Assumed Contracts enumerated on Disclosure Schedule 1, together with the Leases, Licenses and any agreements specifically included as a Permitted Exception hereunder, comprise all of the contracts which will affect the Seller’s Property and be binding upon Purchaser from and after the Closing. The Contracts enumerated on Disclosure Schedule 3, together with the Leases, Licenses and any agreements specifically referenced on Schedule B-II in the Title Commitments (and which are not also Required Cure Items), comprise all of the contracts which currently affect the Seller’s Property. The Seller has delivered true, correct and complete copies of all of such Contracts to Purchaser. The Seller is not in default under any of the Contracts. To such Seller’s knowledge, no contractor or vendor is in material default under any Contract affecting the Seller’s Property and no contractor or vendor has asserted in writing any defenses on the part of such contractor which would exist after the Closing Date based upon any defaults by the Seller under a Contract.

(h) As of the Effective Date there do not exist any agreements pursuant to which such Seller will or may be required to pay a Leasing Commission with respect to space covered by the Leases, or as to any other space in the Property or Properties (including, without limitation, the Licenses), other than the agreements listed on Disclosure Schedule 2-2.

(i) To such Seller’s actual knowledge, the Environmental Reports include all of the phase I and phase II environmental reports related to the Property or Properties owned by such Seller and in the possession or control of such Seller. Such Seller has not received a written notice from any governmental authority in which it is alleged that the Property or Properties of such Seller are not in compliance with Environmental Requirements, other than such notices as have been provided to the Purchaser.

(j) Except as listed on Disclosure Schedule 4 attached hereto, such Seller has not received written notice from any government agency or any employee or official thereof alleging that the construction of the Property or Properties owned by such Seller or the operation or use of the same fails to comply with any Legal Requirement, or that any investigation has been commenced or is contemplated respecting any such possible failure of compliance, and such Seller and has no actual knowledge of any such failure of compliance.

(k) Seller has not received any written notice from any governmental authority of (x) a violation of any applicable law with respect to such Seller’s Property, or (y) noncompliance with zoning or other applicable federal, state or local requirements pertaining to the use, occupancy and operation of such Seller’s Property, which has not been cured or dismissed.

(l) Attached hereto as Disclosure Schedule 9 is a true, correct and complete inventory of the Personal Property owned by such Seller. The Seller is the owner of such portion of the Personal Property as constitutes tangible property, free and clear of all liens, claims and encumbrances.

(m) To the Sellers' knowledge, the Due Diligence Materials once delivered or made available to Purchaser in accordance with the terms of this Agreement, have been delivered without intentional alteration or omission.

(n) There are no employee benefit or collective bargaining contracts to which such Seller's Property is subject that will bind the Property after the Closing Date. Purchaser is not assuming any liability with respect to any employees of the Seller or the Seller's property manager, and the Seller shall retain all liability for compensation and benefits payable to any such employees. The Seller does not have any employees except those whose positions are set forth on Disclosure Schedule 10.

(o) No Seller has received any written notice from any insurance company or underwriter of any defects that would render any of the Properties uninsurable.

7.3 Post Due Diligence Disclosures. Any Seller may amend and supplement the representations and warranties made by such Seller herein (each, a "**Post Due Diligence Disclosure**"), including, without limitation, by providing amendments or supplements to any schedule, or providing a new schedule, to this Agreement from time to time upon written notice to Purchaser and without Purchaser's consent to the extent that (A) (i) the representations and warranties with respect to the matter disclosed by such Post Due Diligence Disclosure was true as of the Effective Date, (ii) such Post Due Diligence Disclosure is necessary in order for the applicable representation or warranty or the information disclosed therein to remain true, and (iii) no Seller had knowledge as of the Effective Date of the matter being disclosed in such Post Due Diligence Disclosure, and (B) the matter being disclosed in such Post Due Diligence Disclosure is not the result of any Seller's default under this Agreement. Liabilities that are incurred (or reasonably may be expected to be incurred) or arise (or are reasonably expected to arise) as a result of events, circumstances, acts, omissions or states of facts disclosed in any Post Due Diligence Disclosure are referred to herein as "**Supplemental Losses**". If the Supplemental Losses are equal to or less than \$4,500,000, Purchaser shall proceed to Closing and receive a credit against the Purchase Price in the amount of the Supplemental Losses. If the Supplemental Losses exceed \$4,500,000 (in which case, if Purchaser proceeds to Closing, Purchaser shall receive a credit against the Purchase Price at Closing equal to \$4,500,000), Purchaser shall have the right to (i) proceed to Closing and waive the amount of such Supplemental Losses over \$4,500,000, or (ii) to terminate this Agreement, in which event Purchaser shall be entitled to (x) a return of the Earnest Money Deposit plus (y) (i) the receipt of an additional \$1,000,000, as liquidated damages, which amounts shall be paid by Seller in accordance with Section 9.2 and (ii) if such Post Due Diligence Disclosure is the result of a Seller Default, all Purchaser Costs, which amounts shall be paid by Seller in accordance with Section 9.2; and upon such payments and receipts, the parties shall have no further obligations hereunder except to the extent the same expressly survive termination of this Agreement.

7.4 Representations and Warranties Deemed Modified . If the Closing occurs: (a) each of the representations and warranties made by Purchaser herein shall be deemed modified if and to the extent necessary to reflect and be consistent with any facts or circumstances of which the Sellers have actual knowledge as of the Closing Date; and (b) each of the representations and warranties made by each Seller herein shall be deemed modified if and to the extent necessary to reflect and

be consistent with any facts or circumstances of which Purchaser has actual knowledge as of the Closing Date.

7.5 Sellers' Knowledge. Wherever the phrase "to Seller's actual knowledge" or any similar phrase stating or implying a limitation on the basis of knowledge appears in this Agreement in respect of a Seller, such phrase means only the actual knowledge of Karen Clark, director of due diligence for WashREIT, and/or Mandy Wedin, asset manager of the Properties, in each case without any duty of inquiry (other than appropriate consultation by Karen Clark with all applicable Property management staff of Seller, including without limitation, with respect to the representations and warranties contained in this Agreement), any imputation of the knowledge of another, or independent investigation of the relevant matter by any individual(s), and without any personal liability. Wherever the phrase "in Seller's possession", "in the possession of Seller" or similar phrase appears in this Agreement, such phrase shall be deemed to mean only to the extent the material or other item referred to by such phrase is located at a Property or in the Sellers' offices in Washington, DC.

7.6 Purchaser's Knowledge. Wherever the phrase "to Purchaser's actual knowledge" or any similar phrase stating or implying a limitation on the basis of knowledge appears in this Agreement in respect of Purchaser, such phrase means only the actual knowledge of Robert Swennes and/or Steven Ganeless, without any duty of inquiry, any imputation of the knowledge of another, or independent investigation of the relevant matter by any individual(s), personal liability.

VIII. CONDITIONS PRECEDENT TO CLOSING

8.1 Conditions to Sellers' Obligations. The obligation of the Sellers to close the transaction contemplated hereunder shall be subject to the satisfaction of each of the following conditions precedent:

8.1.1 Each of Purchaser's representations and warranties set forth in this Agreement shall be correct in all material respects as of the Closing Date as if made on and as of such date.

8.1.2 The Purchaser shall have deposited the Closing Payment, as well as the documents and instruments specifically listed in Section 5.3 hereof with Escrow Agent on or before the Closing Date.

8.1.3 Purchaser shall have performed all of its obligations under this Agreement required at or prior to Closing, in all material respects.

The foregoing conditions contained in this Section 8.1 are intended solely for the benefit of the Sellers. The Sellers shall at all times have the right to waive any condition precedent, provided that such waiver is in writing and delivered to Purchaser and Escrow Agent.

8.2 Conditions to Purchaser's Obligations. The obligations of Purchaser to close the transaction contemplated hereunder shall be subject to the satisfaction of each of the following conditions precedent:

8.2.1 Each Seller's representations and warranties set forth in this Agreement shall be correct in all material respects as of the Closing Date as if made on and as of such date;

8.2.2 The Sellers shall have deposited the documents and instruments specifically listed in Section 5.2 hereof with Escrow Agent on or before the Closing Date;

8.2.3 The Sellers shall have performed all of the Sellers' obligations under this Agreement required to be performed at or prior to Closing, in all material respects.

8.2.4 The title of each Seller to its respective Property shall be subject to no Liens or Encumbrances other than Permitted Exceptions or those that Seller has Cured or made arrangements to Cure, to the satisfaction of Purchaser and the Title Company.

8.2.5 The Sellers shall have delivered to Purchaser Satisfactory Tenant Estoppel Certificates (as defined below) from Tenants so that there shall have been obtained Satisfactory Tenant Estoppel Certificates (x) from all Tenants that lease or otherwise occupy, pursuant to a Lease (or Leases), more than 20,000 square feet of Leased Space in the aggregate (such tenants collectively, the "**Required Tenants**"; such Satisfactory Tenant Estoppel Certificates collectively, the "**Required Tenant's Satisfactory Tenant Estoppel Certificates**") and (y) from Tenants covering, in the aggregate, not less than eighty percent (80%) of the Leased Space. The Sellers agree to provide Purchaser with completed Tenant Estoppel Certificates prior to delivery to the Tenants, which shall be subject to Purchaser's approval not to be unreasonably withheld, conditioned or delayed. "**Satisfactory Tenant Estoppel Certificate**" shall mean any Tenant Estoppel Certificate (or, as applicable, Statement of Lease) that is executed by the applicable Tenant and which does not (i) allege therein any material default under the applicable Lease or any claim of offset, defense, counterclaim, or rent credit (other than as provided in the Lease), (ii) state any facts materially inconsistent with the applicable Lease or the rent rolls provided by the Sellers to Purchaser, or (iii) contain any other materially adverse information not contained in the completed form of such certificate as approved by Purchaser and delivered to the applicable Tenant. Notwithstanding the foregoing, any Seller shall have the right (but shall not be obligated to) substitute an estoppel certificate executed by such Seller (a "**Seller Lease Estoppel Certificate**") containing the information set forth in the form of the Seller Estoppel Certificate attached hereto as Exhibit L-2 and such estoppel certificate shall have the same effect under this Section 8.2.5 as an estoppel certificate executed by the Tenant; provided, however, that Seller Lease Estoppel Certificates shall be permitted to cover not more than fifteen percent (15%) of the Leased Space, and provided further that no Seller Lease Estoppel Certificate may be given with respect to any Required Tenant's Satisfactory Tenant Estoppel Certificate. If the applicable Tenant shall thereafter provide a Satisfactory Tenant Estoppel Certificate to Purchaser, then such Seller Estoppel Certificate shall thereupon be null and void and of no further force or effect.

8.2.6 The Seller's shall have delivered Satisfactory Licensee Estoppel Certificates (as defined below) from all Required Licensees. The Sellers agree to provide Purchaser with completed Licensee Estoppel Certificates prior to delivery to the licensees, which shall be subject to Purchaser's approval not to be unreasonably withheld, conditioned or delayed. "**Satisfactory Licensee Estoppel Certificate**" shall mean any Licensee Estoppel Certificate that is executed by the applicable Required Licensee and which does not (i) allege therein any material default under

the applicable License or any claim of offset, defense, counterclaim, or rent credit (other than as provided in the License), (ii) state any facts materially inconsistent with the applicable License or Disclosure Schedule 11 attached hereto), or (iii) contain any other materially adverse information not contained in the completed form of such certificate as approved by Purchaser and delivered to the applicable Licensee. The Sellers shall use commercially reasonable efforts to obtain Licensee Estoppel Certificates from the Required Licensees. To the extent that the Sellers have not delivered to Purchaser Satisfactory Licensee Estoppel Certificates from each of the Required Licensees, Seller shall deliver to Purchaser an estoppel certificate executed by such Seller (a “**Seller License Estoppel Certificate**”), with respect to each licensee for which a Satisfactory Licensee Estoppel Certificate has not been delivered, each containing the information set forth in the form of the Seller License Estoppel Certificate attached hereto as Exhibit L-4. If the applicable licensee shall thereafter provide a Satisfactory Licensee Estoppel Certificate to Purchaser, then such Seller License Estoppel Certificate shall thereupon be null and void and of no further force or effect.

8.2.7 The Sellers shall have delivered Satisfactory REA Estoppel Certificates (as defined below) with respect to the Required REAs. The Sellers agree to provide Purchaser with completed REA Estoppel Certificates prior to delivery thereof to the applicable signatory, which shall be subject to Purchaser’s approval not to be unreasonably withheld, conditioned or delayed. “**Satisfactory REA Estoppel Certificate**” shall mean any REA Estoppel Certificate that is executed by the applicable signatory and which does not (i) allege therein any material default by the applicable Seller, or (ii) contain any other materially adverse information not contained in the completed form of such certificate as approved by Purchaser and delivered to the applicable signatory. The Sellers shall use commercially reasonable efforts to obtain REA Estoppel Certificates for the Required REAs. To the extent that the Sellers have not delivered to Purchaser Satisfactory REA Estoppel Certificates for each of the Required REAs, Seller shall be deemed to have satisfied the foregoing condition precedent if the Title Company shall issue an ALTA 9.2 Comprehensive Endorsement (Restrictions, Encroachments and Minerals – Improved Land) to the Owner’s Policy of Title Insurance to be issued in favor of Purchaser insuring against any loss or damage sustained by Purchaser in connection with a violation, existing as of the Closing Date, of any covenant, condition, limitation or restriction contained in any Required REAs there were not delivered. In the event the condition precedent in this Section 8.2.7 is satisfied pursuant to the immediately preceding sentence, Seller shall be required to deliver to the Title Company an affidavit in such form as may be reasonably required by the Title Company in order to issue such endorsement.

8.2.8 At Closing, the Title Company shall be committed (subject only to payment of the premiums therefor, including any additional premiums for endorsements requested by Purchaser (all at ordinary rates and without indemnity or other liability of Purchaser), and delivery by Purchaser of such instruments and materials as the Title Company may require for the issuance of any endorsements) to issue to Purchaser Owner’s Policy of Title Insurance in the forms attached hereto as Disclosure Schedule 13, insuring Purchaser’s fee simple title to each Property for the sum amount equal to such Property’s Allocated Amount, subject only to the Permitted Exceptions.

The foregoing conditions contained in this Section 8.2 are intended solely for the benefit of Purchaser. Purchaser shall at all times have the right to waive any condition precedent, provided that such waiver is in writing and delivered to the Sellers and Escrow Agent.

8.3 Failure of Conditions to Closing. The Sellers and Purchaser shall use commercially reasonable efforts to satisfy the conditions to Closing set forth herein. If the Closing does not occur because of the failure of one of the conditions set forth in Section 8.1, the Sellers shall have the remedies set forth in Section 9.1. If the Closing does not occur because of the failure of one of the Conditions set forth in Section 8.2, the Purchaser shall have the remedies set forth in Section 9.2.

IX. REMEDIES FOR PRE-CLOSING AND POST-CLOSING DEFAULTS; LIQUIDATED DAMAGES

9.1 Default by Purchaser Prior to Closing. If (a) any of the representations or warranties made by Purchaser herein are inaccurate as of the Closing Date in any material respect and such inaccuracy prevents the Closing from occurring as provided for herein, (b) after all of the conditions to Purchaser's obligations to proceed with the Closing have been satisfied or, in lieu thereof, waived in writing by Purchaser, Purchaser fails to deposit the Closing Payment and the documents and instruments specifically listed in Section 5.3 hereof with Escrow Agent on the Closing Date, or (c) Purchaser fails or refuses to perform any of Purchaser's other material covenants or agreements to be performed by Purchaser under this Agreement at Closing (any of the foregoing circumstances being referred to herein as a "**Purchaser Default**"), then the Sellers' sole remedies shall be (i) to terminate this Agreement and receive the Earnest Money Deposit, whereupon the Earnest Money Deposit shall be delivered to the Sellers and neither party shall have any further rights or obligations hereunder, each to the other, except for any obligations or rights that expressly survive termination of this Agreement, and the right of the Sellers to collect such liquidated damages from Purchaser and Escrow Agent; or (ii) to consummate the transactions contemplated hereby, without any abatement or reduction in the Purchase Price on account thereof. If the Closing does not occur because of a Purchaser Default, Purchaser and the Sellers agree that it would be impractical and extremely difficult to estimate the damages which the Sellers may suffer. Therefore, Purchaser and the Sellers hereby agree that, in the event of a Purchaser Default, a reasonable estimate of the total damages that the Sellers would suffer from a Purchaser Default is and shall be an amount equal to the Earnest Money Deposit. Said amount shall be the full, agreed and liquidated damages for the Purchaser Default, and the recovery of such amount shall be the Sellers' sole remedy at law or in equity as a result of a Purchaser Default. All of the claims to damages or other remedies as a result of a Purchaser Default are expressly waived by the Sellers.

9.2 Default by Sellers Prior to Closing. If (a) the condition to Closing set forth in Section 8.2.1 is not satisfied as of the Closing Date, (b) after all of the conditions to the Sellers' obligations to proceed with the Closing have been satisfied or, in lieu thereof, waived in writing by the Sellers, the condition to Closing set forth in Section 8.2.2 is not satisfied as of the Closing Date, or (c) the condition to Closing set forth in Section 8.2.3 is not satisfied as of the Closing Date (any of the foregoing circumstances being referred to herein as a "**Seller Default**"), then Purchaser may elect, as Purchaser's sole and exclusive remedy for a Seller Default, either: (i) to pursue an action against the Sellers for specific performance, provided that such action must be initiated within ninety (90) days following the date on which the Closing should have occurred in accordance with this Agreement; or (ii) to terminate this Agreement and thereupon to receive the Earnest Money Deposit and reimbursement from Sellers of the third-party out-of-pocket costs actually incurred by Purchaser

in connection with the transaction contemplated by this Agreement up to a maximum of Four Hundred Thousand and 0/100 (\$400,000.00) (the “**Purchaser Costs**”). Notwithstanding the foregoing, if specific performance is not available as a result of actions taken (or not taken) by or on behalf of any Seller in bad faith, Purchaser shall be entitled to pursue all remedies at law or in equity in respect of such Seller Default, subject to the limitations of Section 9.4 hereof. Furthermore, and notwithstanding the foregoing or anything in this Agreement to the contrary, in the event that Closing does not occur as provided for herein for any reason other than a Purchaser Default (and regardless of whether such failure to close is the result of a Seller Default), Purchaser shall be entitled to receive the Earnest Money Deposit (without duplication of the return of Earnest Money Deposit under any other terms or provisions of this Agreement (including the terms of clause (ii) of the first sentence of this Section 9.2)) and Sellers shall pay to Purchaser liquidated damages in the amount of One Million and 00/100 Dollars (\$1,000,000), which amount (together with the Purchaser Costs, if applicable), is agreed by the Sellers and the Purchaser to be a reasonable estimate of the total damages that the Purchaser would suffer in the event that the transaction hereunder were to fail to close. All other claims to damages or other remedies in connection with a Seller Default (other than as specified in this Section 9.2) are expressly waived by Purchaser. The refund of the Earnest Money Deposit and the payment of the expenses and other liquidated damages as set forth herein is not intended as a forfeiture or penalty, but is intended to constitute liquidated damages to Purchaser.

9.3 Limitations of Purchaser’s Post-Closing Claims. Each of the Sellers shall be jointly and severally liable for the obligations and liabilities of each other Seller under this Agreement, subject to the following limitations. Notwithstanding any provision to the contrary herein or in any document or instrument (including any deeds, bill of sale or assignments) executed by any Seller and delivered to Purchaser at or in connection with the Closing (collectively, “**Closing Documents**”), no Seller shall have any liability whatsoever with respect to, and Purchaser shall be forever barred from making or bringing any Claims or asserting any liability against a Seller with respect to any of the representations and warranties set forth in Section 7.2 of this Agreement, to the extent that the total liability of all of the Sellers for such Claims, liabilities and breaches of any of the foregoing representation and warranties would otherwise exceed the Cap Amount. As used herein the “**Cap Amount**” means an amount equal to two percent (2%) of the Purchase Price. For clarification, Purchaser shall in all events be entitled to bring Claims and to receive amounts from Sellers hereunder in an aggregate amount not to exceed the sum of (x) the Cap Amount plus (y) all costs and expenses incurred by Purchaser in prosecuting, pursuing and/or collecting such amounts.

9.4 Other Limitations of Claims. Notwithstanding anything to the contrary contained in this Agreement, in no event shall any Seller or Purchaser be liable for indirect, special, consequential or punitive damages of any kind, and Sellers and Purchaser shall all be barred from and hereby waives any Claim for the same.

9.5 Survival of Purchaser’s Claims. The representations and warranties of the Sellers contained in Section 7.2 shall survive only until the date that is nine (9) months after the Closing Date (the “**Survival Date**”); provided, however, that the “**Survival Date**” shall be extended with respect to any representation or warranty as to which Purchaser shall have, on or before the expiration of such nine (9) month period, either (a) commenced a legal proceeding based on the breach thereof

as of the date of Closing or (b) provided written notice to the Sellers of such a breach on or before the date that is nine (9) months after the Closing Date and thereafter commences a legal proceeding based on such breach within twelve (12) months after the Closing Date, and such extension of the Survival Date shall be only for so long as such proceeding shall continue (including any period prior to the commencement of such proceeding in the event Purchaser has delivered written notice to the Sellers of such breach, as above, provided that in such event Purchaser shall commence a legal proceeding based on such breach on or before the date that is twelve (12) months after the Closing Date, as above), and limited to the breach therein claimed. Any permitted Claim that Purchaser may have at any time against a Seller for breach of any such representation or warranty, whether known or unknown, with respect to which a written notice providing specific details of the alleged breach (a “**Claim Notice**”) has not been delivered to the Sellers on or prior to the Survival Date, shall not be valid or effective and the party against whom such Claim is asserted shall have no liability with respect thereto. Any Claim that Purchaser may have at any time against a Seller for a breach of any such representation or warranty, whether known or unknown, with respect to which a Claim Notice has been delivered to the Sellers on or prior to the Survival Date (a “**Pending Claim**”) may be the subject of subsequent litigation brought by Purchaser against the Sellers.

9.6 Survival of Sellers’ Claims. Except as otherwise specifically set forth in this Agreement, the representations and warranties of Purchaser contained herein or in any document or instrument executed by Purchaser and delivered to the Sellers at or in connection with the Closing (collectively, “**Purchaser Closing Documents**”) shall survive only until the Survival Date. Any Claim that the Sellers may have any time against Purchaser for breach of any such representation and warranty, whether known or unknown, with respect to which a Claim Notice has not been delivered to Purchaser on or prior to the Survival Date, shall not be valid or effective and the party against whom such Claim is asserted shall have no liability with respect thereto. Any Claim that the Sellers may have at any time against Purchaser for a breach of any such representation or warranty, whether known or unknown, with respect to which a Claim Notice has been delivered to Purchaser on or prior to the Survival Date may be the subject of subsequent litigation brought by the Sellers against Purchaser.

9.7 Limitations on Liability.

9.7.1 The parties hereto confirm and agree that in each instance herein where a party or its Affiliates is entitled to payment or reimbursement for damages, costs or expenses pursuant to the terms and conditions of this Agreement, any payment or reimbursement made to such party shall be conclusively deemed to be for the account of both such party and its Affiliates.

9.7.2 To the maximum extent permitted by applicable law, no shareholder, director, officer or employee of any party to this Agreement shall have any personal liability with respect to the liabilities or obligations of such party under this Agreement or any document executed by such party pursuant to this Agreement.

9.8 Joinder. In furtherance of the joint and several liability of the Sellers, and notwithstanding anything in this Agreement to the contrary, all liabilities of Seller under this Agreement or any document delivered by Seller pursuant to this Agreement are, to the extent not a direct liability of WashREIT, hereby guaranteed (the “**Guaranty**”), by WashREIT (in such capacity, “**Guarantor**”). The Guaranty shall be subject to all of the limitations and applicable provisions set forth in this Agreement (including, without limitation and as and to the extent applicable, the Cap Amount with respect to Seller’s breach of representations and warranties as set forth in Section 9.3 and the provisions of Sections 9.4 and 9.5). In the event that Purchaser has not asserted any claims arising from breaches of Seller’s representations and warranties in writing by notice to Seller on or prior to the Survival Date, then Guarantor shall automatically be released from its obligations with respect to such claims under this Section 9.8.

9.9 Survival. Article IX shall survive the termination of this Agreement and Closing.

X. BROKERS

The Sellers represent and warrant to Purchaser, and Purchaser represents and warrants to the Sellers, that except for Cushman & Wakefield (“**Broker**”), no broker or finder has been engaged by the Sellers, Purchaser or their affiliates, respectively, in connection with the transaction contemplated by this Agreement or to its knowledge is in any way connected with this transaction. Purchaser shall be responsible for the payment of any commission, finder’s fee or other sum initiated by any broker, commission agent or other person engaged or retained by Purchaser in connection with the transaction contemplated by this Agreement. The Sellers shall be responsible for the payment of any commission, finder’s fee or other sum initiated by any broker, commission agent or other person engaged or retained by the Sellers in connection with the transaction contemplated by this Agreement, including without limitation, Broker. The Sellers and Purchaser (except with respect to the commission which shall be paid by the Sellers to Broker) each agree to Indemnify the other with respect to Claims for payment of any commission, finder’s fee or other sum initiated by any broker, commission agent or other person which such party or its representatives has engaged or retained, or which shall be based upon any statement or agreement alleged to have been made by such party, in connection with the transaction contemplated by this Agreement or the sale of all of the Properties by the Sellers. The provisions of this Article X shall survive the Closing.

XI. NOTICES

Except as otherwise expressly provided in this Agreement, all notices, requests, demands and other communications hereunder (each, a “**Notice**”) shall be in writing and shall be deemed delivered by (i) email (in which case delivery shall be deemed to occur upon transmission to the designated email addresses below) or (ii) overnight delivery service (next business day delivery) (in which case delivery shall be deemed to occur on the next business day at 12:00 noon), as follows:

If to all or any of the Sellers: c/o Washington Real Estate Investment Trust
1775 Eye Street, NW
Suite 1000

Washington, D.C. 20006
Attention: Andrew Leahy,
Senior Director of Acquisitions
Telephone: (202) 774-3245
Email: aleahy@washreit.com

- and -

Attention: Thomas Morey,
Senior Vice President & General Counsel
Telephone: (202) 774-3165
E-Mail: tmorey@washreit.com

with a copy to:

Venable LLP
575 7th Street, NW
Washington, D.C. 20004
Attention: Robert G. Gottlieb, Esq.
Telephone: (202) 344-8526
Email: rggottlieb@venable.com

If to Purchaser:

c/o Brookfield Properties Inc.
Brookfield Place
250 Vesey Street, 15th Floor
New York, NY 10281-1023
Attention: Robert Swennes
Telephone: (202) 467-7790
E-mail: robert.swennes@brookfield.com

with a copy to:

Goodwin Procter LLP
Attention: Ross D. Gillman, Esq.
Telephone: (212) 813-8811
Email: rgillman@goodwinprocter.com

If to Escrow Agent:

Fidelity National Title Insurance Company
485 Lexington Avenue, 18th Floor
New York, New York 10017
Attention: Nick DeMartini, Managing Counsel
Telephone: (212) 845-3132
Email: ndemartini@fnf.com

with a copy to the Sellers or to Purchaser, as applicable.

Any correctly-addressed Notice that is refused, unclaimed or undelivered because of an act or omission of the party to be notified shall be considered to be effective as of the first day that the Notice was refused, unclaimed or considered undeliverable by the overnight delivery service or by such party's email service. The parties hereto shall have the right from time to time, and at any time, to change their respective addresses and each shall have the right to specify as its address any other address within the United States of America, by giving to the other party at least ten (10) days prior Notice thereof, in the manner prescribed herein; provided, however, that to be effective, any such change of address must be actually received (as evidenced by a return receipt, if sent by overnight delivery service). Telephone numbers are listed for convenience purposes only and not for the purposes of giving Notice pursuant to this Agreement. Any Notice that is required or permitted to be given by either party to the other under this Agreement may be given by such party or its legal counsel, who are hereby authorized to do so on the party's behalf.

XII. MISCELLANEOUS

12.1 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Maryland. If any legal action is necessary to enforce the terms and conditions of this Agreement, the parties hereby agree that the courts in the State of Maryland shall be the sole jurisdiction and venue for the bringing of the action.

12.2 Professional Fees and Costs . If a lawsuit or other proceedings are instituted by any party to enforce any of the terms or conditions of this Agreement against any other party hereto, the prevailing party in such litigation or proceedings shall be entitled, as an additional item of damages, to such reasonable attorneys' and other professional fees and costs (including, but not limited to, witness fees), court costs, travel expenses, and other reasonable, actual, out-of pocket expenses or costs of such other proceedings, which amount shall be determined by any court of competent jurisdiction or other judicial or quasi-judicial body having jurisdiction thereof, whether or not such litigation or proceedings proceed to a final judgment or award. For the purposes of this section, any party receiving an award or judgment for damages or other amounts shall be deemed to be the prevailing party, regardless of amount of the damage awarded or whether the award or judgment was based on all or some of such party's claims or causes of action, and any party against whom a lawsuit or other proceeding is instituted and later voluntarily dismissed by the instituting party shall be deemed to be the prevailing party.

12.3 Exhibits and Disclosure Schedules a Part of This Agreement. The Exhibits and Disclosure Schedules attached hereto are incorporated in this Agreement by reference and are hereby made a part hereof.

12.4 Executed Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document. This Agreement shall become effective upon the due execution and delivery of this

Agreement to the parties hereto. In order to expedite the transaction contemplated herein, telecopied, facsimile, .PDF or other electronic signatures may be used in place of original signatures on this Agreement. Seller and Purchaser intend to be bound by the signatures on the telecopied, .PDF or other electronic document, are aware that the other party will rely on the telecopied, .PDF or other electronic signatures, and hereby waive any defenses to the enforcement of the terms of this Agreement based on the form of signature.

12.5 Assignment. Purchaser may not assign, convey and otherwise transfer all or any part of its interest or rights herein without the prior written consent of the Sellers, which consent may be withheld in the Sellers' sole discretion. Notwithstanding the foregoing, however, Purchaser may (without the Sellers' consent and without any requirement of notice to the Sellers) assign and transfer in whole or in part as to any specific Property all of its rights and obligations under this Agreement to one (1) or more wholly owned subsidiary(ies) of Purchaser (which subsidiary(ies) are, at the time of assignment and at the time of Closing, disregarded entities of Purchaser for Federal income tax purposes), in the form of the Assignment of Purchase Agreement attached hereto as Exhibit K. Purchaser shall not be released of any of its obligations under this Agreement as a result of any assignment through Closing, but the assigning Purchaser shall be released of all liabilities hereunder accruing from and after Closing. Any assignment as permitted in the preceding sentence shall be conditioned upon Purchaser delivering to the Sellers and Escrow Agent a copy of a fully-executed copy of the assignment agreement which shall (by the terms thereof) indicate that such assignee(s) is/are a disregarded entity(ies) of Purchaser for Federal income tax purposes. The Sellers may not assign or transfer their respective rights or obligations under this Agreement without the prior written consent of Purchaser. No transfer or assignment by either party in violation of the provisions hereof shall be valid or enforceable.

12.6 IRS - Form 1099-S. For purposes of complying with Section 6045 of the Code, Escrow Agent shall be deemed the "person responsible for closing the transaction" and shall be responsible for obtaining the information necessary to file with the Internal Revenue Service Form 1099-S, "Statement for Recipients of Proceeds from Real Estate, Broker and Barter Exchange Transactions."

12.7 Successors and Assigns. Subject to the provisions of Section 12.5 hereof, this Agreement shall be binding upon and inure to the benefit of the parties' respective successors and permitted assigns.

12.8 Time is of the Essence. Time is of the essence of this Agreement.

12.9 Entire Agreement. This Agreement, and Exhibits and Disclosure Schedules and other documents and instruments attached to or referenced herein, contain the entire understanding and agreement between the parties hereto with respect to the purchase and sale of all of the Properties, and all prior and contemporaneous understandings, letters of intent, agreements and representations, whether oral or written, are entirely superseded. Except for any of the following expressly contained in this Agreement, the Sellers and Purchaser each expressly disclaim any reliance on any oral or written representations, warranties, comments, statements or assurances made by the Sellers, Purchaser, and any of their respective affiliates, and their respective agents, employees, representatives, attorneys or brokers, as an inducement or otherwise, to Purchaser's and the Sellers'

respective execution hereof. No amendment of this Agreement shall be binding unless in writing and executed by the parties hereto.

12.10 Further Assurances. Whenever and so often as requested by a party, the other party will promptly execute and deliver or cause to be executed and delivered all such other and further instruments, documents or assurances, and promptly do or cause to be done all such other and further things as may be necessary and reasonably required in order to further and more fully vest in such requesting party all rights, interests, powers, benefits privileges and advantages conferred or intended to be conferred upon it by this Agreement, or to effectuate the termination of this Agreement and cancellation of the Escrow (if otherwise permitted hereunder). The terms of this section shall survive Closing and/or termination of this Agreement.

12.11 Waiver. Failure or delay by either party to insist on the strict performance of any covenant, term, provision or condition hereunder, or to exercise any option herein contained, or to pursue any claim or right arising herefrom, shall not constitute or be construed as a waiver of such covenant, term, provision, condition, option, claim or right (except that if a party proceeds to Closing, notwithstanding the failure of a condition to its obligation to close, then such condition shall be deemed waived by virtue of the Closing). Any waiver by either party shall be effective only if in a writing delivered to the other party hereto and setting forth, with specificity, the covenant, term, provision or condition so waived. Any such waiver shall not constitute or be construed as a continuing waiver of any subsequent default.

12.12 Headings. The headings of this Agreement are for purposes of convenience only and shall not limit or define the meaning of the provisions of this Agreement.

12.13 Risk of Loss. With respect to each Property, the risk of loss shall be as follows:

12.13.1 Risk of Loss. Until the Closing Date, each Seller shall bear the risk of loss resulting from damage to such Seller's Property by fire or other casualty (collectively "**Casualty**"). If, prior to the Closing Date, a Property shall be damaged by any Casualty, such Property's Seller shall promptly deliver to Purchaser a Notice ("**Casualty Notice**") of such event. Upon Purchaser's receipt of a Casualty Notice, such Seller and Purchaser shall meet promptly to estimate the cost to repair and restore the Improvements to good condition and to replace the damaged Personal Property ("**Casualty Renovation Cost**"). If the parties are unable to agree on the cost of restoration, the matter will be submitted to an engineer designated by such Seller and an engineer designated by Purchaser, each licensed to practice in the jurisdiction in which the Land is located, and the engineers shall resolve the dispute. If the engineers fail to resolve the dispute, they shall designate a third engineer, who shall determine such resolution, which determination shall be binding on the Sellers and on the Purchaser. Each party hereto shall bear the costs and expenses of its own engineer. The cost of a third engineer, if any is appointed by the parties' respective engineers, shall be borne one half (1/2) by the Sellers and one half (1/2) by the Purchaser.

12.13.2 Material Loss. If (a) the Casualty Renovation Cost for any single Property exceeds ten percent (10%) of such Property's Allocated Amount, or if the Casualty Renovation Costs, in the aggregate for all of the Properties that have suffered a casualty, exceeds two and one half percent (2.5%) of the Purchase Price, (b) the Casualty would reduce available parking below

that required by, or in general cause a violation of, any Legal Requirements or any Permitted Exceptions, (c) the Casualty would impair reasonable access to the Property without comparable substitute access acceptable to Purchaser being available or (d) the Casualty gives any Required Tenant the right to terminate its Lease (which right has not then been waived in writing by all such Required Tenants), then Purchaser may, at its option, elect to either (i) terminate this Agreement with respect to the impacted Property or Properties or (ii) terminate this Agreement in its entirety. Such termination right may be exercised only by Notice to the Sellers within ten (10) Business Days after the date that the Casualty Renovation Cost for such Property or in the aggregate for all Properties that have suffered casualties is determined to exceed the applicable amount stated in the preceding sentence (and if necessary the Closing Date will be extended to accommodate such ten (10) business day period), and in the event of a termination hereof with respect only to the impacted Property or Properties, the Purchase Price shall be reduced by the Allocated Amount of the impacted Property or Properties. If this Agreement can be terminated pursuant to the preceding provisions of this Section 12.13.2, but Purchaser does not elect to terminate this Agreement pursuant to such provision, then the Closing shall take place as provided herein and Purchaser shall receive a credit against the Purchase Price in the amount of the Casualty Renovation Cost and the Sellers shall assign to Purchaser the proceeds of any business interruption insurance policy(ies) payable to the Sellers for the period after the Closing Date for loss of revenue suffered by the Purchaser as a result of the Casualty.

12.13.3 Nonmaterial Loss. If the Casualty Renovation Cost for any single Property does not exceed ten percent (10%) of such Property's Allocated Amount, or if the Casualty Renovation Costs, in the aggregate for all Properties that have suffered a casualty, does not exceed two and one half percent (2.5%) of the Purchase Price, then, in any such event, Purchaser shall not have any right to terminate this Agreement due to such Casualty, but the Closing shall take place as provided herein and Purchaser shall receive a credit against the Purchase Price in the amount of the Casualty Renovation Cost and the Sellers shall assign to Purchaser the proceeds of any business interruption insurance policy(ies) payable to the Sellers for the period after the Closing Date for loss of revenue suffered by the Purchaser as a result of the Casualty.

12.13.4 Eminent Domain. If, prior to the Closing Date, any Seller receives notice that a material portion of one of its Properties (or access or other material rights in connection therewith) as would, in Purchaser's reasonable judgment, materially adversely affect the operation of such Property or uses of such Property is, or has been threatened in writing by a governmental authority of competent jurisdiction, to be taken by condemnation or eminent domain, such Seller shall promptly notify Purchaser, and at the election of Purchaser this Agreement shall, upon the giving of Notice of such event or of the condemning authorities' intention so to take such Property, either (i) terminate with respect only to the impacted Property, but the Closing shall proceed with respect to the remaining Properties (with the Purchase Price reduced by the Allocated Purchase Price of the impacted Property) or (ii) terminate in its entirety. If Purchaser does not elect to terminate this Agreement prior to the Closing Date, on the Closing Date all of the proceeds of any award or payment made or to be made by reason of such taking shall be assigned by such Seller to Purchaser, and any money theretofore received by such Seller in connection with such taking shall be paid over to Purchaser, whereupon Purchaser shall pay the Purchase Price without abatement by reason of such taking. Such Seller shall not settle, agree to, or accept any award or payment in connection

with a taking of less than all of the Property without obtaining Purchaser's prior written consent in each case, which consent shall not be unreasonably withheld or delayed. As used in this Section, "material portion," "material rights" or "materially adversely affect" means, with respect to a Property, a taking or condemnation that (a) would reduce available parking below that required by, or in general cause a violation of, any Legal Requirements or any Permitted Exceptions, (b) would result in a condemnation award reasonably estimated to exceed ten percent (10%) of such Property's Allocated Amount, (c) would result in a condemnation award that, when combined with the amount of all other condemnation awards for takings or condemnations affecting any of the other Properties, would reasonably be estimated to exceed two and one-half percent (2.5%) of the Purchase Price, (d) would impair reasonable access to the Property without comparable substitute access acceptable to Purchaser being available or (e) would give any Required Tenant the right to terminate its Lease (which right has not then been waived in writing by all such Required Tenants).

12.14 Construction of Agreement. The parties hereto have negotiated this Agreement at length, and have had the opportunity to consult with, and be represented by, their own competent counsel. This Agreement is, therefore, deemed to have been jointly prepared. In determining the meaning of, or resolving any ambiguity with respect to, any word, phrase or provision of this Agreement, no uncertainty or ambiguity shall be construed or resolved against any party under any rule of construction, including the party primarily responsible for the drafting and preparation of this Agreement. The words "herein," "hereof," "hereunder" and words of similar reference mean and refer to this Agreement. The words "this Agreement" include the exhibits, schedules addenda and any future written modifications, unless otherwise indicated by the context. The words "will," "shall" and "must" in this Agreement indicate a mandatory obligation. All dollar amounts set forth in this Agreement are stated in United States Dollars, unless otherwise specified. The words "day" and "days" refer to calendar days unless otherwise stated. The words "business day" refer to a day other than a Saturday, Sunday or Legal Holiday (hereinafter defined). The words "month" and "months" refer to calendar months unless otherwise stated. The words "year" and "years" refer to calendar years unless otherwise stated. If any date herein set forth for the performance of any obligations by Sellers or Purchaser or for the delivery of any instrument or notice as herein provided should fall on a Saturday, Sunday or Legal Holiday, the compliance with such obligations or delivery will be deemed acceptable on the next business day following such Saturday, Sunday or Legal Holiday. As used herein, the term "**Legal Holiday**" will mean any local or federal holiday on which post offices are closed in the State of Maryland.

12.15 Bulk Transfers. The Sellers and Purchaser specifically waive compliance with the applicable provisions of the Uniform Commercial Code – Bulk Transfers, with any similar provision under any similar provisions in the laws of the state, county, and city in which any of the Properties is located, to the extent such provisions may be waived under the applicable Legal Requirement.

12.16 Intentionally Omitted.

12.17 Press Releases; Confidentiality. Prior to Closing, neither party may release any press release or other public disclosure or communication with respect to the transactions contemplated by this Agreement, except for (i) the press release and public disclosure language of Seller substantially as set forth in the email from Andrew Leahy to Robert Swennes on April 23, 2016

(8:43 a.m. Eastern Time), (ii) [intentionally omitted] and (iii) the required SEC disclosures contemplated by the final sentence of this Section 12.17. After Closing, either party may issue press releases or other public communications announcing the transaction contemplated by this Agreement without the consent of the other party. Notwithstanding the foregoing, no such press release or other public disclosure or communication shall include any information (other than the identification of the parties) that is required to be kept confidential pursuant to the remaining provisions of this Section 12.17. Prior to Closing, Purchaser and the Sellers (each, a “**Disclosing Party**”) shall refrain, and shall cause their agents and representatives to refrain, from disclosing in any manner whatsoever, (a) the information provided to such party by any other party to this Agreement or their representatives (each, a “**Receiving Party**”), or (b) any analyses, compilations, studies or other documents or records prepared by or on behalf of the Receiving Party, in connection with the transaction contemplated by this Agreement, without first obtaining the written consent of the Disclosing Party (collectively, “**Proprietary Information**”). The foregoing shall not preclude the Receiving Party (i) from discussing the Proprietary Information with any person who is employed by the Receiving Party or who, on behalf of the Receiving Party, is actively and directly participating in the purchase and sale of all of the Properties, including, without limitation, to the Receiving Party’s shareholders, partners, members, existing or prospective lenders, attorneys, accountants and other consultants and advisors, or (ii) from complying with all laws, rules, regulations and court orders, including, without limitation, governmental regulatory, disclosure, tax and reporting requirements; provided, however, that if the Receiving Party is required by applicable law or legal process to disclose any Proprietary Information, the Receiving Party agrees to furnish only that portion of the Proprietary Information which the Receiving Party is legally compelled to disclose and to use its commercially reasonable efforts to obtain assurance that, if possible, confidential treatment will be accorded to the Proprietary Information. The Receiving Party shall inform its respective representatives of the confidential nature of the Proprietary Information and shall direct them to be bound by the terms of this section. In addition to any other remedies available to the Disclosing Party, the Disclosing Party shall have the right to seek equitable relief, including, without limitation, injunctive relief or specific performance, against the Receiving Party in order to enforce the provisions of this section. The provisions of such confidentiality agreement shall survive any termination of this Agreement. Except as otherwise expressly provided in this Agreement, Purchaser agrees not to contact, directly or indirectly, any personnel at any of the Properties prior to the Closing Date, and agrees to be liable for all of the Sellers’ damages in the event of any such contact by Purchaser or any of its agents or representatives. Notwithstanding anything to the contrary set forth in this Section 12.17, at any time, Purchaser, the Sellers and their affiliates may make such filings and/or disclosures (including the filing of this Agreement) with the SEC as are required (in such filing and/or disclosing party’s good faith judgment) in connection with the matters contemplated by this Agreements, provided, however, that no such filing and/or disclosure (other than (x) the filing of this Agreement and (y) the matters set forth in clauses (i) and (ii) of the first sentence of this Section 12.17) shall be made prior to Closing unless the disclosing party (i) provides not less than two (2) Business Days’ prior written notice to the other party of such intended filing or disclosure, which notice shall include the specific terms and form (including any attachments or exhibits thereto) and (ii) consults reasonably and in good faith with any reasonable requests or suggestions of the other party in respect of such filing or disclosure made during such (2) Business Day period (provided that disclosing party shall not be required to accept any such suggestions as and to the extent disclosing party, in the exercise of its good faith judgment, believes that such

suggestions are either (x) not consistent with applicable law or (y) adverse to disclosing party in any way).

12.18 No Third-Party Beneficiaries. Except as otherwise expressly provided herein, the Sellers and Purchaser agree that there are no third parties who are intended to benefit from or who are entitled to rely on any of the provisions of this Agreement. No third party shall be entitled to assert any claims or to enforce any rights whatsoever pursuant to this Agreement. Except as otherwise expressly provided herein, the covenants and agreements provided in this Agreement are solely for the benefit of the Sellers and Purchaser and their permitted successors and assigns respectively.

12.19 Email Signatures. The execution of this Agreement and all Notices given hereunder and all amendments hereto, may be effected by electronic delivery of signatures, all of which shall be treated as originals. Purchaser and the Sellers each intend to be bound by its respective electronically-delivered signature, and is aware that the other party will rely thereon, and each party waives any defenses to the enforcement of the Agreement, and documents, and any Notices delivered by electronic transmission.

12.20 Severability. If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each such term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

12.21 Consents and Approvals. Except as otherwise expressly provided herein, any approval or consent provided to be given by a party hereunder may be given or withheld in the absolute discretion of such party.

12.22 **WAIVER OF JURY TRIAL** . **THE PARTIES HEREBY IRREVOCABLY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.**

12.23 1031 Exchange. The Sellers and/or Purchaser (or a parent entity of a Seller or the Purchaser that is recognized as a separate entity for federal income tax purposes) may consummate the sale of the Properties as part of a so-called like kind exchange (an “**Exchange**”) pursuant to Section 1031 of the Internal Revenue Code of 1986, as amended (the “**Code**”), in accordance with the following provisions:

12.23.1 If the Sellers or Purchaser elects to effectuate an Exchange, and such Exchange cannot be effected for any reason, the Sellers and Purchaser shall be obligated to close the transaction as a purchase and sale pursuant to the terms of this Agreement.

12.23.2 To exercise its right under this Section 12.23 to exchange, rather than sell or purchase, as applicable, all or some of the Properties, the Sellers or Purchaser, as applicable, shall provide the other party with a written statement stating its intent to enter into an Exchange not later than ten (10) days prior to the Closing Date.

12.23.3 If the Sellers or Purchaser exercises its right to exchange, rather than sell or purchase, as applicable, all or some of the Properties, the Sellers may, on or before the Closing Date, assign its rights under this Agreement to a “qualified intermediary”, as defined in Treasury Regulations Section 1.1031(k)-1(g)(4) (the “**Accommodator**”) or an Exchange Accommodation Titleholder (“**EAT**”), or transfer such Properties to the Accommodator or the EAT, subject to all of Purchaser’s rights and remedies under this Agreement, including, without limitation, Purchaser’s right to acquire such Properties at the Closing or Purchaser may, on or before the Closing Date, assign its rights under this Agreement to an Accommodator or an EAT, or direct the Sellers to convey such Properties to an Accommodator or an EAT at Closing, subject to all of the Sellers’ rights and remedies under this Agreement; provided, however, that the Sellers or Purchaser shall notify the other party of the identity of the Accommodator or EAT within five (5) days after designation of same, and further provided that the party designating an Accommodator or EAT (the “**Designating Party**”) shall remain liable for the performance of all obligations, representations, warranties and covenants of the Designating Party hereunder. If Sellers elect to use an Accommodator or EAT, all payments that Purchaser is obligated to make to the Sellers under this Agreement shall be made to such Accommodator or EAT and not to the Sellers. If Purchaser elects to use an Accommodator or EAT, Sellers shall convey the applicable properties to such Accommodator or EAT and not the Purchaser. Purchaser and the Sellers agree to cooperate with each other and the Accommodator or EAT in arranging the Exchange. The party which is not the Designating Party (the “**Non-Designating Party**”) shall execute any documents reasonably requested by the Designating Party and the Accommodator or EAT to facilitate the Exchange as a like-kind exchange under Section 1031 of the Code and the Treasury Regulations effective thereunder at the time of Closing hereunder, including, but not limited to, any appropriate amendments to this Agreement, any acknowledgements of assignments to an Accommodator or EAT, and any appropriate escrow instructions; provided, however, that no such document shall adversely affect the Non-Designating Party in any respect or change any of the economic terms and conditions of the transaction with respect to the Non-Designating Party or modify or limit the Non-Designating Party’s rights and remedies under this Agreement. The Non-Designating Party shall not be obligated to incur any costs, expenses, losses, liabilities or damages greater than those the Non-Designating Party would have incurred had the Designating Party not elected to effect an exchange. The Designating Party shall reimburse the Non-Designating Party on demand for all costs and expenses incurred by the Non-Designating Party in excess of those that would have been incurred if the Designating Party had not elected to effect an Exchange.

12.23.4 In no event shall the Non-Designating Party be obligated to acquire title to any other property, in connection with such Exchange. In the event the Purchaser is the Non-Designating Party, Purchaser’s sole obligation in connection with any Exchange shall be to acquire the Property from the Sellers or their assignee in exchange for the Purchase Price in accordance with the terms of this Agreement. The Designating Party agrees to defend, indemnify, and hold the Non-Designating Party free and harmless from all costs, expenses, losses, damages or

liability, including but not limited to reasonable attorney's fees and costs of suit, arising out of or in connection with any Exchange and the Non-Designating Party's cooperation hereunder. Each party acknowledges that neither of them is making any representations, and neither of them is relying on any representations of the other party or the other party's counsel, with respect to the federal, state or local income tax treatment of either of them in connection with this transaction, and neither party shall have any liability in connection with any tax treatment received by either of them in connection with this transaction, including, without limitation, any failure of this transaction to qualify as an Exchange under Section 1031 of the Code.

12.24 Further Assurances. If the Closing occurs, then the parties agree to take such further actions and execute such additional documents and instruments as may be reasonably required in order to carry out the terms of this Agreement such as correcting a so-called scrivener's error; provided, however, that in no event shall a party be required to take such action or execute any document or instrument that would increase the costs, liabilities or obligations of such party. The terms of this Section shall survive the Closing for a period of nine (9) months.

[Remainder of Page Intentionally Left Blank;
Agreement Continues on the Following Page(s)]

XIII. MONTGOMERY COUNTY DISCLOSURES.

1. General/Master Plan and Municipal Land Use Plan. Purchaser acknowledges that Purchaser is aware that the applicable plan or general plan for Montgomery County is available at the Maryland-National Capital Park and Planning Commission and that at no time did the Sellers explain to Purchaser the intent or meaning of such a plan nor did Purchaser rely on any representations made by the Sellers pertaining to the applicable matter plan or general plan.

2. Review of Master Plan and Municipal Land Use Plan. By signing the Agreement, Purchaser hereby acknowledges: (A) the Sellers have offered Purchaser the opportunity to review the applicable master plan and municipal land use plan and any adopted amendment (including maps showing planned land uses, roads and highways, and the location and nature of proposed parks and other public facilities affecting the Property contained in the plan); (B) the Sellers have informed Purchaser that amendments affecting the plan may be pending before the planning board or the county council or a municipal planning body; (C) (1) Purchaser has reviewed each plan and adopted amendment; or (2) Purchaser has waived the right to review each plan and adopted amendment; and (D) Purchaser understands that, to stay informed of future changes in county and municipal land use plans, the Purchaser should consult the planning board and the appropriate municipal planning body.

PURCHASER:

**BSREP II OFFICE HOLDINGS LLC,
a Delaware limited liability company**

**By: /s/ Steven Ganeless
Name: Steven Ganeless
Title: Officer**

Date: April 26, 2016

3. Notice and Disclosure of Availability of Sewage Disposal System in Designated Areas. Purchaser hereby acknowledges that, prior to entering into the Agreement, the Sellers, or the Sellers' duly authorized agent, provided the information in Section 4 of this Article XIII, as known to the Sellers or such agent. If an individual sewage disposal system has been or is to be installed upon the Property, and if the Property is located in a subdivision, and if Purchaser received a copy of the subdivision record plat, Purchaser indicates that Purchaser has reviewed the said record plat, including any provisions thereon with regard to areas restricted for the initial and reserve well locations and the individual sewer disposal systems, and the restrictions regarding the location of buildings to be served by any individual sewage disposal system.

4. Notice and Disclosure of Additional Information Relating to the Sewage Disposal System in Designated Areas. By signing the Agreement, Purchaser hereby acknowledges: the Sellers have disclosed to Purchaser to the extent the Sellers know (A) whether the Property is connected to, or has been approved for connection to, a public water and sewer system; or, (B) (1) if the Property is not connected to a public water and sewer system, the source, if any, of potable water for the Property, and (2) whether an individual sewage disposal system has been constructed on the Property or approved or disapproved for construction; and (C) (1) the water and sewer service area category or categories that currently apply to the Property, and a brief explanation of how each category affects the availability of water and sewer service, (2) any recommendations in the applicable master plan regarding water and sewer service to the Property, and (3) the status of any pending water and sewer comprehensive plan amendments or service area category changes that would apply to the Property to be sold pursuant to the Agreement; or that the Sellers have informed Purchaser that the Sellers do not know the foregoing information; and Purchaser understands that, to stay informed of future changes in County and municipal water and sewer plans, Purchaser should consult the County Planning Board, the Washington Suburban Sanitary Commission, the County Department of Environmental Protection, or any appropriate municipal planning or water and sewer body.

PURCHASER:

**BSREP II OFFICE HOLDINGS LLC,
a Delaware limited liability company**

By: /s/ Steven Ganeless

Name: Steven Ganeless

Title: Officer

Date: April 26, 2016

5. Location of Airport or Heliport within Five-mile Radius of Property. Purchaser acknowledges that the Sellers or an agent of the Sellers has advised Purchaser of the relative location of any airport or heliport existing within a five-mile radius of the Property.

[Signature Page to Purchase and Sale Agreement]

6. Location in Special Protection Area. By signing the Agreement, Purchaser hereby acknowledges that the Sellers have disclosed whether the Property is located in an area designated as a special protection area under Section 19-62 of the Montgomery County Code, and Purchaser understands that special water quality measures and certain restrictions on land uses and impervious surfaces may apply to the Property.

PURCHASER:

**BSREP II OFFICE HOLDINGS LLC,
a Delaware limited liability company**

By: /s/ Steven Ganeless

Name: Steven Ganeless

Title: Officer

Date: April 26, 2016

7. Disclosure of Historic Designation. By signing the Agreement, Purchaser hereby acknowledges that the Sellers have disclosed (A) whether the Property has been designated a historic site in the master plan for historic preservation; (B) is located in an area designated as a historic district in that plan; or (C) is listed as a historic resource on the Montgomery County locational atlas of historic sites; and Purchaser understands that special restrictions on land uses and physical changes may apply to this Property; and that Purchaser may obtain more information about these restrictions from the staff of the Montgomery County Historic Preservation Commission.

PURCHASER:

**BSREP II OFFICE HOLDINGS LLC,
a Delaware limited liability company**

By: /s/ Steven Ganeless

Name: Steven Ganeless

Title: Officer

Date: April 26, 2016

[Signature Page to Purchase and Sale Agreement]

8 . Assessments for Transportation Related Facilities. By signing the Agreement, Purchaser hereby acknowledges that the Sellers have disclosed the estimated or actual costs, if known, of any deferred costs attributable to the improvement or construction of any transportation-related facility, for which the purchaser shall become liable pursuant to an agreement with Montgomery County. The Sellers herewith inform Purchaser that the Sellers have no actual knowledge of the existence of deferred charges attributable to transportation-related facilities and the Purchaser assumes liability for any such charges.

PURCHASER:

**BSREP II OFFICE HOLDINGS LLC,
a Delaware limited liability company**

By: /s/ Steven Ganeless

Name: Steven Ganeless

Title: Officer

Date: April 26, 2016

[Signatures are on the following page.]

[Signature Page to Purchase and Sale Agreement]

XIV. EXECUTION

IN WITNESS WHEREOF, the parties hereto have caused this Purchase and Sale Agreement to be executed as of the 26th day of April, 2016.

PURCHASER:

BSREP II OFFICE HOLDINGS LLC,
a Delaware limited liability company

By: /s/ Steven Ganeless
Name: Steven Ganeless
Title: Officer

SELLERS:

WASHINGTON REAL ESTATE INVESTMENT TRUST,
a Maryland real estate investment trust

By: /s/ Paul T. McDermott
Name: Paul T. McDermott
Title: President and CEO

SYN-ROCK, LLC,
a Maryland limited liability company

By: SYN-Rock Manager, Inc.,
a Delaware corporation, manager

By: /s/ Paul T. McDermott
Name: Paul T. McDermott
Title: President

[Signatures continue on the following page]

[Signature Page to Purchase and Sale Agreement]

SME ROCK, LLC,
a Delaware limited liability company

By: SME Rock Manager, Inc.,
a Delaware corporation, manager

By: /s/ Paul T. McDermott
Name: Paul T. McDermott
Title: President

TRADE ROCK, LLC,
a Delaware limited liability company

By: Trade Rock Manager, Inc.,
a Delaware corporation, manager

By: /s/ Paul T. McDermott
Name: Paul T. McDermott
Title: President

[Signatures continue on the following page]

[Signature Page to Purchase and Sale Agreement]

THE UNDERSIGNED JOINS IN THE EXECUTION AND DELIVERY OF THIS AGREEMENT SOLELY WITH RESPECT TO THE PROVISIONS OF SECTION 9.8:

GUARANTOR:

WASHINGTON REAL ESTATE INVESTMENT TRUST,
a Maryland real estate investment trust

By: /s/ Paul T. McDermott

Name: Paul T. McDermott

Title: President and CEO

[Signature Page to Purchase and Sale Agreement]

LIST OF EXHIBITS TO PURCHASE AGREEMENT:

Exhibit A-1	Properties and Sellers
Exhibit A-2	Legal Descriptions of Properties
Exhibit A-3	Seller Information
Exhibit A-4	Allocation of Purchase Price Among Properties
Exhibit A-5	Allocation of Purchase Price for each Property between Real Property and Personal Property
Exhibit B	Form of Escrow Agreement for Earnest Money Deposit
Exhibit C	Form of Deed
Exhibit D	Form of Bill of Sale
Exhibit E	Form of Assignment of Intangibles
Exhibit F	Form of Assignment and Assumption of Contracts and Licenses
Exhibit G	Form of Assignment and Assumption of Leases
Exhibit H	Form of FIRPTA Certificate
Exhibit I	Form of Notice to Tenants/Licensees
Exhibit J-1	Form of Owner's Affidavit
Exhibit J-2	Form of Survey Certification
Exhibit K	Assignment and Assumption of Purchase Agreement
Exhibit L-1	Form of Tenant Estoppel Certificate
Exhibit L-2	Form of Seller Lease Estoppel Certificate
Exhibit L-3	Form of Licensee Estoppel Certificate
Exhibit L-4	Form of Seller License Estoppel Certificate
Exhibit M	Form of REA Estoppel
Exhibit N	[Reserved]
Exhibit O-1	Form of Closing Certificate (Sellers)
Exhibit O-2	Form of Closing Certificate (Purchaser)

EXHIBIT A-1

PROPERTIES AND SELLERS

	<u>Property</u>	<u>Address</u>	<u>Seller</u>
1	West Gude Office Park	20, 30, 40 & 50 West Gude Dr., Rockville, MD	As tenants in common: SYN-Rock, LLC, as to 54.90% interest SME Rock, LLC, as to 43.82% interest Trade Rock, LLC, as to 01.28% interest
2	Jefferson Plaza	600 Jefferson Place, Rockville, MD	Washington Real Estate Investment Trust
3	6110 Executive Boulevard	6110 Executive Boulevard, Rockville, MD	Washington Real Estate Investment Trust
4	Wayne Plaza	962 Wayne Avenue, Silver Spring, MD	Washington Real Estate Investment Trust

Exhibit A-1

Page 1

EXHIBIT A-2

LEGAL DESCRIPTION OF PROPERTIES

West Gude (20, 30, 40, and 50)

All those certain lots or parcels of land together with all improvements thereon located and being in the County of Montgomery, Maryland and being more particularly described as follows:

Lot Three (3) in Block Lettered "Q" in the subdivision known as "College Gardens", as per plat recorded in Plat Book 125 at Plat No. 14606 among the Land records of Montgomery County, Maryland; said Lot being further shown as Ownership Lots 3-1, 3-2, 3-3 and 3-4 on plat entitled "Ownership Plat, Lot 3, Block "Q", College Gardens", as recorded in Plat Book 135 at Plat No. 15613, among the aforesaid Land Records.

TOGETHER WITH the beneficial easements contained in Declaration of Easements and Related Agreements dated September 25, 1985 and recorded October 28, 1985 in Liber 6903 at folio 627, among the Land Records of Montgomery County, Maryland.

NOTE FOR INFORMATIONAL PURPOSES ONLY:

Tax Parcel I.D. No. 4-236-2544140 (Ownership Lot 3-1)

Tax Parcel I.D. No. 4-236-2544151 (Ownership Lot 3-2)

Tax Parcel I.D. No. 4-236-2544162 (Ownership Lot 3-3)

Tax Parcel I.D. No. 4-236-2544173 (Ownership Lot 3-4)

600 Jefferson Plaza

Being a piece or parcel of land lying, situate and being in Election District No. 4, Montgomery County, Maryland, said piece or parcel of land being known as "Lot 1, Block 1, The Park", according to the plat of subdivision recorded among the Land Records of Montgomery County, Maryland, in Plat Book 127 at Plat No. 14835 and being more particularly described as follows:

Beginning for aforesaid lot at a rebar with cap set at a point at the beginning of the North 44° 03' 45" West, 24.17 foot line of said Lot 1, said point also lying on the Northeasterly right of way line of Jefferson Street (60' wide), thence running with said Northeasterly right of way line and with the outline of said Lot 1 the following three courses and distances

1. North 44° 03' 45" West 24.17 feet to a rebar with cap set, thence
2. North 51° 26' 15" West 270.90 feet to a rebar with cap set, thence

3. 62.66 feet along a curve to the left, said curve having a radius of 230.00 feet and a chord bearing and distance of North 59° 14' 33" West, 62.47 feet to a rebar with cap set on the Southerly right of way line of Maryland Route 28 as designated on State Road Commission Plats No. 33429 and 33430, thence running with said Southerly right of way line and continuing with the outline of said Lot 1 the following three courses and distances

4. 119.44 feet along a curve to the left, said curve having a radius of 599.74 feet and a chord bearing and distance of North 82° 04' 29" East, 119.24 feet to a point, thence

5. 306.95 feet along a curve to the right, said curve having a radius of 356.01 feet and a chord bearing and distance of South 78° 55' 50" East, 297.53 feet to a point, thence

6. South 55° 01' 16" East 8.98 feet to a point, thence leaving said Southerly right of way and continuing with the outline of said Lot 1

7. South 38° 06' 00" West 219.02 feet to the point of beginning, containing 50,182 square feet or 1.1520 acres of land.

TOGETHER WITH all appurtenant rights and easements, including without limitation, that certain easement and right of way granted from the Mayor and Council of Rockville to Gateway Building Associates Limited Partnership in that certain Easement Agreement recorded in Liber 6206 at folio 342, among the Land Records of Montgomery County, Maryland.

NOTE FOR INFORMATIONAL PURPOSES ONLY:

Tax Parcel I.D. No. 4-201-2411791

6110 Executive Boulevard

All that certain lot or parcel of land together with all improvements thereon located and being in the County of Montgomery, Maryland and being more particularly described as follows:

Parcel I:

Being part of Parcel "I", Washington Science Center, as shown on a plat recorded among the Land Records of Montgomery County, Maryland in Plat Book 110 as Plat No. 12895, and being more particularly described as follows:

Beginning at an iron pipe set at the easterly end of a curve having a radius of 377.03 feet connecting the westerly line of East Jefferson Street and the southerly line of Executive Boulevard, and designated as Curve No. 2 on the aforementioned plat and running thence

North 86° 31' 10" East 73.25 feet, with part of the said southerly line of Executive Boulevard, thence;

South 03° 28' 50" East 780.00 feet, with a line crossing aforementioned Parcel "I", said line also being the westerly line of the lands of "Washington Science Center Joint Venture" described in a

deed recorded among the aforesaid Land Records in Liber 5313 at Folio 696, to a point on the northerly line of Block A, "Neilwood Subdivision", as shown on a plat recorded among the aforementioned Land Records in Plat Book 69 as Plat No. 6488, thence;

South 86° 31' 10" West 339.24 feet, with part of said northerly line of Block A, "Neilwood Subdivision", thence the three following courses across Parcel "I";

North 03° 28' 50" West 767.13 feet, to a point of curvature, thence;

82.08 feet along the arc of a curve deflecting to the right, having a radius of 131.00 feet and a long chord bearing North 14° 28' 10" East 80.74 feet to a point of tangency, thence;

North 32° 25' 10" East 18.14 feet, to a point on the aforementioned curve connecting East Jefferson Street and Executive Boulevard, thence;

247.96 feet along the arc of a curve deflecting to the left, having a radius of 377.03 feet and a long chord bearing South 74°30'22" East 243.52 feet, to the place of beginning of this description, containing a calculated area of 6.2469 acres of land, more or less, being all of the land described in Liber 4431 at Folio 79 and part of the lands abandoned by Council Resolution #9-207 dated May 22, 1979 and recorded in Liber 5345 at Folio 809.

NOTE FOR INFORMATIONAL PURPOSES ONLY:

Tax I.D. No. 4-1-2445000

Together With:

Parcel II:

A non-exclusive right of access, ingress and egress over the following described property:

Being a part of Parcel "I", Washington Science Center as shown on a plat recorded among the Land Records of Montgomery County, Maryland in Plat Book 110 as Plat No. 12895 and being more particularly described as follows:

Being one (1) strip or parcel of land hereinafter described in, through, over and across Parcel HI" as shown on a plat of subdivision entitled "Parcel I & M, Washington Science Center" and recorded in Plat Book 110 as Plat 12895 all recorded among the Land Records of Montgomery County, Maryland and being described as Part 3 on the Identification Plat entitled Ingress and Egress Easement prepared by Loiderman Associates, Inc. and dated May, 1987 and being more particularly described as follows:

Beginning for the same at a point on the westerly right of way line of 'E. JEFFERSON ST.' said point also being on the 592.24 foot arc plat line, designated as curve No. 2 as shown on the aforesaid plat, 389.28 feet along the arc from the beginning thereof, and running thence with said right of way

1. 27.00 feet along the arc of curve to the left having a radius of 377.03 feet and a chord of South 64°41' 20" East, 26.99 feet to a point; thence leaving said right of way line and running so as to cross and include part of 'Parcel I' as shown on the aforesaid plat
2. South 63°28'05" West, 36.24 feet to a point; thence
3. South 28°42'55" West, 31.91 feet to a point; thence
4. South 03°28'50" East, 75.00 feet to a point; thence
5. South 15°34'38" West, 58.19 feet to a point; thence
6. South 03°28'50" East, 330.00 feet to a point; thence
7. South 86°31'10" West, 29.00 feet to a point; thence
8. North 03°28'50" West, 161.00 feet to a point; thence
9. North 17°31'00" West, 28.86 feet to a point; thence
10. North 03°14'27" West, 239.00 feet to a point; thence
11. North 34°26'40" West, 29.16 feet to a point; thence
12. North 45°42'25" West, 102.82 feet to a point lying on the second course of Part 1 or the South 40°31'50" West, 114.18 foot line, 15.96 feet from the end thereof; thence running with said line reversed
13. North 40°31'50" East, 40.22 feet to a point; thence leaving said line and running
14. South 12°35'58" East, 15.00 feet to a point; thence
15. South 45°42'25" East, 80.02 feet to a point; thence
16. North 64°09'36" East, 87.25 feet to a place of beginning, containing 23,685.53 Square Feet or 0.5433 of an Acre of Land.

As set forth in Amended and Restated Access Easement Agreement dated June 3, 1987 and recorded June 12, 1987 in Liber 7749 at folio 275.

Together With:

Parcel III:

A non-exclusive right of access, ingress and egress over the following described property:

Being one (1) strip or parcel of land hereinafter described in, through, over and across Parcels I & M as shown on a plat of subdivision entitled "Parcel I & M, Washington Science Center" and

recorded in Plat Book 110 as Plat 12895 all recorded among the Land Records of Montgomery County, Maryland and being more particularly described as follows:

Beginning for the same at a point on the westerly right of way line of "E. JEFFERSON STREET", said point also being on the 592.24 foot arc plat line, designated as curve No. 2 as shown on said plat, 174.23 feet along the arc from the beginning thereof, thence running with said right of way

1. 87.39 feet along the arc of a curve to the left having a radius of 377.03 feet and a chord of South 36°35'49" East, 87.19 feet to a point; thence leaving said right of way

2. South 40°31'50" West, 114.18 feet to a point; thence

3. North 49°33'04" West, 85.00 feet to a point; thence

4. North 40°31'50" East, 133.73 feet to the place of beginning, containing 10,389.23 Square Feet or 0.2385 of an Acre of Land.

As set forth in Amended and Restated Easement and Maintenance Agreement dated June 8, 1987 and recorded June 12, 1987 in Liber 7749 at folio 422.

Wayne Plaza

All that certain lot or parcel of land together with all improvements thereon located and being in the County of Montgomery, Maryland and being more particularly described as follows:

Part I:

Lot Thirteen (13) in a subdivision known as "GARLAND W. WOLF'S ADDITION TO SILVER SPRING", as per plat thereof recorded in Plat Book 86 at Plat No. 9076 among the Land Records of Montgomery County, Maryland.

Tax Parcel I.D. No.: 13-22-1042911

Part II:

Together with the benefit of a non-exclusive easement for ingress and egress as described in Easement Agreement dated October 20, 1982 and recorded November 23, 1982 in Liber 5965 at folio 552.

EXHIBIT A-3

SELLER INFORMATION

<u>Seller</u>	<u>Type of Entity</u>	<u>Jurisdiction of Formation</u>
SYN-Rock, LLC	limited liability company	Maryland
SME Rock, LLC	limited liability company	Delaware
Trade Rock, LLC	limited liability company	Delaware
Washington Real Estate Investment Trust	real estate investment trust	Maryland

EXHIBIT A-4

ALLOCATION OF PURCHASE PRICE AMONG PROPERTIES

	<u>Property</u>	<u>Allocated Share</u>	<u>Allocated Amount</u>
1	West Gude Office Park	30.50%	\$34,007,500
2	Jefferson Plaza	22.28%	\$24,842,200
3	6110 Executive Boulevard	30.65%	\$34,174,750
4	Wayne Plaza	16.57%	\$18,475,550

Exhibit A-4

Page 1

EXHIBIT A-5

**ALLOCATION OF EACH PROPERTY'S ALLOCATED AMOUNT BETWEEN
REAL PROPERTY AND PERSONAL PROPERTY**

	Property	Allocated Amount	Amount Allocated to Real Property	Amount Allocated to property other than Real Property
1	West Gude Office Park	\$34,007,500	\$33,942,424	\$65,076
2	Jefferson Plaza	\$24,842,200	\$24,801,877	\$40,323
3	6110 Executive Boulevard	\$34,174,750	\$34,130,945	\$43,805
4	Wayne Plaza	\$18,475,550	\$18,460,520	\$15,030

PURCHASE AND SALE AGREEMENT

between

Each of the parties designated as a “Seller” on Exhibit A-1,

and

BSREP II OFFICE HOLDINGS LLC,

as Purchaser,

as of April 26, 2016

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PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (“**Agreement**”) is dated as of this 26th day of April, 2016 (the “**Effective Date**”), and is made by and between each of the parties identified on Exhibit A-1 hereto (each, a “**Seller**”, and collectively, and jointly and severally, the “**Sellers**”), and BSREP II Office Holdings LLC, a Delaware limited liability company (the “**Purchaser**”).

RECITALS

- A. Each of the Sellers is the owner of the Property or Properties corresponding to such Seller on Exhibit A-1 hereto.
- B. Purchaser desires to purchase all of the Properties and to acquire all of the Sellers’ respective right, title and interest in and to all of the Properties, on the terms and conditions set forth in this Agreement.
- C. The Sellers desire to sell to Purchaser all of the Properties and to convey to Purchaser all of their respective right, title and interest in all of the Properties, on the terms and conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, for valuable consideration, including the promises, covenants, representations and warranties hereinafter set forth, the receipt and adequacy of which are hereby acknowledged, the parties, intending to be legally bound, agree as follows:

I. DEFINITIONS AND INTERPRETIVE PRINCIPLES

1.1 General Interpretive Principles.

1.1.1 All references to sections, schedules, exhibits, recitals or the preamble are to sections, schedules, exhibits or recitals of, or the preamble to, this Agreement, unless otherwise specified.

1.1.2 Unless otherwise specified, the words “hereof”, “herein” and “hereunder,” and words of similar import, refer to this Agreement as a whole and not to any particular provision of this Agreement.

1.1.3 If the context requires, the use of any gender will also refer to any other gender, and the use of either number will also refer to the other number.

1.1.4 The word “including” as used herein does not denote an exclusive group (i.e., the word “including” may also be read as “including, without limitation”).

1.1.5 Accounting terms used but not specifically defined herein have the meanings determined by reference to generally accepted accounting principles.

1.1.6 Any provision of this Agreement referring to a particular time of day shall be interpreted in accordance with the local time in Washington, D.C.

1.2 Definitions. As used in this Agreement:

“**Accommodator**” has the meaning set forth in Section 12.23.3.

“**Additional Rent**” means all amounts and charges of any kind or nature payable by a Tenant to a Seller, as landlord, under such Tenant’s Lease other than Basic Rent and Security Deposits, including reimbursements of Operating Expenses and administrative charges, common area maintenance charges, reimbursements of real estate taxes, rent or other costs, expenses or escalations (including escalations based on increases in the consumer price index or any other measures of inflation, retroactive rent escalations, insurance cost reimbursements, parking charges, antenna rents and license fees).

“**Affiliate**” means, with respect to any Person, (i) a Person that, directly or indirectly, controls, is controlled by, or is under common control with, such Person; or (ii) a Person that, directly or indirectly, owns, is owned by or is under common ownership with, such Person.

“**Agreement**” has the meaning set forth in the preamble hereof.

“**Allocated Amount**” has the meaning set forth in Section 2.6 hereof.

“**Allocated Share**” has the meaning set forth in Section 2.6.

“**Assignment of Contracts and Licenses**” has the meaning set forth in Section 5.2.4 hereof.

“**Assignment of Intangibles**” has the meaning set forth in Section 5.2.3 hereof.

“**Assignment of Leases**” has the meaning set forth in Section 5.2.5 hereof.

“**Assumed Contracts**” means the Contracts listed on Disclosure Schedule 1.

“**Basic Rent**” means all base rent or basic rent payable in fixed installments and fixed amounts for stated periods by Tenants under their Leases.

“**Bill of Sale**” has the meaning set forth in Section 5.2.2 hereof.

“**Books and Records**” means, with respect to each Property, all documentation, third party reports and studies, land surveys, land use applications, land use permits and approvals, operating permits and other documents in printed or electronic form (but excluding software which is proprietary to such Property’s Seller, its Affiliates or any third party, or is licensed from third parties by such Seller or its Affiliate) that is in the possession or under the control of such Seller or its Affiliate and that solely or primarily pertains to the use, operation, ownership or condition of

such Property, including (i) all correspondence, billing, and other files, (ii) all environmental assessments or audits, architectural drawings and engineering, geophysical, soils, seismic, geologic, environmental (including with respect to the impact of materials used in the construction or renovation of the Improvements) and architectural reports, studies and certificates pertaining to such Property, and (iii) all financial statements and other accounting, tax, financial, and other books and records relating to the use, maintenance, and operation of such Property, but excluding only any Excluded Documents.

“**Broker**” has the meaning set forth in Article X hereof.

“**Business Day**” means any day other than a Saturday, a Sunday or a state or federal holiday on which, or in observance of which, the Board of Governors of the U.S. Federal Reserve System dictates that Federal Reserve banks are to be closed.

“**Cap Amount**” has the meaning set forth in Section 9.3 hereof.

“**Casualty**” has the meaning set forth in Section 12.13.1 hereof.

“**Casualty Notice**” has the meaning set forth in Section 12.13.1 hereof.

“**Casualty Renovation Cost**” has the meaning set forth in Section 12.13.1 hereof.

“**Claim Notice**” has the meaning set forth in Section 9.5 hereof.

“**Claims**” means, collectively, damages, claims (including without limitation, any claim for damage to property of others or injury to or death of any persons), penalties, obligations, liabilities, fines, losses, taxes, causes of action, fees, injuries, liens, encumbrances, proceedings, judgments, actions, rights, demands, costs and expenses (including without limitation, reasonable attorneys’ fees (whether or not legal proceedings are instituted) and court and litigation costs), except to the extent that any of the foregoing (i) allege or constitute indirect, special, consequential or punitive damages (or would constitute indirect, special, consequential or punitive damages if ordered by a court), (ii) with respect to claims against Seller, are caused by the gross negligence or willful misconduct of Seller, its Affiliates, its contractors or any Seller Related Parties, or (iii) with respect to claims against Purchaser, are caused by the gross negligence or willful misconduct of Purchaser, its Affiliates or any of Purchaser’s agents, employees, or contractors.

“**Closing**” means the sale and assignment of the Properties to Purchaser on the Closing Date.

“**Closing Date**” has the meaning set forth in Section 5.1 hereof.

“**Closing Documents**” has the meaning set forth in Section 9.3 hereof.

“**Closing Instructions**” has the meaning set forth in Section 3.1 hereof.

“**Closing Payment**” has the meaning set forth in Section 2.2.2 hereof.

“**Code**” has the meaning set forth in Section 12.23.

“**Completion of Landlord Work**” means the completion of any applicable Landlord Work, as evidenced by (i) a certification from both the Sellers and the applicable third-party contractor (under all applicable Work Agreements) that all such Landlord Work has been completed and fully paid for in accordance with (x) the applicable Lease or License, pursuant to which such Landlord Work is required to be undertaken (provided that no third-party contractor shall be required make any certification as to the subject matter of this clause (x)), (y) the applicable Work Agreements and (z) the plans and specifications, and other drawings in respect of such Landlord Work, (ii) final lien waivers from all applicable contractors and (iii) confirmation from the applicable Tenant or Licensee that such Landlord Work has been completed in accordance with the Lease or License, as applicable (provided that such confirmation shall not be required in order to evidence completion of Landlord Work if and to the extent (x) Sellers provide evidence to Purchaser that Sellers have requested such confirmation, (y) the applicable Tenant or Licensee has not provided such confirmation and (z) Sellers represents to Purchaser that the applicable Tenant or Licensee has not either (1) refused to provide such confirmation or (2) stated to Sellers (or the applicable third-party contractor under the applicable Work Agreements) that such Landlord Work has not been completed in accordance with the Lease or License, as applicable.

“**Confidentiality Agreement**” means that certain Principal Confidentiality Agreement dated as of January 12, 2016, by Brookfield Properties Acquisition LLC, a Delaware limited liability company and an Affiliate of the Purchasers.

“**Consolidated Closing Statement**” has the meaning set forth in Section 5.2.12 hereof.

“**Contracts**” means, with respect to each Property, the equipment leases, and all contracts, Work Agreements, management agreements and other agreements relating to the use, ownership and/or operation of such Property, all as described on Disclosure Schedule 3.

“**Cure**” means, with respect to a Lien or an Encumbrance, to cause the Title Company to issue a title policy insuring Purchaser’s title without exception for such Lien or Encumbrance, either by Discharging such Lien or Encumbrance or on the basis of an indemnification, a bond or another arrangement satisfactory to the Purchaser and the Title Company.

“**Deeds**” has the meaning set forth in Section 5.2.1 hereof.

“**Delinquent Rent**” means any Rent not timely paid under the Leases.

“**Designating Party**” has the meaning set forth in Section 12.23.3.

“**Discharge**” means, (i) with respect to a Lien, (a) to cause the party secured by such Lien to release and discharge the same of record; or (b) to cause the Title Company to issue a title policy insuring Purchaser’s title without exception for such Lien by paying the indebtedness it secures, together with any penalties and interest thereon (the amount thereof having been previously specified for the applicable payoff date by the secured party), into Escrow at Closing, or (ii) with

respect to an Encumbrance, to cause the parties benefitted by such Encumbrance to discharge and terminate such Encumbrance of record.

“**Disclosing Party**” has the meaning set forth in Section 12.17 hereof.

“**Due Diligence Materials**” has the meaning set forth in Section 4.2.1 hereof.

“**Earnest Money Deposit**” has the meaning set forth in Section 2.2.1 hereof.

“**Effective Date**” has the meaning set forth in the preamble hereof.

“**Encumbrance**” means (i) any covenant, condition, restriction, easement, right of way or other matter affecting title to a Property, and (ii) any encroachment, violation, easement, right of way or other matter that would be disclosed by an accurate and complete survey satisfying the Survey Standards; provided, however, that “Encumbrances” do not include Liens or Leases.

“**Environmental Damages**” has the meaning set forth in Section 4.3(h) hereof.

“**Environmental Reports**” means the reports listed on Disclosure Schedule 5.

“**Environmental Requirements**” has the meaning set forth in Section 4.3(i) hereof.

“**Escrow**” has the meaning set forth in Section 3.1 hereof.

“**Escrow Agent**” means the Title Company, when acting in its capacity as escrow holder or closing agent hereunder or under any Closing Document.

“**Escrow Agreement**” has the meaning set forth in Section 3.1 hereof.

“**Exchange**” has the meaning set forth in Section 12.23.

“**Excluded Assets**” means, with respect to each Property, the Excluded Documents, all computer hardware and software used by such Property’s Seller or its Affiliate or in connection with such Property, cash, cash equivalents, checks and other funds, including, without limitation, notes, securities and other evidence of indebtedness held at such Property as of the Closing, and balances on deposit to the credit of such Seller with banking institutions, all of which shall be retained by such Seller.

“**Excluded Documents**” means, with respect to each Property, all (a) Intellectual Property Rights, (b) all insurance policies owned or obtained by such Property’s Seller on behalf or in connection with such Seller’s business at the Property, (c) the corporate minute books and stock registers of such Seller or its Affiliates, (d) internal memoranda or analyses prepared by or for such Seller or its Affiliates in connection with the sale of such Property, including tax returns or financial statements of such Seller (but exclusive of operating statements and the general ledger of such Property and any supporting information which shall be available for review by Purchaser), (e) communications between such Seller or any Affiliate and their respective attorneys, (f) appraisals, assessments or other valuations of such Property in the possession or control of such

Seller, (g) structural reviews of the Properties and (h) original bills, invoices, receipts and checks related to expenses incurred prior to Closing (provided, however, that Sellers shall make available to Purchaser copies of the items described in clause (h)).

“Final Closing Adjustment” has the meaning set forth in Section 5.5.11.

“Good Funds” means a confirmed wire transfer of funds.

“Guarantor” has the meaning set forth in Section 9.8.

“Guaranty” has the meaning set forth in Section 9.8.

“Hazardous Materials” has the meaning set forth in Section 4.3(j).

“Improvements” means, with respect to each Property, the buildings, structures, fixtures, and other permanent improvements located on such Property’s Land, including, without limitation, electrical distribution systems, HVAC systems, walkways, driveways, parking lots, plumbing, lighting, and mechanical equipment and fixtures installed thereon.

“Individual Closing Statement” has the meaning set forth in Section 5.2.12 hereof.

“Intangible Property” means, with respect to each Property, (a) local telephone and facsimile exchange numbers identified exclusively with such Property, (b) transferable certificates (including the certificate of occupancy for such Property), licenses, permits (including the Permits) and warranties now in effect with respect to such Property, (c) all general intangibles relating to design, development, operation and use of such Property, all transferable rights and work product under construction, service, consulting, engineering, architectural, design and construction agreements, if any, that are assigned to Purchaser at Closing as Assumed Contracts, and plans and specifications of any portion of such Property, and all development rights and goodwill related to any portion of such Property, and (d) all other intangible property used by such Property’s Seller exclusively in connection with the ownership and operation of such Property, but excluding the Excluded Assets.

“Intellectual Property Rights” means, with respect to each Property, all patents, copyrights, trade secrets, trademarks, trade names, service marks, confidential information and other know-how owned by such Property’s Seller or its Affiliates or used by such Seller or its Affiliates in managing such Property, including but not limited to (a) marketing and management intangibles, (b) all proprietary computer software developed and owned by such Seller or its Affiliate, and (c) all proprietary manuals, instructions, policies, procedures and directives issued by such Seller or its Affiliates to its employees at such Property, except for those manuals, policies and instructions that related solely to the operation of such Property. The term **“Intellectual Property Rights”** does not include the Property Specific Proprietary Marks and the specific data and information stored or maintained on the Intellectual Property Rights for such Property that uniquely pertains to such Property or those served at such Property. The term **“Property Specific Proprietary Marks”** means, with respect to such Property, all trademarks, service marks, trade names, trade dress, symbols, logos, slogans, designs, insignia, emblems, devices, domain names, distinctive designs of signs, or any other source identifying feature, or combinations thereof, which are (i) used

to identify such Property, or which are used in connection with the operation of such Property by such Seller or its Affiliates, and (ii) do not contain the names “Washington REIT”, “WRIT,” “Washington Real Estate Investment Trust” or variants thereof. Seller shall not contest Purchaser’s right to use any Property Specific Proprietary Marks, which expressly include the names “51 Monroe” and “One Central Plaza”. None of the Sellers makes any representation or warranty to Purchaser regarding such names except as expressly set forth in Section 7.2 below. Purchaser acknowledges that none of the foregoing building names is registered or otherwise maintained by any of the Sellers as a trademark.

“**Involuntary Encumbrance**” means an Encumbrance that is not created by an affirmative act or omission of any Seller.

“**Involuntary Lien**” means a Lien that (i) is not a Tenant Lien, and (ii) is not created by an affirmative act or omission of any Seller.

“**Land**” means, with respect to each Property, the land or condominium unit included in such Property and described on Exhibit A-2, together with all easements, rights-of-way, rights of ingress and egress, strips, zones, licenses, transferable hereditaments, privileges, tenements and appurtenances in any way belonging to or appertaining to such land or condominium unit, and any right or interest in any open or proposed highways, streets, roads, avenues, alleys, easements, strips, gores and rights-of-way in, across, in front of, contiguous to, abutting or adjoining such land or condominium unit.

“**Landlord Work**” means the renovations, build-outs, demolition or other work set forth on Disclosure Schedule 2-3 hereto, that a Seller is required to conduct for the benefit of any Tenant or licensee pursuant to the terms of such Tenant’s or licensee’s Lease or Licenses, as applicable.

“**Lease**” means an agreement (other than a License) pursuant to which a party other than a Seller has the right to use or occupy a portion of a Property owned by such Seller, together with all amendments, modifications, supplements, renewals, and extensions thereof, as well as any guarantees thereof. For purposes of clarification, it is acknowledged and agreed that each of those agreements and instruments (other than Licenses) properly entered into by Seller (whether as a matter of right or with Purchaser’s consent) pursuant to the terms of Section 6.2.2 hereof shall constitute a Lease.

“**Leased Space**” means the aggregate amount of gross rentable area that is occupied by Tenants at all of the Properties, taken together.

“**Lease Expenses**” means the Leasing Commissions, TI Obligations, costs associated with Landlord Work, free rent and other concessions payable pursuant to or on account of the Leases and/or Licenses, including, without limitation, those set forth on Disclosure Schedule 2-4 hereto.

“**Lease Schedule**” means the list of Leases attached hereto as Disclosure Schedule 2-1.

“**Leasing Commission**” means the commissions, fees or other compensation or reimbursement set forth and payable to a broker or other third party in connection with a Lease or License or the expansion or renewal of a Lease or License, including, without limitation, those set forth on Disclosure Schedule 2-2 hereto.

“**Legal Requirement**” means any applicable federal, state, local or municipal constitution, law, ordinance, rule, order, regulation or statute of any governmental authority bearing on the construction, alteration, rehabilitation, maintenance, use, operation, sale, transfer or any other aspect of all or any portion of a Property.

“**License**” means a utility license or access agreement, a right-of way agreement, an antenna license agreement, or a similar agreement pursuant to which a Person other than a Seller is entitled to use or occupy a portion of a Property. For purposes of clarification, it is acknowledged and agreed that each of those agreements and instruments expressly referred to as a License pursuant to the terms of Section 6.2.2 hereof and properly entered into by Seller (whether as a matter of right or with Purchaser’s consent) pursuant to the terms of Section 6.2.2 hereof shall constitute a License.

“**Licensee Estoppel Certificate**” has the meaning set forth in Section 6.2.3.

“**Lien**” means any mortgage, deed of trust or other consensual lien, a mechanic’s or any materialman’s lien, a judgment lien, a lien for delinquent real property taxes or assessments, any other tax or statutory lien, or any other lien, in each case to the extent the same affects a Property and is prior or senior to, or otherwise encumbers the interest of such Property’s Seller in such Property.

“**Multi-Property Contract**” has the meaning set forth in Section 4.2.4 hereof.

“**New Title Matter**” has the meaning set forth in Section 4.1.2.

“**Non-Designating Party**” has the meaning set forth in Section 12.23.3.

“**Non-Foreign Affidavit**” has the meaning set forth in Section 5.2.6 hereof.

“**Notice**” has the meaning set forth in Article XI hereof.

“**Notice to Tenants**” has the meaning set forth in Section 5.2.14 hereof.

“**OFAC**” has the meaning set forth in Section 7.1.6.

“**Official Records**” means the Land Records Department of the Circuit Court of Montgomery County.

“**Operating Expenses**” means, for any Property, all usual and customary operating expenses not otherwise expressly specified in Section 5.5 hereof for proration that are incurred in the ownership or operation of such Property and constituting an assumed liability or arising under any agreement or other matter included in the Property to be conveyed hereunder.

“Owner’s Affidavit” has the meaning set forth in Section 5.2.8 hereof.

“Pending Claim” has the meaning set forth in Section 9.5 hereof.

“Permits” means, with respect to each Property, the licenses and permits, approvals, entitlements, and other governmental authorizations (including certificates of occupancy) issued to or in favor of Seller by a governmental or administrative agency or authority (whether federal, state or local) for the ownership, operation, planning, development, constructions, use, or maintenance of such Property.

“Permitted Exceptions” means (a) any and all general, special, supplementary or retroactive property taxes or assessments, to the extent such taxes or assessments are not due as of the Closing Date; (b) any Encumbrances and Involuntary Liens affecting a Property that exist as of the Effective Date of the Title Commitment for such Property (excluding, however, the Liens and Encumbrances listed on Disclosure Schedule 8); (c) any survey matters affecting a Property that exist as of the most recent date of the Survey (as listed on Disclosure Schedule 7) for such Property; (d) any Liens or Encumbrances that become Permitted Exceptions pursuant to an express provision of this Agreement or that are expressly approved in writing by Purchaser; (e) rights of Tenants under Leases (as tenants only); (f) rights of third parties under equipment leases relating to Personal Property; (g) Legal Requirements, including, without limitation, zoning ordinances (and amendments and additions relating thereto) and the Americans with Disabilities Act of 1990, as amended; and (h) any exceptions created by Purchaser or its agents, employees and/or contractors, including without limitation, any exceptions arising by reason of the entry on the Real Property by Purchaser or by its agents, employees and/or contractors (provided that the parties acknowledge and agree that Purchaser’s mere discovery and/or immaterial displacement of an existing condition shall not constitute such an exception).

“Person” means a natural person, an agency or body of federal, state or local government, a corporation, a general or limited partnership, a limited liability company, a trust, or any other entity recognized under applicable law as having authority to own property, to conduct business, to sue or to be sued.

“Personal Property” means, with respect to each Property, all tangible personal property, including the following items, that is owned by such Property’s Seller and used by such Seller or its Affiliates, representatives or agents exclusively (or primarily) in connection with the ownership, maintenance, and operation of such Property or any combination of the Properties: (a) keys and combinations to all doors, cabinets, enclosures and other locks on or about such Property, (b) furniture, equipment, televisions, telephone systems; mechanical systems, fixtures and equipment; electrical systems, fixtures and equipment; heating fixtures, systems, and equipment; air conditioning fixtures, systems and equipment; plumbing fixtures, systems, and equipment; security systems and equipment; carpets, drapes, artwork and other furnishings; refrigerators, microwaves, ovens, stoves, and all other appliances; vehicles, office equipment, furniture and fixtures not considered improvements, spare parts, supplies and other physical assets, machinery, tools, trade fixtures, utensils, china and glassware; (c) copies of files maintained or generated by such Seller in the course of the operation of such Property (excluding the Excluded Documents) which are located at such Property or at WashREIT’s headquarters in Washington, DC or are

otherwise in Seller's possession or under Seller's control; and (d) the Books and Records, but excluding, however, the Excluded Assets.

"Post Due Diligence Disclosure" has the meaning set forth in Section 7.3.

"Proceeding" has the meaning set forth in Section 7.2.4(b).

"Property" means a property designated on Exhibit A-1 hereto, which property consists of the corresponding Land described on Exhibit A-2, the Improvements located on such Land, the Personal Property located on such Land or in such Improvements, and the Intangible Property, Assumed Contracts and Leases, excluding, however, any of the foregoing that are Excluded Assets.

"Proprietary Information" has the meaning set forth in Section 12.17.

"Purchase Price" has the meaning set forth in Section 2.2 hereof.

"Purchaser" has the meaning set forth in the preamble hereof.

"Purchaser Closing Documents" has the meaning set forth in Section 9.6 hereof.

"Purchaser Costs" has the meaning set forth in Section 9.2.

"Purchaser Default" has the meaning set forth in Section 9.1.

"Real Property" means, with respect to a Property, such Property's Land and Improvements, collectively.

"Receiving Party" has the meaning set forth in Section 12.17 hereof.

"Rent" means all Basic Rent and Additional Rent.

"Required Cure Items" has the meaning set forth in Section 4.1.2 hereof.

"Required License" means the following Licenses: respecting the Property commonly known as 51 Monroe Street: FBI, Verizon, T Mobile, Sprint/Nextel (2 agreements), Sirius and Verizon Real Estate.

"Required REAs" has the meaning set forth in Section 6.2.4.

"Required REA Estoppel Certificates" has the meaning set forth in Section 6.2.4.

"Required Tenant" has the meaning set forth in Section 8.2.5.

"Required Tenant's Satisfactory Tenant Estoppel Certificates" has the meaning set forth in Section 8.2.5.

“**Satisfactory Licensee Estoppel Certificate**” has the meaning set forth in Section 8.2.6.

“**Satisfactory REA Estoppel Certificate**” has the meaning set forth in Section 8.2.7.

“**Satisfactory Tenant Estoppel Certificates**” has the meaning set forth in Section 8.2.5.

“**Security Deposit**” means a cash deposit, or a letter of credit or similar evidence of indebtedness held by a Seller (i) under a Lease as security for the obligations of the Tenant under such Lease or (ii) under a License as security for the obligations of the licensee under such License.

“**Seller**” has the meaning set forth in the preamble hereof.

“**Seller Default**” has the meaning set forth in Section 9.2.

“**Seller Lease Estoppel Certificate**” has the meaning set forth in Section 8.2.5.

“**Seller License Estoppel Certificate**” has the meaning set forth in Section 8.2.6.

“**Seller Related Parties**” has the meaning set forth in Section 4.3.

“**Sellers’ Survey Certification**” has the meaning set forth in Section 4.1.1.

“**Supplemental Losses**” has the meaning set forth in Section 7.3.

“**Surveyor**” means, as to each Property, the surveyor identified on Disclosure Schedule 7 as the preparer of such Property’s Survey.

“**Surveys**” has the meaning set forth in Section 4.1.1 hereof.

“**Survey Standards**” means the Minimum Standard Detail Requirements for ALTA/NSPS Land Title Surveys in effect as of the Effective Date.

“**Survival Date**” has the meaning set forth in Section 9.5 hereof.

“**Tenant**” means the tenant or lessee under a Lease.

“**Tenant Estoppel Certificate**” has the meaning set forth in Section 6.2.3.

“**Tenant Lien**” means a Lien that encumbers only a Tenant’s leasehold interest in a Property, and that does not secure indebtedness or other obligations voluntarily created or assumed by Seller.

“**Tenant’s Fiscal Year**” has the meaning set forth in Section 5.5.11(b).

“**TI Obligation**” means an obligation, if any, of a Seller, as landlord or licensor under a Lease or a License, to pay for tenant improvements, and if such tenant improvements are to be

constructed by such Seller rather than a Tenant or licensee, “**TI Obligation**” also includes the obligation to construct such tenant or licensee improvements, all of which are set forth on Disclosure Schedule 2-3 hereto.

“**Title Commitments**” has the meaning set forth in Section 4.1.1 hereof.

“**Title Company**” means Fidelity National Title Insurance Company, acting through its New York office located at 485 Lexington Avenue, 18th Floor, New York, New York 10017, Attn: Nick DeMartini, Managing Counsel, provided that the parties acknowledge that Fidelity National Title Insurance Company will utilize its local Washington, D.C. office located at 1620 L Street, NW, 4th Floor, Washington, D.C. 20036, Attn: Michael Segal with respect to the transactions contemplated by this Agreement.

“**Unreleased Claims**” has the meaning set forth in Section 4.3.

“**Updated Disclosure**” has the meaning set forth in Section 7.2.4(f).

“**Utility Deposits**” means, with respect to each Property, all deposits made by such Property’s Seller in connection with providing water, sewer, gas, electricity, telephone and other public utilities to such Property.

“**Voluntary Encumbrance**” means an Encumbrance that is not an Involuntary Encumbrance.

“**Voluntary Lien**” means a Lien that is not an Involuntary Lien or a Tenant Lien.

“**WashREIT**” means Washington Real Estate Investment Trust, a Maryland real estate investment trust.

“**Work Agreements**” means any agreements between a Seller and a contractor or other third party relating to the conduct of Landlord Work, which agreements are expressly designated as a “Work Agreement” on Disclosure Schedule 3.

II. SALE AND PURCHASE OF PROPERTY

2.1 Purchase of Property. On the Closing Date, and subject to the terms and conditions of this Agreement, each Seller shall sell, assign, convey, transfer and deliver to Purchaser, and Purchaser shall purchase and acquire from each Seller, all of such Seller’s right, title and interest in and to the Property, or Properties, owned by such Seller, free and clear of Liens and Encumbrances that are not Permitted Exceptions, at the purchase price provided in Section 2.2 hereof. Purchaser hereby acknowledges and agrees that this Agreement is for the purchase and sale of all of the Properties and that under no circumstances shall Purchaser be obligated to purchase fewer than all of the Properties.

2.2 Purchase Price and Terms of Payment. The aggregate purchase price for all of the Properties (the “**Purchase Price**”) shall be \$128,500,000, allocated among the Properties as indicated on Exhibit A-4, and shall consist of and be payable as follows:

2.2.1 Earnest Money Deposit. Simultaneously with the execution and delivery of this Agreement by the parties, Purchaser shall deliver to Escrow Agent, in Good Funds, \$1,000,000, which amount, together with all interest accrued thereon, is referred to herein as the “**Earnest Money Deposit**.” The Earnest Money Deposit shall be non-refundable to Purchaser except as expressly provided herein. If the Closing occurs, the Earnest Money Deposit shall be applied to the Purchase Price on the Closing Date.

2.2.2 Balance of Purchase Price. Not later than 2:00 p.m., Washington, D.C. time, on the Closing Date, Purchaser shall deposit with Escrow Agent, in Good Funds, the balance of the Purchase Price, reduced or increased by such amounts as are required to take into account any prorations, credits, costs or other adjustments to be made at Closing under this Agreement. The amount to be paid under this Section 2.2.2 is referred to in this Agreement as the “**Closing Payment**.”

2.3 Assignment and Assumption of the Contracts. As additional consideration, Purchaser shall, on and as of the Closing Date, at its sole cost and expense, assume and agree to pay all sums and perform, fulfill and comply with all other covenants and obligations which are to be paid, performed and complied with by the Sellers under the Assumed Contracts, to the extent such obligations first arise or accrue on or after the Closing Date, and the Sellers shall, on and as of the Closing Date, at their sole cost and expense, assign to Purchaser all of Sellers’ right, title and interest in and to the Assumed Contracts. The Sellers shall remain liable to pay all sums and perform, fulfill and comply with all other covenants and obligations which are to be paid, performed and complied with by the Sellers under the Assumed Contracts, to the extent such obligations pertain to the period before the Closing Date.

2.4 Assignment and Assumption of the Leases and Licenses. As additional consideration, Purchaser shall on and as of the Closing Date, at its sole cost and expense, assume and agree to perform, fulfill and comply with all covenants and obligations which are to be performed and complied with by the Sellers under the Leases and Licenses, to the extent such obligations first arise or accrue on or after the Closing Date, and the Sellers shall on and as of the Closing Date, at their sole cost and expense, assign to Purchaser all of Sellers’ right, title and interest in and to the Leases and Licenses. The Sellers shall remain liable to perform, fulfill and comply with all covenants and obligations which are to be performed and complied with by the Sellers under the Leases and Licenses, to the extent such obligations pertain to the period before the Closing Date.

2.5 Assumed Liabilities. Except as expressly set forth herein, Purchaser shall not assume, in connection with the transactions contemplated hereby, any other liability or obligation of any Seller whatsoever for or in respect of periods prior to the Closing Date, and each Seller shall retain responsibility for all liabilities and obligations accrued or incurred prior to Closing (including any liabilities and obligations arising on or after Closing but accrued prior to Closing or arising out of acts or omissions of Seller prior to Closing) with respect to the ownership or operation of such Seller’s Property or Properties.

2.6 Allocations of Purchase Price. The parties have agreed to allocate to each Property a percentage of the Purchase Price (referred to herein as such Property's "**Allocated Share**") indicated for such Property in Column 2 of Exhibit A-4. The portion of the Purchase Price corresponding to each Property's Allocated Share is set forth in Column 3 of Exhibit A-4 and is referred to herein as such Property's "**Allocated Amount**." The parties have also agreed to allocate each Property's Allocated Amount among the Real Property and the other items of property comprising such Property, which allocations are set forth on Exhibit A-5 hereto. The Sellers and Purchaser shall use the foregoing allocations in preparing and filing federal, state and local tax returns, and in determining the amount of any transfer or recordation taxes payable in connection with the recordation of the Deeds.

III. ESCROW

3.1 Escrow . Simultaneously with the execution and delivery of this Agreement, the parties have established an escrow ("**Escrow**") with Escrow Agent by depositing with Escrow Agent the Earnest Money Deposit and having three (3) copies of the Escrow Agreement in the form attached hereto as Exhibit B duly executed by the Sellers, Purchaser and Escrow Agent (the "**Escrow Agreement**"). The Earnest Money Deposit shall be held by Escrow Agent in accordance with the terms of the Escrow Agreement. In the event of any conflict between this Agreement and the Escrow Agreement, the terms of this Agreement shall control. The Escrow shall include both the Escrow Agent's handling of the Earnest Money Deposit and Escrow Agent's handling of any other documents and deliveries deposited with Escrow Agent at any time up to, and including, the Closing Date. At Closing Purchaser, Escrow Agent and the Sellers shall prepare and execute separate escrow instructions, consistent with this Agreement, confirming the parties' understanding with respect to the Escrow Agent's handling of the Escrow for matters other than the Earnest Money Deposit (the "**Closing Instructions**").

3.2 Deposit of Funds. Except as otherwise provided in this Agreement, all funds deposited into the Escrow by Purchaser shall be immediately deposited by Escrow Agent into a demand deposit account, subject to the control of Escrow Agent in a federally insured U.S. bank; provided, however, that such funds must be readily available as necessary to comply with the terms of this Agreement and the Escrow Agreement, and for the Escrow to close within the time specified in Section 5.1 of this Agreement. Except as may be otherwise specifically provided herein, interest on amounts placed by Escrow Agent in any such investments or interest bearing accounts shall accrue to the benefit of Purchaser, and Purchaser shall promptly provide to Escrow Agent Purchaser's Tax Identification Number.

IV. TITLE AND PROPERTY CONDITION

4.1 Title to the Real Property.

4.1.1 Acceptance of Title as of the Effective Date. The parties acknowledge and agree that the Title Company has made available to Purchaser commitments for title insurance (collectively, the "**Title Commitments**") addressing the status of title to each Property as of a date

prior to the Effective Date, including (to the extent available) copies of Liens and Encumbrances that are indicated as Property-specific exceptions to title in such title commitments. Each of the Title Commitments is set forth on Disclosure Schedule 6. The parties acknowledge and agree that the Purchaser has received for each Property a survey that complies with the Survey Standards. Each of the Surveys, including all revisions issued by the Surveyor prior to the Effective Date, is identified on Disclosure Schedule 7 (such surveys are referred to herein as the “**Surveys**”). On or prior to the Closing Date, Seller shall deliver a certification to Title Company, in the form attached hereto as Exhibit J-2, as to the absence of physical changes to the exterior of Improvements at the Properties from that shown on the Surveys (collectively, “**Sellers’ Survey Certification**”). Purchaser hereby acknowledges and agrees that Purchaser has no right to object to any Liens or Encumbrances disclosed in the Title Commitments or the Surveys set forth on Disclosure Schedule 6 and Disclosure Schedule 7, respectively, except for Involuntary Liens or Involuntary Encumbrances, if any, listed on Disclosure Schedule 8, and that the Sellers shall not be obligated to Cure any of such Liens or Encumbrances except as provided in the first sentence of Section 4.1.2 below.

4.1.2 Liens and Encumbrances; Existing and Arising After the Effective Date. Each Seller, with respect to its Property or Properties, agrees to Cure, prior to or at Closing: (i) all Voluntary Liens and Voluntary Encumbrances, if any, listed on Disclosure Schedule 8 and all Voluntary Liens and Voluntary Encumbrances first arising after the Effective Date of the Title Commitment for the Property affected by such Voluntary Lien or Voluntary Encumbrance; and (ii) the Involuntary Liens and Involuntary Encumbrances, if any, listed on Disclosure Schedule 8 (items (i) and (ii) collectively, the “**Required Cure Items**”). If a Seller or Purchaser becomes aware that an Involuntary Lien or Involuntary Encumbrance has arisen after the Effective Date of the Title Commitment for the Property affected by such Involuntary Lien or Involuntary Encumbrance, such Seller or Purchaser, as applicable, shall promptly give written notice to the other of such Involuntary Lien or Involuntary Encumbrance. If the cost to Cure such Involuntary Lien or Involuntary Encumbrance, together with the cost to Cure all other Involuntary Liens and Involuntary Encumbrances of which the Purchaser or any Seller has received written notice pursuant to the preceding sentence after the date hereof and prior to Closing (each, a “**New Title Matter**”), does not exceed \$2,500,000, such Seller shall be obligated to Cure such New Title Matter prior to or at Closing, at such Seller’s sole cost and expense. If the cost to Cure such New Title Matter, together with the cost to Cure all other New Title Matters of which the Purchaser or any Seller has received notice pursuant to this Section 4.1.2, exceeds \$2,500,000, then such Seller shall have the option but not the obligation to Cure such New Title Matter prior to Closing at such Seller’s sole cost and expense, and such Seller shall notify Purchaser of its election within five (5) Business Days after such Seller either sends or receives notice of such New Title Matter pursuant to the second sentence of this Section 4.1.2. If such Seller does not make such election in writing within such five (5) Business Day period, such Seller shall be deemed to have elected not to Cure such New Title Matter. If such Seller is not obligated to Cure one or more New Title Matters and if such Seller elects (or is deemed to have elected) not to Cure such New Title Matters, then Purchaser may elect to either: (i) proceed with the Closing (absent some other grounds for termination of this Agreement prior to Closing) and receive a credit against the Purchase Price in the amount necessary to Cure such uncured New Title Matter(s) but not to exceed (y) \$2,500,000 less (z) the out-of-pocket amount actually spent by such Seller to Cure such New Title Matter(s); or (ii) terminate this Agreement, by

written notice to Sellers, in which case the Earnest Money Deposit shall be returned to Purchaser, this Agreement shall terminate and neither party shall have any obligation to the other party hereunder except for obligations that expressly survive termination of this Agreement. Seller is required to Cure all Required Cure Items at or prior to Closing. If such Seller does not Cure any Required Cure Items at or prior to Closing, Purchaser may elect to either: (i) proceed with the Closing (absent some other grounds for termination of this Agreement prior to Closing) and receive a credit against the Purchase Price in the amount necessary to Cure such uncured Required Cure Items; or (ii) terminate this Agreement, by written notice to Sellers, in which case such Seller's failure to Cure such Required Cure Item shall constitute a Seller Default hereunder and Purchaser shall be entitled to pursue and obtain its remedies pursuant to Section 9.2. Any Lien or Encumbrance that a Seller is not obligated to Cure prior to Closing pursuant to this Section 4.1.2 is a Permitted Exception (provided that, in connection therewith, Seller has provided Purchaser a credit against the Purchase Price if and to the extent required above in this Section 4.1.2).

4.2 Inspection.

4.2.1 Prior to the date hereof, each of the Sellers made available to Purchaser the information, documents, agreements and reports in each Seller's possession or control relating to the Properties (collectively, the "**Due Diligence Materials**") without representation or warranty of any kind or nature, whether express or implied, except as expressly set forth in this Agreement. The parties acknowledge that Purchaser has had the opportunity to review and inspect the Due Diligence Materials and all of the Properties prior to the date hereof. By executing this Agreement, Purchaser acknowledges that it has completed its inspections and studies of all of the Properties and it has no remaining contingencies to Closing nor rights to object to any due diligence matters except as expressly provided below in this Section 4.2.1, and is agreeing to proceed in accordance with the terms hereof (including without limitation, the terms of Section 4.3 below). Notwithstanding such prior inspections, the Sellers shall cooperate and provide Purchaser and its agents, employees, representatives, consultants and lenders with reasonable and continuing access to the Real Property included in each Property upon commercially reasonable Notice to the Sellers for the purpose of Purchaser's inspection (provided, however, that Purchaser shall not perform any invasive testing of any Real Property without the Sellers' prior written consent in each instance, which may be granted or withheld in the Sellers' sole and absolute discretion). Neither Purchaser nor any of its employees, agents or representatives shall contact or otherwise discuss this transaction and /or the operation of the Properties with any on-site employees of the Properties; provided, however, that Purchaser may meet with any Property's asset manager and property manager upon commercially reasonable Notice to the Property's Seller but, if required by such Seller, only in the presence of such Seller's representative. Each Seller shall have the right to have a representative of such Seller present during all inspections or examinations of such Seller's Real Property by Purchaser.

4.2.2 Prior to any entry by Purchaser or any of Purchaser's designees onto any Property for the purpose of performing any physical inspection, Purchaser shall: (i) if Purchaser does not then have such a policy in force, procure a policy of commercial general liability insurance, issued by an insurer reasonably satisfactory to the Sellers, covering all of Purchaser's activities at such Property, with a single limit of liability (per occurrence and aggregate) of not less than \$2,000,000.00; and (ii) to the extent not yet delivered to Sellers, deliver to Sellers a Certificate of

Insurance evidencing that such insurance is in force and effect, and evidencing that the Seller that owns such Property has been named as an additional insured thereunder with respect to any of Purchaser's activities. In the event that such insurance is required as a result of Purchaser or any of Purchaser's designees entering any Property for the purpose of physical inspection, such insurance shall be written on an "occurrence" basis, and shall be maintained in force until the earlier of (x) the termination of this Agreement and the conclusion of all of Purchaser's activities, or (y) the Closing Date.

4.2.3 Purchaser, at all times, will conduct all inspections and reviews in compliance with all Legal Requirements, and in a manner intended not to cause damage, loss, cost or expense to any Seller, any Property or Tenants of any Property, and without unreasonably interfering with or disturbing any Tenants or employees at the Properties. Prior to Closing, the results of or any other information acquired pursuant to Purchaser's inspections shall be subject to the terms and conditions of Section 12.17 below. Purchaser will promptly restore any damage to any Property caused by Purchaser's inspection to its condition immediately preceding such inspections and examinations and will keep the Properties free and clear of any mechanic's liens or materialmen's liens in connection with such inspections and examinations.

4.2.4 Purchaser shall assume all of the Assumed Contracts on the Closing Date. Purchaser acknowledges and agrees that some or all of the Contracts are Multi-Property Contracts, each of which shall be terminated on or before Closing with respect to each Property and shall not be included in the Assignment of Contracts and Licenses or otherwise constitute an "Assumed Contract"; provided, however, that with respect to any Multi-Property Contract listed on Disclosure Schedule 3 as a Contract for "Introduction and Request," the applicable Seller shall use good faith efforts to introduce Purchaser to the third party counter-party to such Multi-Property Contract with the intent of causing the third party counter-party to enter into a new agreement with Purchaser on substantially the same terms as the original Multi-Property Contract but with respect only to the Property being purchased hereunder. Purchaser agrees that Seller shall be conclusively deemed to have used its "good faith efforts" to accomplish the purposes set forth in the immediately preceding sentence if Seller shall (x) introduce the third party counter-party to the applicable Multi-Property Contract to Purchaser and (y) cooperate reasonably and in good faith (but at no costs or expense to Sellers) with Purchaser's request that such third party counter-party enter into a new agreement meeting the requirements described in the immediately preceding sentence. In no event shall Seller have any liability for the failure of any third party counter-party to enter any such new agreement with Purchaser. For purposes of this Agreement, "**Multi-Property Contract**" means a Contract pursuant to which services are rendered to one or more properties that are not included in the Properties. The Multi-Property Contracts are designated as such on Disclosure Schedule 3. Seller shall terminate at or prior to Closing (either outright or, with respect to Multi-Property Contracts, with respect to each Property) all Contracts listed on Disclosure Schedule 3 that do not constitute "Assumed Contracts".

4.2.5 The cost of the inspections and tests undertaken pursuant to this Section 4.2 shall be borne solely by Purchaser.

4.2.6 Purchaser acknowledges and agrees that, until the Closing Date, Purchaser's possession of all information and materials disclosed and/or delivered to it by the Sellers, or Sellers'

agents, employees and representatives (including without limitation, the Due Diligence Materials), is governed by the terms of the Confidentiality Agreement and the terms and conditions of Section 12.17 below.

4.2.7 Except as expressly provided herein and/or in the Closing Documents, none of the Sellers makes any representations or warranties as to the truth, accuracy or completeness of any materials, data or other information, if any, supplied to Purchaser in connection with Purchaser's inspection of any of the Properties (e.g., that such materials are complete, accurate or the final version thereof, or that all such materials are in any Seller's possession). Except for Purchaser's reliance on any representation and warranties expressly provided herein and/or in the Closing Documents, it is the parties' express understanding and agreement that any such materials are to be provided only for Purchaser's convenience in making its own examination and determination as to whether it wishes to purchase the Properties, and, in doing so, Purchaser shall rely exclusively on its own independent investigation and evaluation of every aspect of each Property and not on any materials supplied by the Sellers. Except for Purchaser's reliance on any representation and warranties expressly provided herein and/or in the Closing Documents with respect to any such materials, Purchaser expressly disclaims any intent to rely on any such materials provided to it by the Sellers in connection with its inspection and agrees that it shall rely solely on its own independently developed or verified information.

4.2.8 The obligations of Purchaser under this Section 4.2 (including its indemnification obligations) shall survive Closing or the termination of this Agreement for a period of one (1) year.

4.3 Condition of the Property. THE FOLLOWING PROVISIONS IN THIS SECTION 4.3 ARE SUBJECT TO THE EXPRESS REPRESENTATIONS, WARRANTIES, COVENANTS, AGREEMENTS, AND OTHER PROVISIONS OF THIS AGREEMENT (INCLUDING WITHOUT LIMITATION THE REPRESENTATIONS AND WARRANTIES SET FORTH IN SECTION 7.2) AND THE CLOSING DOCUMENTS:

(a) BY ENTERING INTO THIS AGREEMENT, PURCHASER REPRESENTS AND WARRANTS THAT IT HAS PERFORMED (AND PURCHASER REPRESENTS AND WARRANTS TO THE SELLERS THAT PURCHASER IS CAPABLE OF PERFORMING) AN INDEPENDENT INVESTIGATION, ANALYSIS AND EVALUATION OF EACH OF THE PROPERTIES. PRIOR TO THE EFFECTIVE DATE, PURCHASER HAS DETERMINED, SUBJECT TO THE TERMS AND CONDITIONS OF THIS AGREEMENT, THAT EACH OF THE PROPERTIES IS ACCEPTABLE TO PURCHASER. PRIOR TO THE EFFECTIVE DATE, PURCHASER HAS CONDUCTED ITS OWN THOROUGH AND INDEPENDENT INSPECTION, INVESTIGATION, ANALYSIS AND EVALUATION OF ALL INSTRUMENTS, RECORDS AND DOCUMENTS WHICH PURCHASER DETERMINED TO BE APPROPRIATE OR ADVISABLE TO REVIEW IN CONNECTION WITH PURCHASER'S ACQUISITION OF EACH OF THE PROPERTIES AND THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

(b) PURCHASER FURTHER ACKNOWLEDGES AND AGREES THAT PURCHASER HAS SUBSTANTIAL EXPERIENCE WITH REAL PROPERTY AND ITS OPERATIONS, AND THAT PURCHASER WILL ACQUIRE EACH OF THE PROPERTIES IN “AS IS, WHERE IS, WITH ALL FAULTS” CONDITION, AND SOLELY IN RELIANCE ON PURCHASER’S OWN INSPECTION AND EXAMINATION AND THE SELLERS’ REPRESENTATIONS AND WARRANTIES EXPRESSLY CONTAINED HEREIN.

(c) EXCEPT AS TO THOSE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN THIS AGREEMENT AND THE CLOSING DOCUMENTS, IT IS EXPRESSLY UNDERSTOOD AND AGREED THAT NONE OF THE SELLERS MAKES ANY REPRESENTATIONS, WARRANTIES OR GUARANTIES OF ANY KIND, NATURE OR SORT, EXPRESS OR IMPLIED, WITH RESPECT TO THE PHYSICAL CONDITION, PAST, PRESENT OR FUTURE OPERATION AND/OR PERFORMANCE, OR VALUE, OF ANY PROPERTY AND THAT THE SELLERS CONVEY ALL OF THE PROPERTIES TO PURCHASER “AS IS AND WHERE IS, WITH ALL FAULTS,” AND PURCHASER ACKNOWLEDGES THAT NONE OF THE SELLERS MAKES ANY REPRESENTATIONS, GUARANTIES OR WARRANTIES WHATSOEVER, EXPRESS OR IMPLIED, AS TO THE QUALITY, CHARACTER, EXTENT, PERFORMANCE, CONDITION OR SUITABILITY OF ANY OF THE PROPERTIES FOR ANY PURPOSE.

(d) PURCHASER’S INSPECTION, INVESTIGATION AND SURVEY OF THE PROPERTIES SHALL BE IN LIEU OF ANY NOTICE OR DISCLOSURE REQUIRED BY ANY APPLICABLE HEALTH AND SAFETY CODE, OR BY ANY OTHER PROVISION OF APPLICABLE LAW, RULE OR REGULATION, INCLUDING, WITHOUT LIMITATION, LAWS REQUIRING DISCLOSURE BY THE SELLERS OF FLOOD, FIRE, MOLD, SEISMIC HAZARDS, LEAD PAINT, LANDSLIDE AND LIQUEFACTION, OTHER GEOLOGICAL HAZARDS, RAILROAD AND OTHER UTILITY ACCESS, SOIL CONDITIONS AND OTHER CONDITIONS WHICH MAY AFFECT THE USE OF ANY OF THE REAL PROPERTY, AND PURCHASER HEREBY WAIVES ANY REQUIREMENT FOR A NOTICE PURSUANT TO THOSE PROVISIONS AND HEREBY ACKNOWLEDGES AND AGREES THAT IT WILL CONDUCT ITS OWN INSPECTIONS AND REVIEWS WITH RESPECT TO ALL MATTERS COVERED THEREBY, AND HEREBY RELEASES THE SELLERS FROM LIABILITY IN CONNECTION WITH ANY SUCH MATTERS THAT ARE NOT THE SUBJECT OF ANY OF THE SELLERS’ REPRESENTATIONS AND WARRANTIES.

(e) PURCHASER ALSO ACKNOWLEDGES AND AGREES THAT, ALTHOUGH THE SELLERS HAVE PROVIDED THE DUE DILIGENCE MATERIALS TO PURCHASER, NONE OF THE SELLERS HAS VERIFIED THE ACCURACY THEREOF AND NONE OF THE SELLERS MAKES ANY REPRESENTATIONS OR WARRANTIES REGARDING THE MATTERS SET FORTH THEREIN EXCEPT AS MAY BE EXPRESSLY SET FORTH HEREIN OR IN THE CLOSING DOCUMENTS, IT BEING THE RESPONSIBILITY OF PURCHASER TO VERIFY THE ACCURACY OF SUCH MATERIALS. WITHOUT LIMITING THE FOREGOING, NONE OF THE

SELLERS MAKES ANY REPRESENTATION OR WARRANTY REGARDING THE COMPLETENESS OR ACCURACY, AS OF ANY DATE, OF THE TITLE COMMITMENTS, THE SURVEYS OR THE ENVIRONMENTAL REPORTS, PURCHASER HEREBY ACKNOWLEDGING AND ASSUMING THE RISK OF ANY ERRORS OR OMISSIONS IN THE TITLE COMMITMENTS, THE SURVEYS OR THE ENVIRONMENTAL REPORTS, IRRESPECTIVE OF WHETHER ANY SUCH ITEMS WERE ORDERED BY THE SELLERS AND DELIVERED TO THE PURCHASER; PROVIDED, HOWEVER, THAT THE SELLERS SHALL INFORM PURCHASER PROMPTLY AFTER OBTAINING KNOWLEDGE OF ANY SUCH MATERIAL ERRORS OR OMISSIONS. PURCHASER ACKNOWLEDGES THAT NONE OF THE PARTIES WHO PREPARED THE SURVEYS, THE TITLE COMMITMENTS OR THE ENVIRONMENTAL REPORTS IS AFFILIATED WITH ANY OF THE SELLERS.

(f) FURTHERMORE, EXCEPT AS TO THOSE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN THIS AGREEMENT AND THE CLOSING DOCUMENTS, PURCHASER ACKNOWLEDGES THAT NONE OF THE SELLERS MAKES OR HAS MADE ANY REPRESENTATIONS OR WARRANTIES IN CONNECTION WITH THE PRESENCE OR INTEGRATION OF HAZARDOUS MATERIALS UPON OR WITHIN ANY OF THE REAL PROPERTY. IN THAT REGARD, PURCHASER HAS, PRIOR TO THE EFFECTIVE DATE, CONDUCTED ITS OWN INVESTIGATIONS TO DETERMINE IF ANY OF THE REAL PROPERTY CONTAINS ANY HAZARDOUS MATERIALS OR TOXIC WASTE, MATERIALS, DISCHARGE, DUMPING OR CONTAMINATION, WHETHER SOIL, GROUNDWATER OR OTHERWISE, WHICH VIOLATES ANY FEDERAL, STATE, LOCAL OR OTHER GOVERNMENTAL LAW, REGULATION OR ORDER OR REQUIRES REPORTING TO ANY GOVERNMENTAL AUTHORITY.

EXCEPT AS TO THOSE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN THIS AGREEMENT AND THE CLOSING DOCUMENTS, PURCHASER, FOR ITSELF AND ITS OWNERS, SUCCESSORS AND ASSIGNS, HEREBY RELEASES AND FOREVER DISCHARGES EACH OF THE SELLERS, AND THE SELLERS' PAST, PRESENT AND FUTURE MEMBERS, PARTNERS, AFFILIATES, EMPLOYEES, AGENTS, ATTORNEYS, ASSIGNS, AND SUCCESSORS-IN-INTEREST (THE "**SELLER RELATED PARTIES**"), FROM ALL PAST, PRESENT AND FUTURE CLAIMS, DEMANDS, OBLIGATIONS, LOSSES AND CAUSES OF ACTION OF ANY NATURE WHATSOEVER, WHETHER NOW KNOWN OR UNKNOWN, DIRECT OR INDIRECT, FORESEEN OR UNFORESEEN, SUSPECTED OR UNSUSPECTED, WHICH ARE BASED UPON OR ARISE OUT OF OR IN CONNECTION WITH THE CONDITION OF ANY OF THE PROPERTIES AND, WITH RESPECT TO THE PRESENCE OF ANY HAZARDOUS MATERIALS, ANY ENVIRONMENTAL DAMAGES OR ENVIRONMENTAL REQUIREMENTS, INCLUDING, WITHOUT LIMITATIONS, THE PHYSICAL, STRUCTURAL, GEOLOGICAL, MECHANICAL AND ENVIRONMENTAL (SURFACE AND SUBSURFACE) CONDITION OF ANY OF THE REAL PROPERTY (INCLUDING THE IMPROVEMENTS THEREON) OR ANY LAW OR REGULATION RELATING TO

HAZARDOUS MATERIALS. WITHOUT LIMITING THE FOREGOING, THIS RELEASE SPECIFICALLY APPLIES TO ALL LOSSES AND CLAIMS ARISING UNDER THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION AND LIABILITY ACT OF 1980, AS AMENDED, THE SUPERFUND AMENDMENTS AND REAUTHORIZATION ACT OF 1986, (42 U.S.C. SECTIONS 9601 ET SEQ.), THE RESOURCES CONSERVATION AND RECOVERY ACT OF 1976, (42 U.S.C. SECTIONS 6901 ET SEQ.), THE CLEAN WATER ACT, (33 U.S.C. SECTIONS 466 ET SEQ.), THE SAFE DRINKING WATER ACT, (14 U.S.C. SECTION 1401-1450), THE HAZARDOUS MATERIALS TRANSPORTATION ACT, (49 U.S.C. SECTIONS 1801 ET SEQ.), THE TOXIC SUBSTANCE CONTROL ACT, (15 U.S.C. SECTIONS 2601-2629), AND ANY OTHER FEDERAL, STATE OR LOCAL LAW OF SIMILAR EFFECT, AS WELL AS ANY AND ALL COMMON LAW CLAIMS.

(g) NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS SECTION 4.3, PURCHASER DOES NOT ASSUME ANY RESPONSIBILITY OR LIABILITY ARISING OUT OF OR IN CONNECTION WITH AND DOES NOT RELEASE SELLERS OR ANY SELLER RELATED PARTIES FROM (“COLLECTIVELY, “**UNRELEASED CLAIMS**”):

(1) ANY CLAIMS MADE OR CAUSES OF ACTION BROUGHT BY ANY THIRD PARTY UNRELATED TO PURCHASER ALLEGING A DEFAULT OR BREACH BY ANY SELLER OR ANY SELLER RELATED PARTIES WHICH IS ALLEGED TO HAVE OCCURRED PRIOR TO THE CLOSING DATE UNDER ANY CONTRACT OR AGREEMENT OR ANY LEASE ENTERED INTO BETWEEN ANY SELLER OR ANY SELLER RELATED PARTIES AND ANY SUCH CLAIMANT, PROVIDED, HOWEVER, THAT PURCHASER SHALL BE DEEMED TO ASSUME IN ACCORDANCE WITH THE TERMS OF THIS SECTION 4.3 ANY SUCH CLAIMS OR CAUSES OF ACTION TO THE EXTENT THAT THE SAME RELATE TO ANY ALLEGED DEFAULTS OR THE BREACH OF ANY OF THE ASSUMED CONTRACTS OR LEASES THAT FIRST ARISE OR ACCRUE ON OR AFTER THE CLOSING; OR

(2) ANY TORT CLAIMS MADE OR BROUGHT BY A THIRD PARTY UNRELATED TO PURCHASER TO THE EXTENT ARISING ON ACCOUNT OF EVENTS THAT OCCURRED AT THE PROPERTY DURING THE TIME THAT THE APPLICABLE SELLER OWNED FEE TITLE TO THE APPLICABLE PROPERTY; OR

(3) ANY CLAIMS MADE OR CAUSES OF ACTION BROUGHT BY ANY GOVERNMENTAL AUTHORITY OR ANY OTHER PERSON OR ENTITY UNRELATED TO PURCHASER TO THE EXTENT RELATING TO HAZARDOUS MATERIALS DEPOSITED OR PLACED IN, AT, OR UNDER ANY PROPERTY BY ANY SELLER OR DURING THE TIME THAT THE APPLICABLE SELLER OWNED FEE TITLE TO THE APPLICABLE PROPERTY; OR

(4) ANY CLAIM PERMITTED TO BE MADE BY PURCHASER FOR A BREACH OF ANY SELLER'S REPRESENTATIONS AND WARRANTIES UNDER THIS AGREEMENT OR ANY OF THE CLOSING DOCUMENTS, SUBJECT TO THE TERMS OF SECTIONS 7.3, ARTICLE IX AND SECTION 12.16;

(6) ANY CLAIMS OR CAUSES OF ACTION BROUGHT IN CONNECTION WITH THE MATTERS SET FORTH ON DISCLOSURE SCHEDULE 4.

FURTHERMORE, SUBJECT TO THE TERMS OF APPLICABLE LAWS, ORDINANCES, RULES AND REGULATIONS, NOTHING IN THIS AGREEMENT SHALL PROHIBIT PURCHASER FROM IMPEADING SELLER INTO ANY ACTION RELATED TO ANY UNRELEASED CLAIM.

(h) “**Environmental Damages**” means all claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability), encumbrances, liens, costs, and expenses of investigation and defense of any claim, whether or not such claim is ultimately defeated, and of any good faith settlement of judgment, of whatever kind or nature, contingent or otherwise matured or unmatured, foreseeable or unforeseeable, including without limitation reasonable attorneys’ fees and disbursements and consultants’ fees, any of which are incurred at any time as a result of the existence of Hazardous Materials upon, about or beneath any Real Property or migrating to or from any Real Property, or the existence of a violation of Environmental Requirements pertaining to any Real Property, regardless of whether the existence of such Hazardous Materials or the violation of Environmental Requirements arose prior to the present ownership or operation of such Real Property.

(i) “**Environmental Requirements**” means all applicable present and future statutes, regulations, rules, ordinances, codes, licenses, permits, orders, approvals, plans, authorizations, concessions, franchises, and similar items, of all governmental agencies, departments, commissions, boards, bureaus, or instrumentalities of the United States, states and political subdivisions thereof and all applicable judicial, administrative, and regulatory decrees, judgments, and orders relating to Hazardous Materials which are applicable to the Properties.

(j) “**Hazardous Materials**” means any substance (i) the presence of which requires investigation or remediation under any federal, state or local statute, regulation, ordinance or policy; or (ii) which is defined as a “hazardous waste” or “hazardous substance” under any federal, state or local statute, regulation or ordinance, including without limitation the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.) and the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.) and amendments thereto and regulations promulgated thereunder; or (iii) which is toxic, explosive, corrosive, infectious or otherwise hazardous or is regulated by any federal, state or local governmental authority; or (iv) without limitation which contains polychlorinated biphenyls (PCBs), asbestos or urea formaldehyde.

The provisions of this Section 4.3 shall survive Closing indefinitely.

V. CLOSING

5.1 Closing Date. The “**Closing Date**” for purposes of this Agreement shall be September 15, 2016, or such earlier date as may be agreed upon, in writing, by the Sellers and Purchaser; subject, however, to the Sellers’ and Purchaser’s rights to extend the Closing Date as set forth in Section 12.13 herein. Sellers and Purchaser shall each have the right to delay the Closing Date to a date not more than seven (7) days after the date set forth in the preceding sentence (such right to be exercised by written notice from the extending party to the other parties not less than four (4) days prior to the Closing Date set forth in the preceding sentence).

5.2 Action Prior to the Closing Date by Sellers . The Sellers agree that, provided Purchaser has complied with its obligations under Section 5.3 hereof, on or before 2:00 p.m. on the Closing Date, the Sellers will deposit with Escrow Agent the following items and instruments (executed and acknowledged, if appropriate):

5.2.1 For each Property, a special warranty deed in the form attached hereto as Exhibit C, prepared and executed by the Seller that owns such Property (collectively, the “**Deeds**”);

5.2.2 For each Property, two (2) duplicate originals of a Bill of Sale, in the form and content attached hereto as Exhibit D, prepared and executed by the Seller that owns such Property (“**Bill of Sale**”);

5.2.3 For each Property, two (2) duplicate originals of an Assignment of Intangible Property, in the form and content attached hereto as Exhibit E, prepared and executed by the Seller that owns such Property (“**Assignment of Intangibles**”);

5.2.4 For each Property, two (2) duplicate originals of an Assignment and Assumption of Contracts and Licenses, in the form and content attached hereto as Exhibit F, prepared and executed by the Seller that owns such Property (“**Assignment of Contracts and Licenses**”);

5.2.5 For each Property, two (2) duplicate originals of an Assignment and Assumption of Leases, in the form and content attached hereto as Exhibit G, prepared and executed by the Seller that owns such Property (“**Assignment of Leases**”);

5.2.6 For each Seller, a non-foreign affidavit signed by such Seller, in the form attached hereto as Exhibit H (“**Non-Foreign Affidavits**”) any state tax withholding affidavits as applicable, and an IRS Form 1099;

5.2.7 All transfer tax and other tax returns, if any, which any Seller is required by law to execute and acknowledge and to deliver, either individually or together with Purchaser, to any governmental authority as a result of the sale;

5.2.8 For each Property, (i) three (3) duplicate originals of an owner’s affidavit, in the form and content attached hereto as Exhibit J-1, prepared and executed by the Seller that owns

such Property (“**Owner’s Affidavit**”) and (ii) such other instruments and materials as the Title Company may require from Seller (as set forth in the Title Commitments or in writing from the Title Company to Seller (or to Purchaser, and thereafter delivered to Seller) prior to the Effective Date) in order to issue to Purchaser Owner’s Policies of Title Insurance in accordance with Section 8.2.8 below (excepting only those instruments and materials that Purchaser is required to deliver to the Title Company as set forth in such Section 8.2.8);

5.2.9 All of the plans (including “as built” plans), drawings, blueprints and specifications relating to the Properties and Sellers’ tenant files where available, which are in any Sellers’ possession or control, other than any plans, drawings, blueprints or specifications that constitute Excluded Documents;

5.2.10 All written warranties in possession or control of each Seller, if any, of manufacturers, suppliers and contractors in effect on the Closing Date;

5.2.11 All keys to each Property in the possession or control of such Property’s Seller (which will be available at such Property);

5.2.12 (a) A closing statement prepared by Seller or the Escrow Agent, a draft of which the Sellers shall deliver no less than three (3) Business Days prior to Closing, reasonably approved by the Sellers and the Purchaser and executed by each Seller setting forth, among other things, all prorations, credits, costs or other adjustments to be made at Closing under this Agreement with respect to such Seller’s Property (or each of such Seller’s Properties) individually (an “**Individual Closing Statement**”), and (b) a closing statement (the “**Consolidated Closing Statement**”) prepared by the Escrow Agent and reasonably approved by the Sellers and Purchaser setting forth, among other things, the consolidated prorations, credits, costs or other adjustments reflected in each of the Individual Closing Statements and, in addition, all other payments to and from Escrow in connection with the purchase and sale of the Properties; provided, however, that is acknowledged and agreed that any Individual Closing Statement prepared by Seller shall only be required to include the prorations and other matters described in Section 5.5 below;

5.2.13 The Sellers’ Survey Certification in the form attached hereto as Exhibit J-2, as well as all other documents reasonably required by the Title Company (including without limitation, evidence reasonably satisfactory to the Title Company that all necessary authorizations of the transaction contemplated hereby have been obtained by the Sellers), each in form and substance reasonably acceptable to the Sellers;

5.2.14 For each Property, a notice to the Tenants and licensees of such Property, in the form and content attached hereto as Exhibit I, prepared and executed by the Seller that owns such Property (collectively, the “**Notices to Tenants**”);

5.2.15 To the extent not previously delivered to Purchaser, originals (or copies, if originals are not available) of the Due Diligence Materials relating to such Seller’s Property or Properties (including, to the extent available, originals of all Leases, Assumed Contracts, and Permits and copies of all Tenant correspondence and billing files and records relating to such Seller’s Property or Properties);

5.2.16 A certification in the form attached hereto as Exhibit O-1 executed by the Sellers;

5.2.17 No later than five (5) Business Days prior to Closing, a current rent roll for each of the Properties, each showing all Leases for such Property as of the date thereof, which rent roll shall be (x) in the form utilized by each Seller in the ordinary course of its business and (y) delivered without any other representation or warranty, except as set forth in Section 7.2;

5.2.18 To the extent received by Seller(s) but not previously delivered to Purchaser, originals of the Tenant Estoppel Certificates and the Licensee Estoppel Certificates;

5.2.19 Originals of the Seller Lease Estoppel Certificates and the Seller License Estoppel Certificates, each to the extent required pursuant to the terms of this Agreement; and

5.2.20 Such other instruments or documents as are expressly required by this Agreement to be delivered by a Seller at Closing or may be reasonably necessary to effect or carry out the covenants and obligations to be performed by the Sellers pursuant to this Agreement.

5.3 Action Prior to the Closing Date by Purchaser. Purchaser agrees that on or before 2:00 p.m. on the Closing Date, Purchaser will deposit with Escrow Agent the Closing Payment and, in addition, the following items and instruments (executed and acknowledged, if appropriate):

5.3.1 To the extent that applicable law requires that the Deeds, transfer tax or other tax forms, or recording forms be executed by the grantee, such instruments, executed by Purchaser and acknowledged in the presence of a Notary Public in accordance with the laws of the state in which the applicable Property is located;

5.3.2 For each Property, two (2) fully executed duplicate originals of the applicable Assignment of Contracts and Licenses, executed by Purchaser;

5.3.3 For each Property, two (2) fully executed duplicate originals of the applicable Assignment of Leases, executed by Purchaser;

5.3.4 An executed counterpart of the Consolidated Closing Statement and each Individual Closing Statement;

5.3.5 For each Property, two (2) fully executed duplicate originals of the applicable Assignment of Intangibles, executed by Purchaser;

5.3.6 For each Property, two (2) fully executed duplicate originals of the applicable Bill of Sale, executed by Purchaser;

5.3.7 Such other instruments or documents as are expressly required by this Agreement to be delivered by Purchaser at Closing or as may be reasonably necessary to effect or carry out the covenants and obligations to be performed by Purchaser pursuant to this Agreement;

5.3.8 A certification in the form attached hereto as Exhibit O-2 executed by the Purchaser; and

5.3.9 All other documents consistent with the express provisions of this Agreement and reasonably required by the Title Company (including without limitation, evidence reasonably satisfactory to the Title Company that all necessary authorizations of the transaction contemplated hereby have been obtained by the Purchaser), each in form and substance reasonably acceptable to the Purchaser.

5.4 Recording of Deeds. Subject to Section 8.3 below, Escrow Agent will cause the Deeds to be dated as of the Closing Date and recorded in the Official Records, and all other Closing Documents deposited with Escrow Agent to be dated as of the Closing Date, when (but in no event after the Closing Date) Escrow Agent holds for the account of the Sellers and Purchaser all items and funds (if any) to be delivered to the Sellers and Purchaser through the Escrow, after payment of costs, expenses, disbursements and prorations chargeable to the Sellers or Purchaser pursuant to the provisions of this Agreement.

5.5 Prorations. The Sellers shall provide the information required to prepare estimated Individual Closing Statements and the Consolidated Closing Statement to Purchaser for review at least five (5) Business Days prior to the Closing Date. Purchaser shall notify Seller within two (2) Business Days after its receipt of such information of any items which Purchaser disputes, and the parties shall attempt in good faith to reconcile any differences not later than one (1) day before the Closing Date. The following items are to be prorated, adjusted or credited (as appropriate) as of 12:01 a.m. on the Closing Date, it being understood that for purposes of prorations and adjustments, Purchaser shall be deemed to be the owner of the Properties on the Closing Date. Unless otherwise expressly set forth in this Section 5, payments with respect to prorations shall be made on a cash, or as-collected, basis (as opposed to an "accrual" basis or otherwise), provided, however, that the parties hereto acknowledge that the allocable shares of certain of the items to be prorated pursuant to this Section 5.5 shall be determined on an accrual basis (for example, and by way of example only prorated Rent shall be allocated to each of Seller and Purchaser on the basis of pre-Closing and post-Closing periods, but payments in respect of such prorations shall be made on an "As-collected" basis, as otherwise provided in this Section 5.5).

5.5.1 Taxes. With respect to each Property, all non-delinquent real estate and personal property general and special taxes and assessments for such Property for the current assessment year of the applicable taxing authority in which the Closing Date occurs shall be prorated as of the Closing Date. If the exact amount of taxes is not known at Closing, the proration will be based on the amount of taxes most recently charged to Tenants at the applicable Property as Additional Rent (adjusted as necessary to derive the taxes for the entire Property from such amounts) and shall be adjusted once actual figures become available after Closing, as part of the Final Closing Adjustment. Notwithstanding anything to the contrary in this Agreement, (i) each Seller shall retain all right, title and interest in and to any and all property tax (both real property and personal property) refunds and claims for refunds with respect to its Properties for any period prior to the Closing Date, and (ii) each Seller is responsible for all taxes attributable to a taxable period (or portion thereof) ending on or before the Closing Date. Each Seller shall have the right to continue and control any contest of any taxes or assessments for its Property or Properties due and payable during all tax

years prior to the tax year in which Closing occurs, except that Sellers shall have no right to (x) initiate the contest of any taxes or assessments after the Effective Date if such contest relates to or impacts taxes for which Purchaser is responsible hereunder or (y) settle or compromise any pending contest of taxes or assessments, to the extent pertaining to or adversely impacting the period from and after the Closing or could reasonably be expected to adversely impact the tax liability of Purchaser. Purchaser shall have the right to control any contest of any taxes or assessments for the Properties due and payable during the current tax year in which Closing occurs, if any, and all tax years thereafter. Each Seller and Purchaser shall each reasonably cooperate with the other in connection with such contests. With respect to each Property, Purchaser and such Property's Seller shall be equally responsible for, and shall pay equal portions of, all sales, use and other transfer taxes imposed in connection with the sale and transfer of the Personal Property and the Intangible Property (i.e., Purchaser shall pay 50% and such Property's Seller shall pay 50%).

5.5.2 Utility Service. To the extent commercially reasonable and practicable, the Sellers and Purchaser shall obtain billings and meter readings as of the Business Day preceding the Closing Date to aid in the proration of charges for gas, electricity and other utility services which are not the direct responsibility of Tenants. If such billings or meter readings as of the Business Day preceding the Closing Date are obtained, adjustments for any costs, expenses, charges or fees shown thereon shall be made in accordance with such billings or meter readings. If such billings or meter readings as of the Business Day preceding the Closing Date are not available for a utility service, the charges therefor shall be adjusted at the Closing on the basis of the per diem charges for the most recent prior period for which bills were issued and shall be further adjusted at the Final Closing Adjustment on the basis of the actual bills for the period in which the Closing takes place. Each Property's Seller shall receive a credit at Closing for the Utility Deposits, if any, that are transferred or made available to Purchaser and that are held by applicable utility companies for the account of such Seller in respect of services provided to such Seller's Property or Properties. Purchaser shall arrange for placing all utility services and bills in its own name as of the Closing Date.

5.5.3 Security Deposits. Purchaser shall be credited with and the Sellers shall be charged with an amount equal to all cash Security Deposits being held by or on behalf of all Sellers, Sellers' managing agent or any other Person under the Leases or Licenses. The Sellers shall be entitled to retain all Security Deposits or other such credits due Tenants or licensee for which Purchaser receives credit and the Sellers are charged pursuant to this Section 5.5.3. Sellers agree not to apply any Security Deposits held as of the Effective Date under Leases or Licenses on account of arrearages existing as of the Closing Date. Each Seller shall, at its sole cost and expense, use commercially reasonable efforts to cause the issuer of any letters of credit or other instruments held by such Seller in lieu of a cash Security Deposit to transfer such letters of credit or other instruments to the Purchaser at or promptly after Closing.

5.5.4 Operating Expenses. All Operating Expenses shall be prorated between the Sellers and Purchaser as of the Closing Date, based on the actual number of days in the month during which the Closing Date occurs for monthly expenses, and based on a 365 day year for annual expenses. The Sellers shall be responsible for all Operating Expenses attributable to the period before the Closing Date and Purchaser shall be responsible for all Operating Expenses attributable to the period on and after the Closing Date.

5.5.5 Miscellaneous Permits and Taxes. Except as covered by the terms of Section 5.5.1 above, with respect to each Property, all water and sewer charges, taxes (other than ad valorem property taxes), including license taxes or fees for licenses which are assignable or transferable without added cost and have a value which will survive Closing, and any unpaid taxes payable in arrears, shall be prorated as of the Closing Date. Each Property's Seller will be credited for that portion of taxes and fees paid by such Seller allocable to the period after the Closing Date.

5.5.6 Assumed Contracts. With respect to each Property, all payments and receipts, as applicable, under the Assumed Contracts shall be prorated between Purchaser and such Property's Seller as of the Closing Date. Such Seller shall receive a credit for all prepayments and deposits thereunder.

5.5.7 Leasing Commissions, Tenant Improvements and Rental Abatements.

(a) Each Seller shall pay at or prior to the Closing Date, or shall give Purchaser a credit at Closing, for (i) the then-outstanding Lease Expenses (as set forth in the Updated Disclosure to Disclosure Schedule 2-4, and including, by way of clarification, Lease Expenses that are not yet due and payable) to which such Seller has committed under the terms of any Lease or License, or any Lease or License modification, extension or renewal entered into prior to the Effective Date (excluding, however, Lease Expenses expressly contemplated to be Purchaser's obligation pursuant to Section 5.5.7(b)); and (ii) the then-outstanding Lease Expenses (as set forth in the Updated Disclosure to Disclosure Schedule 2-4, and including, by way of clarification, Lease Expenses that are not yet due and payable) due in connection with any Lease or License or any Lease or License modification, extension or renewal, if any, that is executed on or after the Effective Date and with respect to which Purchaser has not provided its express written approval (excluding, however, Lease Expenses expressly contemplated to be Purchaser's obligation pursuant to Section 5.5.7(b)).

(b) Purchaser shall pay for (and shall not receive a credit at Closing for) (i) Lease Expenses due in connection with any Lease or License or any Lease or License modification, extension or renewal that is executed on or after the Effective Date as and to the extent same have been expressly approved by Purchaser in writing hereunder, and (ii) Lease Expenses that become due with respect to the exercise by a Tenant or licensee on or after the Effective Date of an extension, expansion or renewal option to which such Tenant or licensee was entitled under the terms of its Lease or License, as applicable, as of the Effective Date. If Seller has paid for any Lease Expenses that are Purchaser's obligation pursuant to the express terms of this Section 5.5.7(b), Purchaser shall provide a credit to Seller in the amount of such payment at Closing, but only as and to the extent: (i) such Lease Expense is required to be paid prior to Closing; (ii) Seller pays such Lease Expense prior to Closing; and (iii) Tenant, licensee or any other applicable recipient of such Lease Expense payment, as applicable, confirms in writing that such Lease Expense has been paid in satisfaction of such obligation (or, in lieu thereof, Seller delivers to Purchaser evidence of Seller's payment to the applicable recipient of such Lease Expense in the form of either a cancelled check cashed by such recipient or a federal reference number confirming the wire of funds to such recipient).

(c) Effective as of the Closing Date, Purchaser shall honor and assume all covenants and obligations to be performed by each Seller as landlord under the Leases or Licenses, as applicable, including any Lease Expenses.

5.5.8 Other Income. With respect to each Property, all income not specifically addressed in this Section 5.5 and derived by such Property's Seller from such Property, to the extent such income accrues before the Closing Date, shall be paid to such Seller (it being acknowledged that payments in respect of such income shall only be made on an "as and when collected" basis). All income not specifically addressed in this Section 5.5 and derived by such Seller from such Property accruing or relating to the period on and after the Closing Date shall be paid to Purchaser.

5.5.9 Other Expenses. With respect to each Property, all expenses and monetary obligations not otherwise specified in this Section 5.5, incurred in the ownership or operation of such Property and for which Purchaser is assuming responsibility on and after Closing pursuant to the express terms of this Agreement and/or the Closing Documents shall be prorated between such Property's Seller and Purchaser as of the Closing Date.

5.5.10 Rent. Basic Rent and Additional Rent shall be prorated at the Closing in accordance with the following provisions (it being acknowledged that (i) payments in respect of such Basic Rent and Additional Rent shall only be made on an "as and when collected" basis and (ii) all income derived from Licenses shall be prorated in accordance with the following provisions, as if such income was received by the Seller or Purchaser as Basic Rent hereunder):

(a) Basic Rent. Subject to Section 5.5.10(c), Basic Rent shall be prorated between each Seller and Purchaser as of the Closing Date based on the actual number of days in the month during which the Closing Date occurs. Each Seller shall be entitled to all Basic Rent which accrues before the Closing Date and Purchaser shall be entitled to all Basic Rent which accrues on and after the Closing Date, in each case, whether payable in advance or in arrears.

(b) Additional Rent. Subject to Section 5.5.10(c), monthly or other payments made by Tenants in advance based upon projected or estimated Additional Rent shall be prorated between each Seller and Purchaser as of the Closing Date based on the actual Additional Rent collected as of the Closing and the actual number of days in the monthly or other period for which the advance payment is made. Such proration shall be made separately for each Tenant which is obligated to pay Additional Rent on the basis of the fiscal year set forth in the Tenant's Lease for the determination and payment of Additional Rent. Each payment of Additional Rent that is prorated pursuant to this Section 5.5.10(b), and the applicable Tenant's payments of Additional Rent made prior to or after such prorated payment for the same calendar year or other fiscal period during which a year-end reconciliation of Additional Rent is required by the applicable Lease, shall be adjusted as part of the Final Closing Adjustment as provided below in Section 5.5.11.

(c) Delinquent Rent. Delinquent Rent (including delinquent Additional Rent) shall not be prorated at Closing and shall be paid by Purchaser to the applicable Seller if, as and when actually collected by Purchaser after the Closing, it being understood and agreed that Purchaser shall use commercially reasonable efforts to collect Delinquent Rent on behalf of each Seller. Rent (including Additional Rent, if and to the extent expressly identified as Additional Rent)

collected after the Closing but during the calendar month during which the Closing occurs shall be applied (i) first to Rent due in the month of Closing and (ii) then to Rent due in respect of periods prior to the Closing (including Delinquent Rent). Rent (including Basic Rent and Additional Rent) collected after the calendar month during which the Closing occurs shall be applied (i) first to Rent due in respect of periods from and after the Closing and (ii) then to Rent due in respect of periods prior to the Closing (including Delinquent Rent). Delinquent Rent collected by the Sellers or Purchaser after the date of Closing shall be delivered as follows: (i) if any Seller collects any unpaid or delinquent rent for the Property, such Seller shall, within fifteen (15) days after the receipt thereof, deliver to Purchaser any such rent to which Purchaser is entitled hereunder relating to the period commencing on the date of Closing, and (ii) if Purchaser collects any unpaid or delinquent rent from any Property (and after the payment of all Rent and other amounts due to Purchaser from the applicable Tenant, which payments shall be applied in accordance with the terms of the two immediately preceding sentences), Purchaser shall, within fifteen (15) days after the receipt thereof, deliver to the Seller of such Property any such rent to which such Seller is entitled hereunder relating to the period prior to the date of Closing.

(d) Rents Due in Arrears. The parties hereby acknowledge and agree that with respect to any Lease or License as to which the United States of America (or any instrumentality or agency thereof) is the Tenant or licensee (as applicable) and pursuant to which Rent is payable in arrears, the provisions of Section 5.5.10(c) shall be applied such that: (x) Rent received during the month in which Closing occurs (but only as and to the extent the same relates to the immediately preceding calendar month) shall belong entirely to Seller; and (y) Rent received during the month in which Closing occurs (as and to the extent such Rent does not relate to the immediately preceding calendar month) and months after the month in which Closing occurs shall be prorated and allocated among Purchaser and Seller in the same manner in which Rent is otherwise adjusted as set forth in Section 5.5.10(c) above.

5.5.11 Final Closing Adjustment. No later than one (1) year following the Closing Date, the Sellers and Purchaser shall make a final adjustment to the prorations made pursuant to this Section 5 (the “**Final Closing Adjustment**”). The Final Closing Adjustment shall be made in the following manner:

(a) General. All adjustments or prorations which could not be determined at the Closing because of the lack of actual statements, bills or invoices for the current period, the year-end reconciliation of Additional Rent, or any other reason, shall be made as a part of the Final Closing Adjustment. Any net adjustment in favor of Purchaser shall be paid in cash by the Sellers to Purchaser no later than thirty (30) days after the Final Closing Adjustment. Any net adjustment in favor of the Sellers shall be paid in cash by Purchaser to the Sellers no later than thirty (30) days after the Final Closing Adjustment. Without limiting the foregoing, the parties shall correct any manifest error in the prorations and adjustments made at Closing promptly after such error is discovered.

(b) Additional Rent Adjustment. Each Seller and Purchaser shall prorate the actual amount of Additional Rent paid by each Tenant at such Seller’s Property for such Tenant’s applicable fiscal year (“**Tenant’s Fiscal Year**”) as follows:

(i) The Seller shall be entitled to the portion of the actual amount of Additional Rent paid by the Tenant equal to the product obtained by multiplying such amount by a fraction, the numerator of which is the number of days in the Tenant's Fiscal Year preceding the Closing Date and the denominator of which is the total number of days in the Tenant's Fiscal Year; and

(ii) Purchaser shall be entitled to the balance of the Additional Rent paid by the Tenant.

(iii) If the sum of all interim payments of Additional Rent collected and retained by the Seller from the Tenant for the Tenant's Fiscal Year (reduced by the pro-rated portion of the interim payment on account of Additional Rent paid for the month or quarter in which the Closing Date occurs for which Purchaser is given credit pursuant to Section 5.5.10(b)) exceeds the amount of such Additional Rent to which the Seller is entitled with respect to such Tenant pursuant to subparagraph (i) above, the Seller shall pay such excess to Purchaser. If the sum of all interim payments of such Additional Rent collected and retained by Purchaser from each Tenant for the Tenant's Fiscal Year (increased by a pro-rated portion of the interim payment on account of Additional Rent paid for the month or quarter in which the Closing Date occurs for which Purchaser is given credit pursuant to Section 5.5.10(b)) exceeds the amount of Additional Rent to which Purchaser is entitled with respect to such Tenant pursuant to subparagraph (ii) above, Purchaser shall pay the excess to the Seller. The adjustment of interim payments received and actual Additional Rent paid shall be made separately for each Tenant and for each type of Additional Rent.

(c) No Further Adjustments. Except for: (i) additional or supplemental real estate taxes, real estate tax credits or rebates, or other adjustments to real estate taxes due to back assessments, corrections to previous tax bills or real estate tax appeals or contests, (ii) any item of Additional Rent which may be contested by a Tenant or (iii) manifest errors, the Final Closing Adjustment shall be conclusive and binding upon the Sellers and Purchaser, and the Sellers and Purchaser hereby waive any right to contest after the Final Closing Adjustment any prorations, apportionments or adjustments to be made pursuant to this Section 5.

5.5.12 General Provisions. The computation of the adjustments shall be jointly prepared by the Sellers and Purchaser. In the event any prorations or apportionments made under this Section 5.5 shall prove to be incorrect for any reason, then any party shall be entitled to an adjustment to correct the same in accordance with the remaining terms of this Section 5.5.12. For proration purposes, the day that falls on the Closing Date shall be charged to Purchaser.

5.5.13 Survival. The provisions of this Section 5.5 shall survive Closing for a period of thirteen (13) months.

5.6 Closing Costs. With respect to each Property, Purchaser shall bear the cost of (i) the title searches and preparation of the Title Commitments prepared by the Title Company, and the premium for Purchaser's title policies and any and all endorsements requested by Purchaser or its lender; (ii) updating the Survey for each Property if Purchaser so elects; (iii) one-half (1/2) of the documentary transfer taxes and the recording fee for the Deeds; (iv) one-half (1/2) of all escrow and closing fees relating to the sale of such Property; (v) all escrow and closing fees relating to Purchaser's financing; and (vi) any mortgage taxes or recording fees for any mortgages securing Purchaser's financing. With respect to each Property, such Property's Seller shall bear the cost of (i) any commission due to Broker (as defined in Article X); (ii) one-half (1/2) of the documentary transfer taxes and the recording fee for the Deeds; (iii) one-half (1/2) of all escrow and closing fees relating to the sale of such Property (but not in connection with any financing by Purchaser, which shall be paid solely by Purchaser); and (iv) the costs of the Title Commitments prepared by the Title Company on behalf of Seller. Each party shall pay its own attorneys' fees pertaining to the sale of the Properties. All other costs pertaining to the sale of each Property shall be allocated as is customary for real estate transactions where such Property is located. The parties agree to cooperate in all reasonable respects to minimize all such costs, premiums, taxes, and fees.

5.7 Distribution of Funds and Documents Following Closing. The conditions to the closing of Escrow shall be Escrow Agent's receipt of funds and documents described in Sections 5.2 and 5.3 above, and written authorization from the Sellers and Purchaser to proceed with the Closing in accordance with the Closing Instructions. Upon satisfaction of the above conditions, Escrow Agent shall distribute the documents described in Sections 5.2 and 5.3 above in accordance with the Closing Instructions and shall take all other actions authorized by the Escrow Agreement upon closing.

5.8 Possession. Purchaser shall be entitled to sole possession of each Property on the Closing Date, subject to the Permitted Exceptions.

VI. ADDITIONAL COVENANTS AND INDEMNITIES

6.1 Purchaser's Indemnity. With the exception of items for which Purchaser is expressly indemnified hereunder, Purchaser covenants and agrees to defend, indemnify, protect, and hold harmless the Sellers and the Seller Related Parties from and against any and all Claims arising from the acts and omissions of Purchaser and its agents, employees and contractors occurring in connection with or as a result of, any inspections, tests or examinations of or to any of the Properties, provided that Purchaser shall not be liable or responsible for the mere discovery or immaterial displacement of a pre-existing condition at any Property. This indemnity shall survive only until the date that is three (3) years after the Effective Date.

6.2 Seller Covenants. Each Seller covenants to Purchaser as follows with respect to each of the Properties:

6.2.1 Continued Care and Maintenance. Prior to Closing, such Seller agrees: (i) to continue its care, maintenance and operation of its Property on substantially the same standards as employed by such Seller to date; (ii) not to terminate, change, amend or modify materially any

Lease, License or any Contract (except that Seller shall have the right to: (x) enter into any Lease renewals, amendments, modifications or extensions of existing Leases evidencing or reflecting the exercise by any Tenant of any expressly existing rights or options, the terms of which are fixed or determinable as of the Effective Date, under any existing Lease; and (y) the terminate, change, amend or modify any Contract that is not an Assumed Contract); (iii) not to make any substantial or material alterations or changes to any of such Seller's Property, other than ordinary and necessary maintenance and repairs, without Purchaser's prior written approval (provided, however, such Seller may make any alterations or changes to the Property that are required by any Lease or by applicable law without Purchaser's prior approval); and (iv) to maintain in effect all policies of casualty and liability insurance or similar policies of insurance, with no less than the limits of coverage now carried with respect to such Seller's Property. Nothing contained herein shall prevent such Seller from acting to prevent loss of life, personal injury or property damage in emergency situations, or prevent such Seller from performing any act with respect to such Seller's Property which may be required by any Lease, applicable law, rule or governmental regulations, provided that such Seller shall notify Purchaser of any emergency situations as soon as reasonably possible thereafter.

6.2.2 Leasing/Licensing of the Property. Prior to the execution of any new Leases or Licenses for the Property or the renewal, amendment, modification or extension of any existing Leases or Licenses for the Property, such Seller shall give written notice of its intent to do so to Purchaser. Such notice shall include the amount of space involved, the length of the lease term, the proposed financial terms thereof (including any rent abatement periods), the amount of any Leasing Commission, any TI Obligations, and a copy of the form of Lease, License, amendment or other document to be executed. Such Seller shall not enter into any new Lease or License, or any extension or renewal of any existing Lease or License, without Purchaser's prior written consent, which consent may be withheld in Purchaser's sole and absolute discretion (but which consent may be conclusively evidenced in correspondence to Seller by electronic mail from Robert Swennes (robert.swinnes@brookfield.com)). Purchaser shall use commercially reasonable efforts to notify such Seller of Purchaser's objection, if any, to any such proposed Lease or extension or renewal of any existing Lease, within five (5) Business Days of Purchaser's receipt of any notice provided pursuant to the first sentence of this Section 6.2.2, but Purchaser's failure to provide such objection shall in no event constitute approval thereof or a default by Purchaser hereunder. Notwithstanding the foregoing (a) Purchaser's consent shall not be required for new Leases, new License and/or renewals, amendments, modifications or extensions of existing Leases or existing Licenses evidencing or reflecting the exercise by Tenants or licensees of any rights or options, the terms of which are fixed or determinable as of the Effective Date, under existing Leases and/or Licenses, as applicable; and (b) Purchaser acknowledges and agrees that the Leases, Licenses and the extensions, amendments, modifications or renewals of Leases and Licenses (if any) listed on Disclosure Schedule 2-3 have been approved by Purchaser. Nothing in this Agreement shall be interpreted to require any Seller to lease any additional space in its Property as a condition to the sale of such Property, and none of the Sellers shall have any obligation to enter into or to seek any Leases or Licenses for its Property prior to the Closing Date.

6.2.3 Tenant/Licensee Estoppel Certificates. Prior to Closing, each Seller shall use commercially reasonable efforts to obtain and deliver to Purchaser from the Tenant under each Lease and from the licensee under each Required License of such Seller's Property an estoppel

certificate in substantially the form attached hereto as Exhibit L-1, with respect to Leases, and in substantially the form attached hereto as Exhibit L-3, with respect to Required Licenses, or, if any Lease or License, as applicable, requires a different form, in the form required by such Lease or License, all dated no more than thirty (30) days prior to the Closing Date (each such estoppel certificate from a Tenant under Lease, a “**Tenant Estoppel Certificate**”, and each such estoppel certificate from a licensee under a Required License, a “**Licensee Estoppel Certificate**”). None of the Sellers shall be in default for failure to obtain any Tenant Estoppel Certificates or Licensee Estoppel Certificate so long as such Sellers have used commercially reasonable efforts to obtain such Tenant Estoppel Certificates and Licensee Estoppel Certificates as required herein, but such failure may be a failure of the condition precedent to Closing set forth in Section 8.2.5 and/or Section 8.2.6, as applicable.

6.2.4 Prior to Closing, the Seller(s) of the Property encumbered thereby shall use commercially reasonable efforts to obtain and deliver to Purchaser an estoppel certificate with respect to recorded instruments referred to in Disclosure Schedule 13, which estoppel certificate shall be in the form attached hereto as Exhibit M, or, if such instrument requires a different form, in the form required by instrument, dated no more than thirty (30) days prior to the Closing Date. The recorded instruments referred to in the immediately preceding sentence are collectively referred to as the “**Required REAs**”; the estoppel certificates respecting such Required REAs are collectively referred to as the “**REA Estoppel Certificates**”. None of the Sellers shall be in default for failure to obtain such estoppel certificates so long as such Sellers have used commercially reasonable efforts to obtain the same.

6.2.5 Completion of Landlord Work. Sellers are currently performing the Landlord Work. Seller represents and warrants that (x) upon completion of the work contemplated under the Work Agreements in accordance with such Work Agreements, and the payment of amounts expressly required to be paid pursuant to the Work Agreements, all Landlord Work shall be completed in accordance with the applicable Lease or License pursuant to which such Landlord Work is undertaken and (y) all Work Agreements are freely assignable by Sellers to Purchaser, at no cost or expense to Purchaser. From and after the Effective Date and until the Closing, Sellers shall continue to diligently perform (and cause the third-party contractors under the Work Agreements to continue to diligently perform) the Landlord Work pursuant to the Work Agreements and timely make all payments required to be made under the Work Agreements as such payments become due and payable prior to Closing. Sellers shall at all times use their commercially reasonable efforts to cause Completion of Landlord Work to occur prior to the Closing, in respect of all Landlord Work. In the event that Completion of Landlord Work (or any portion thereof) has not occurred as of the Closing Date, then, at the Closing: (a) Seller shall deliver to Purchaser at Closing (i) a certification from Sellers: (1) of all work that has not then been completed under the Work Agreement(s), (2) of all amounts that have been paid under the Work Agreement(s) (which shall be accompanied by all applicable lien waivers and other evidence of payment in Sellers possession), (3) that no amounts are then due and payable under the Work Agreement(s), (4) of Sellers’ good faith estimate of all amounts that may become due and payable under the Work Agreement(s) at any time on and after the Closing (including without limitation, the cost (inclusive of all fees and expenses) required to complete the Landlord Work (or applicable portion(s) thereof) that is the subject of the applicable Work Agreement(s)), (5) that neither Seller nor any third party contractor is in default under the

Work Agreement(s), (6) that Seller is not in default under any Lease or License, as applicable, in respect of any applicable Landlord Work and (7) describing, in reasonable detail, any discussions or other feedback from the Tenant or licensee, as applicable, with respect to the Landlord Work that has then been undertaken, or that remains to be completed and (ii) a certification from the third party contractor under each Work Agreement (as to which Completion of Landlord Work has not occurred): (1) of all work that that has not then been completed under the Work Agreement(s), (2) that no amounts are then due and payable under the Work Agreement(s), (3) of such contractor's good faith estimate of all amounts that may become due and payable under the Work Agreement(s) at any time on and after the date of such certification (including without limitation, the cost (inclusive of all fees and expenses) required to complete the Landlord Work (or applicable portion thereof) that is the subject of the applicable Work Agreement), and (4) that neither Seller nor any third party contractor is in default under the Work Agreement(s). At the Closing: (I) Purchaser shall receive a credit against the Purchase Price in an amount equal to one hundred twenty-five percent (125%) of the greater of the amounts described in clauses (i)(4) and (ii)(3) above; (II) Seller shall deliver to Purchaser all materials in Seller's possession or control relating to all Landlord Work that has not been completed and all Work Agreements; and (III) all Work Agreements as to which Completion of Landlord Work has not yet occurred shall constitute "Assumed Contracts" for purposes of this Agreement (provided that the parties acknowledge and agree that the Purchaser's willingness to assume such Work Agreements is based on, and in reliance on the truth, accuracy and completeness of the Sellers' certification set forth above). Within thirty (30) days of the completion of Landlord Work under any Work Agreement that has been assumed by Purchaser hereunder, the Purchaser shall determine, reasonably and in good faith, the total cost of completing the Landlord Work (or any portion thereof) that remained incomplete as of the Closing Date (which costs shall include, without limitation, any costs incurred by Purchaser in respect of such Landlord Work both under the applicable Work Agreement, and otherwise). If (x) Purchaser determines that the amount credited to Purchaser at Closing under this Section 6.2.5 exceeds the cost of completion described in the immediately preceding sentence, then such excess shall be paid by Purchaser to the applicable Seller(s) within ten (10) days of such determination, and if (y) Purchaser determines that the amount credited to Purchaser at Closing under this Section 6.2.5 is less than the cost of completion described in the immediately preceding sentence, then such deficiency shall be paid by the applicable Seller(s) to Purchaser within ten (10) days of such determination. The terms of this Section 6.2.5 shall survive the Closing.

VII. REPRESENTATIONS AND WARRANTIES

7.1 Purchaser's Representations and Warranties. Purchaser represents and warrants to the Sellers as follows:

7.1.1 Organization and Standing. Purchaser is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Delaware and is, or on the Closing Date will be, duly qualified to do business in each state where such qualification is necessary with respect to all of the Properties, and has the full power and authority to enter into this Agreement and to carry out the transactions contemplated hereby to be carried out by it.

7.1.2 Due Authorization. The performance of this Agreement and the transactions contemplated hereunder by Purchaser have been duly authorized by all necessary action on the part of Purchaser, and this Agreement is binding on and enforceable against Purchaser in accordance with its terms. No further consent of any shareholder, creditor, board of directors, governmental authority or other party to such execution, delivery and performance hereunder is required. The person(s) signing this Agreement, and any document pursuant hereto on behalf of Purchaser, has full power and authority to bind Purchaser.

7.1.3 Lack of Conflict. Neither the execution of this Agreement nor the consummation of the transactions contemplated hereby will violate any restriction, court order, judgment, law, regulation, charter, bylaw, instrument or agreement to which Purchaser is subject.

7.1.4 Solvency/Bankruptcy. Purchaser has not (i) made any general assignment for the benefit of creditors, (ii) filed any voluntary petition in bankruptcy or suffered the filing of an involuntary petition in bankruptcy by Purchaser's creditors, (iii) suffered the appointment of a receiver to take possession of all, or substantially all, of Purchaser's assets, (iv) suffered the attachment or other judicial seizure of all, or substantially all, of Purchaser's assets, (v) admitted in writing its inability to pay its debts as they come due, or (vi) made any offer of settlement, extension or compromise to its creditors generally. Furthermore, Purchaser has not taken against it any such actions.

7.1.5 ERISA. Purchaser does not hold the assets of any employee benefit plan within the meaning of 29 CFR 2501.3-101(a)(2).

7.1.6 OFAC. Neither the Purchaser nor, to Purchaser's actual knowledge, any of its Affiliates, shareholders, beneficial owners, officers, directors, employees, agents or other third parties acting on behalf of any of the foregoing entities, is or has been in the last five (5) years: (i) a Sanctioned Person, (ii) organized, resident, or located in a Sanctioned Country, (iii) operating in, conducting business with, or otherwise engaging in dealings with any Sanctioned Person or in any Sanctioned Country, to the extent such activities violate Sanctions, or (iv) otherwise in violation of any Sanctions or anti-money laundering laws. The term "Sanctioned Person" shall mean any individual, entity, or vessel that is the subject or target of Sanctions, including: (a) any individual, entity, or vessel listed on any U.S. or other applicable sanctions-related restricted party list (including, without limitation, the U.S. Department of Treasury Office of Foreign Assets Control's ("OFAC") List of Specially Designated Nationals and Blocked Persons), (b) any entity that is, directly or indirectly, fifty percent (50%) or greater owned, or otherwise controlled by, one or more individuals or entities described in (a) above, or (c) any national of a Sanctioned Country (excluding any such national that has taken up permanent residence outside the relevant Sanctioned Country). The term "Sanctioned Country" shall mean any country or region that is the subject or target of a comprehensive embargo under Sanctions (including Cuba, Iran, North Korea, Sudan, Syria, and the Crimea region of the Ukraine, as may be amended from time to time). The term "Sanctions" shall mean all economic or financial sanctions, laws, measures, or embargoes administered or enforced by the United States (including by OFAC or the U.S. Department of State), Canada, or any other relevant sanctions-related governmental authority.

7.2 Sellers' Representations and Warranties. Sellers represent and warrant to Purchaser as follows:

7.2.1 Organization and Standing; Ownership. Such Seller is (i) a limited liability company or a real estate investment trust, as reflected on Exhibit A-3 to this Agreement, (ii) duly organized under the laws of the state of its formation, is validly existing, and in good standing under the laws of such state, (iii) qualified or registered to do business in the state where its Property is located (or in the states where its Properties are located), and (iv) has the full power and authority to enter into this Agreement and to carry out the transactions contemplated hereby to be carried out by it. Except only for the Property(ies) that is/are owned directly by WashREIT, WashREIT is the sole direct or indirect beneficial owner of each Seller.

7.2.2 Due Authorization. (a) the performance of this Agreement and the transactions contemplated hereunder by such Seller have been duly authorized by all necessary action on the part of such Seller, and this Agreement is binding on and enforceable against such Seller in accordance with its terms; and (b) no further consent of any member, manager, creditor, governmental authority or other party to such execution, delivery and performance hereunder is required. The person(s) signing this Agreement, and any document pursuant hereto on behalf of the Sellers, has full power and authority to bind the Sellers.

7.2.3 Representations and Warranties Regarding Legal Matters:

(a) Neither the execution of this Agreement nor the consummation of the transactions contemplated herein will cause or constitute a violation of any restriction, court order, judgment, law, regulation, charter, bylaw or operating agreement to which such Seller is subject.

(b) Neither such Seller nor any general partner or managing member of such Seller has (i) made any general assignment for the benefit of creditors, (ii) filed any voluntary petition in bankruptcy or suffered the filing of an involuntary petition in bankruptcy by such Seller's or such general partner's or managing member's creditors, (iii) suffered the appointment of a receiver to take possession of all, or substantially all, of such Seller's or such general partner's or managing member's assets, (iv) suffered the attachment or other judicial seizure of all, or substantially all, of such Seller's or such general partner's or managing member's assets, (v) admitted in writing its inability to pay its debts as they come due, or (vi) made any offer of settlement, extension or compromise to its creditors generally.

(c) None of the Sellers or, to Seller's knowledge, any of their respective Affiliates, shareholders, beneficial owners, officers, directors, employees, agents or other third parties acting on behalf of any of the foregoing entities, is or has been in the last five (5) years: (i) a Sanctioned Person, (ii) organized, resident, or located in a Sanctioned Country, (iii) operating in, conducting business with, or otherwise engaging in dealings with any Sanctioned Person or in any Sanctioned Country, to the extent such activities violate Sanctions, or (iv) otherwise in violation of any Sanctions or anti-money laundering laws. The Sellers have conducted reasonable due diligence on Tenants and licensees to ensure that Tenants and licensees are not Sanctioned Persons, and to ensure compliance with Sanctions and anti-money laundering laws.

(d) No Seller has received any written notice of any pending condemnation proceeding or other proceeding in eminent domain with respect to any Property and to each Seller's knowledge, there are no such pending or threatened proceedings.

(e) Each Seller is a “United States person” (as defined in Section 7701(a)(30)(B) or (C) of the Code) for the purposes of the provisions of Section 1445(a) of the Code.

7.2.4 Representations and Warranties Regarding the Properties:

(a) Neither the execution of this Agreement nor the consummation of the transactions contemplated herein will cause or constitute a violation of any restriction, court order, judgment, law, regulation, instrument, or agreement to which such Seller’s Property or Properties (or any portion thereof) are subject.

(b) Except as listed on Disclosure Schedule 4 attached hereto, there are no demands, complaints, actions, suits, arbitrations, governmental investigations or other proceedings pending or, to such Seller’s actual knowledge, threatened against or affecting such Seller or its respective Property or Properties or any portion thereof (any of the foregoing, a “**Proceeding**”) and such Seller has not received written notice of any such Proceeding. If and to the extent any matter listed on Disclosure Schedule 4 represents a liability of Seller as landlord under the applicable Lease or as licensor under the applicable License, then such liability shall remain with Seller to the extent it relates to Seller’s period of ownership (consistent with the last sentences of each of Section 2.3 and Section 2.4). All Proceedings listed on Disclosure Schedule 4 and described as “Other Matters” are covered in full by insurance maintained by Sellers (subject to any applicable deductibles, which will be paid by Seller as and when applicable or required) and no insurer has challenged its obligation to provide insurance in respect of any such Proceedings.

(c) Such Seller has not received written notice of any material default in respect of its obligations under any of the Assumed Contracts, the Licenses or the Leases.

(d) Disclosure Schedule 2-1 contains a true, correct and complete list of all Leases in existence on the Effective Date for the Property or Properties owned by such Seller, including the name of each Tenant, the date of each Tenant’s Lease and all amendments, if any, thereto, the expiration date of each Lease, and the amount of any Security Deposit paid by the Tenant under each Lease. The copies of such Leases provided to Purchaser by such Seller are true, correct and complete copies of such Leases, including all amendments thereto. There are no Leases or other tenancies for any space in the Property or Properties owned by such Seller as of the Effective Date other than those set forth on Disclosure Schedule 2-1. There are no letters of credit or other similar financial instruments held in lieu of Security Deposits under any of the Leases, except as set forth on Disclosure Schedule 2-1. Such Seller does not warrant or represent that any particular Lease will be in effect on the Closing Date, provided that such Seller agrees to provide prompt written notice to Purchaser if any such Lease is no longer in effect prior to the Closing Date, other than Leases which have expired in accordance with their express terms (and which have not been terminated prior to the scheduled expiration). No Person (other than as set forth in Disclosure Schedule 2-1) has any option or right to acquire, occupy or lease the Properties or any part thereof.

(e) Disclosure Schedule 11 sets forth a true and complete list, with respect to each of the Licenses, of the name of each licensee, the date of each License and all amendments, if any, thereto, and the expiration date of each License in existence on the Effective Date, as well the amount of any Security Deposit paid by the licensee under each such License. The copies of

such Licenses provided to Purchaser prior to the Effective Date by such Seller are true, correct and complete copies of such Licenses, including all amendments thereto. Such Seller does not warrant or represent that any particular License will be in effect on the Closing Date, provided that such Seller agrees to provide prompt written notice to Purchaser if any such License is no longer in effect prior to the Closing Date other than Licenses which have expired in accordance with their express terms (and which have not been terminated prior to the scheduled expiration).

(f) Except as set forth on Disclosure Schedule 2-3 and Disclosure Schedule 2-4 (as each of the same may be updated (x) in connection with Leases entered into by Seller pursuant to the express terms of this Agreement after the Effective Date and (y) as expressly set forth in the next succeeding sentence), there are no Lease Expenses under any Lease or License that are due as of the Closing Date or, as of the Effective Date, will become due after the Closing Date. Seller shall have the right to update and revise Disclosure Schedule 2-3 and/or Disclosure Schedule 2-4 prior to the Closing Date (each, an “**Updated Disclosure**”) provided that, any such Updated Disclosure shall only reflect Landlord Work and other Lease Expenses that have actually been completed and paid for by Seller prior to the effective date of such Updated Disclosure.

(g) The Assumed Contracts enumerated on Disclosure Schedule 1, together with the Leases, Licenses and any agreements specifically included as a Permitted Exception hereunder, comprise all of the contracts which will affect the Seller’s Property and be binding upon Purchaser from and after the Closing. The Contracts enumerated on Disclosure Schedule 3, together with the Leases, Licenses and any agreements specifically referenced on Schedule B-II in the Title Commitments (and which are not also Required Cure Items), comprise all of the contracts which currently affect the Seller’s Property. The Seller has delivered true, correct and complete copies of all of such Contracts to Purchaser. The Seller is not in default under any of the Contracts. To such Seller’s knowledge, no contractor or vendor is in material default under any Contract affecting the Seller’s Property and no contractor or vendor has asserted in writing any defenses on the part of such contractor which would exist after the Closing Date based upon any defaults by the Seller under a Contract.

(h) As of the Effective Date there do not exist any agreements pursuant to which such Seller will or may be required to pay a Leasing Commission with respect to space covered by the Leases, or as to any other space in the Property or Properties (including, without limitation, the Licenses), other than the agreements listed on Disclosure Schedule 2-2.

(i) To such Seller’s actual knowledge, the Environmental Reports include all of the phase I and phase II environmental reports related to the Property or Properties owned by such Seller and in the possession or control of such Seller. Such Seller has not received a written notice from any governmental authority in which it is alleged that the Property or Properties of such Seller are not in compliance with Environmental Requirements, other than such notices as have been provided to the Purchaser.

(j) Except as listed on Disclosure Schedule 4 attached hereto, such Seller has not received written notice from any government agency or any employee or official thereof alleging that the construction of the Property or Properties owned by such Seller or the operation or use of the same fails to comply with any Legal Requirement, or that any investigation has been

commenced or is contemplated respecting any such possible failure of compliance, and such Seller and has no actual knowledge of any such failure of compliance.

(k) Seller has not received any written notice from any governmental authority of (x) a violation of any applicable law with respect to such Seller's Property, or (y) noncompliance with zoning or other applicable federal, state or local requirements pertaining to the use, occupancy and operation of such Seller's Property, which has not been cured or dismissed.

(l) Attached hereto as Disclosure Schedule 9 is a true, correct and complete inventory of the Personal Property owned by such Seller. The Seller is the owner of such portion of the Personal Property as constitutes tangible property, free and clear of all liens, claims and encumbrances.

(m) To the Sellers' knowledge, the Due Diligence Materials once delivered or made available to Purchaser in accordance with the terms of this Agreement, have been delivered without intentional alteration or omission.

(n) There are no employee benefit or collective bargaining contracts to which such Seller's Property is subject that will bind the Property after the Closing Date. Purchaser is not assuming any liability with respect to any employees of the Seller or the Seller's property manager, and the Seller shall retain all liability for compensation and benefits payable to any such employees. The Seller does not have any employees except those whose positions are set forth on Disclosure Schedule 10.

(o) No Seller has received any written notice from any insurance company or underwriter of any defects that would render any of the Properties uninsurable.

7.3 Post Due Diligence Disclosures. Any Seller may amend and supplement the representations and warranties made by such Seller herein (each, a "**Post Due Diligence Disclosure**"), including, without limitation, by providing amendments or supplements to any schedule, or providing a new schedule, to this Agreement from time to time upon written notice to Purchaser and without Purchaser's consent to the extent that (A) (i) the representations and warranties with respect to the matter disclosed by such Post Due Diligence Disclosure was true as of the Effective Date, (ii) such Post Due Diligence Disclosure is necessary in order for the applicable representation or warranty or the information disclosed therein to remain true, and (iii) no Seller had knowledge as of the Effective Date of the matter being disclosed in such Post Due Diligence Disclosure, and (B) the matter being disclosed in such Post Due Diligence Disclosure is not the result of any Seller's default under this Agreement. Liabilities that are incurred (or reasonably may be expected to be incurred) or arise (or are reasonably expected to arise) as a result of events, circumstances, acts, omissions or states of facts disclosed in any Post Due Diligence Disclosure are referred to herein as "**Supplemental Losses**". If the Supplemental Losses are equal to or less than \$4,500,000, Purchaser shall proceed to Closing and receive a credit against the Purchase Price in the amount of the Supplemental Losses. If the Supplemental Losses exceed \$4,500,000 (in which case, if Purchaser proceeds to Closing, Purchaser shall receive a credit against the Purchase Price at Closing equal to \$4,500,000), Purchaser shall have the right to (i) proceed to Closing and waive the amount of such Supplemental Losses over \$4,500,000, or (ii) to terminate this Agreement, in

which event Purchaser shall be entitled to (x) a return of the Earnest Money Deposit plus (y) if such Post Due Diligence Disclosure is the result of a Seller Default, all Purchaser Costs, which amounts shall be paid by Seller in accordance with Section 9.2; and upon such payments and receipts, the parties shall have no further obligations hereunder except to the extent the same expressly survive termination of this Agreement.

7.4 Representations and Warranties Deemed Modified. If the Closing occurs: (a) each of the representations and warranties made by Purchaser herein shall be deemed modified if and to the extent necessary to reflect and be consistent with any facts or circumstances of which the Sellers have actual knowledge as of the Closing Date; and (b) each of the representations and warranties made by each Seller herein shall be deemed modified if and to the extent necessary to reflect and be consistent with any facts or circumstances of which Purchaser has actual knowledge as of the Closing Date.

7.5 Sellers' Knowledge. Wherever the phrase "to Seller's actual knowledge" or any similar phrase stating or implying a limitation on the basis of knowledge appears in this Agreement in respect of a Seller, such phrase means only the actual knowledge of Karen Clark, director of due diligence for WashREIT, and/or Mandy Wedin, asset manager of the Properties, in each case without any duty of inquiry (other than appropriate consultation by Karen Clark with all applicable Property management staff of Seller, including without limitation, with respect to the representations and warranties contained in this Agreement), any imputation of the knowledge of another, or independent investigation of the relevant matter by any individual(s), and without any personal liability. Wherever the phrase "in Seller's possession", "in the possession of Seller" or similar phrase appears in this Agreement, such phrase shall be deemed to mean only to the extent the material or other item referred to by such phrase is located at a Property or in the Sellers' offices in Washington, DC.

7.6 Purchaser's Knowledge. Wherever the phrase "to Purchaser's actual knowledge" or any similar phrase stating or implying a limitation on the basis of knowledge appears in this Agreement in respect of Purchaser, such phrase means only the actual knowledge of Robert Swennes and/or Steven Ganeless, without any duty of inquiry, any imputation of the knowledge of another, or independent investigation of the relevant matter by any individual(s), personal liability.

VIII. CONDITIONS PRECEDENT TO CLOSING

8.1 Conditions to Sellers' Obligations. The obligation of the Sellers to close the transaction contemplated hereunder shall be subject to the satisfaction of each of the following conditions precedent:

8.1.1 Each of Purchaser's representations and warranties set forth in this Agreement shall be correct in all material respects as of the Closing Date as if made on and as of such date.

8.1.2 The Purchaser shall have deposited the Closing Payment, as well as the documents and instruments specifically listed in Section 5.3 hereof with Escrow Agent on or before the Closing Date.

8.1.3 Purchaser shall have performed all of its obligations under this Agreement required at or prior to Closing, in all material respects.

The foregoing conditions contained in this Section 8.1 are intended solely for the benefit of the Sellers. The Sellers shall at all times have the right to waive any condition precedent, provided that such waiver is in writing and delivered to Purchaser and Escrow Agent.

8.2 Conditions to Purchaser's Obligations. The obligations of Purchaser to close the transaction contemplated hereunder shall be subject to the satisfaction of each of the following conditions precedent:

8.2.1 Each Seller's representations and warranties set forth in this Agreement shall be correct in all material respects as of the Closing Date as if made on and as of such date;

8.2.2 The Sellers shall have deposited the documents and instruments specifically listed in Section 5.2 hereof with Escrow Agent on or before the Closing Date;

8.2.3 The Sellers shall have performed all of the Sellers' obligations under this Agreement required to be performed at or prior to Closing, in all material respects.

8.2.4 The title of each Seller to its respective Property shall be subject to no Liens or Encumbrances other than Permitted Exceptions or those that Seller has Cured or made arrangements to Cure, to the satisfaction of Purchaser and the Title Company.

8.2.5 The Sellers shall have delivered to Purchaser Satisfactory Tenant Estoppel Certificates (as defined below) from Tenants so that there shall have been obtained Satisfactory Tenant Estoppel Certificates (x) from all Tenants that lease or otherwise occupy, pursuant to a Lease (or Leases), more than 20,000 square feet of Leased Space in the aggregate (such tenants collectively, the "**Required Tenants**"; such Satisfactory Tenant Estoppel Certificates collectively, the "**Required Tenant's Satisfactory Tenant Estoppel Certificates**") and (y) from Tenants covering, in the aggregate, not less than eighty percent (80%) of the Leased Space. The Sellers agree to provide Purchaser with completed Tenant Estoppel Certificates prior to delivery to the Tenants, which shall be subject to Purchaser's approval not to be unreasonably withheld, conditioned or delayed. "**Satisfactory Tenant Estoppel Certificate**" shall mean any Tenant Estoppel Certificate that is executed by the applicable Tenant and which does not (i) allege therein any material default under

the applicable Lease or any claim of offset, defense, counterclaim, or rent credit (other than as provided in the Lease), (ii) state any facts materially inconsistent with the applicable Lease or the rent rolls provided by the Sellers to Purchaser, or (iii) contain any other materially adverse information not contained in the completed form of such certificate as approved by Purchaser and delivered to the applicable Tenant. Notwithstanding the foregoing, any Seller shall have the right (but shall not be obligated to) substitute an estoppel certificate executed by such Seller (a “**Seller Lease Estoppel Certificate**”) containing the information set forth in the form of the Seller Estoppel Certificate attached hereto as Exhibit L-2 and such estoppel certificate shall have the same effect under this Section 8.2.5 as an estoppel certificate executed by the Tenant; provided, however, that Seller Lease Estoppel Certificates shall be permitted to cover not more than fifteen percent (15%) of the Leased Space, and provided further that no Seller Lease Estoppel Certificate may be given with respect to any Required Tenant’s Satisfactory Tenant Estoppel Certificate. If the applicable Tenant shall thereafter provide a Satisfactory Tenant Estoppel Certificate to Purchaser, then such Seller Estoppel Certificate shall thereupon be null and void and of no further force or effect.

8.2.6 The Seller’s shall have delivered Satisfactory Licensee Estoppel Certificates (as defined below) from all Required Licensees. The Sellers agree to provide Purchaser with completed Licensee Estoppel Certificates prior to delivery to the licensees, which shall be subject to Purchaser’s approval not to be unreasonably withheld, conditioned or delayed. “**Satisfactory Licensee Estoppel Certificate**” shall mean any Licensee Estoppel Certificate that is executed by the applicable Required Licensee and which does not (i) allege therein any material default under the applicable License or any claim of offset, defense, counterclaim, or rent credit (other than as provided in the License), (ii) state any facts materially inconsistent with the applicable License or Disclosure Schedule 11 attached hereto), or (iii) contain any other materially adverse information not contained in the completed form of such certificate as approved by Purchaser and delivered to the applicable Licensee. The Sellers shall use commercially reasonable efforts to obtain Licensee Estoppel Certificates from the Required Licensees. To the extent that the Sellers have not delivered to Purchaser Satisfactory Licensee Estoppel Certificates from each of the Required Licensees, Seller shall deliver to Purchaser an estoppel certificate executed by such Seller (a “**Seller License Estoppel Certificate**”), with respect to each licensee for which a Satisfactory Licensee Estoppel Certificate has not been delivered, each containing the information set forth in the form of the Seller License Estoppel Certificate attached hereto as Exhibit L-4. If the applicable licensee shall thereafter provide a Satisfactory Licensee Estoppel Certificate to Purchaser, then such Seller License Estoppel Certificate shall thereupon be null and void and of no further force or effect.

8.2.7 The Sellers shall have delivered Satisfactory REA Estoppel Certificates (as defined below) with respect to the Required REAs. The Sellers agree to provide Purchaser with completed REA Estoppel Certificates prior to delivery thereof to the applicable signatory, which shall be subject to Purchaser’s approval not to be unreasonably withheld, conditioned or delayed. “**Satisfactory REA Estoppel Certificate**” shall mean any REA Estoppel Certificate that is executed by the applicable signatory and which does not (i) allege therein any material default by the applicable Seller, or (ii) contain any other materially adverse information not contained in the completed form of such certificate as approved by Purchaser and delivered to the applicable signatory. The Sellers shall use commercially reasonable efforts to obtain REA Estoppel Certificates for the Required REAs. To the extent that the Sellers have not delivered to Purchaser Satisfactory REA Estoppel

Certificates for each of the Required REAs, Seller shall be deemed to have satisfied the foregoing condition precedent if the Title Company shall issue an ALTA 9.2 Comprehensive Endorsement (Restrictions, Encroachments and Minerals – Improved Land) to the Owner’s Policy of Title Insurance to be issued in favor of Purchaser insuring against any loss or damage sustained by Purchaser in connection with a violation, existing as of the Closing Date, of any covenant, condition, limitation or restriction contained in any Required REAs there were not delivered. In the event the condition precedent in this Section 8.2.7 is satisfied pursuant to the immediately preceding sentence, Seller shall be required to deliver to the Title Company an affidavit in such form as may be reasonably required by the Title Company in order to issue such endorsement.

8.2.8 At Closing, the Title Company shall be committed (subject only to payment of the premiums therefor, including any additional premiums for endorsements requested by Purchaser (all at ordinary rates and without indemnity or other liability of Purchaser), and delivery by Purchaser of such instruments and materials as the Title Company may require for the issuance of any endorsements) to issue to Purchaser Owner’s Policy of Title Insurance in the forms attached hereto as Disclosure Schedule 12, insuring Purchaser’s fee simple title to each Property for the sum amount equal to such Property’s Allocated Amount, subject only to the Permitted Exceptions.

The foregoing conditions contained in this Section 8.2 are intended solely for the benefit of Purchaser. Purchaser shall at all times have the right to waive any condition precedent, provided that such waiver is in writing and delivered to the Sellers and Escrow Agent.

8.3 Failure of Conditions to Closing. The Sellers and Purchaser shall use commercially reasonable efforts to satisfy the conditions to Closing set forth herein. If the Closing does not occur because of the failure of one of the conditions set forth in Section 8.1, the Sellers shall have the remedies set forth in Section 9.1. If the Closing does not occur because of the failure of one of the Conditions set forth in Section 8.2, the Purchaser shall have the remedies set forth in Section 9.2.

IX. REMEDIES FOR PRE-CLOSING AND POST-CLOSING DEFAULTS; LIQUIDATED DAMAGES

9.1 Default by Purchaser Prior to Closing. If (a) any of the representations or warranties made by Purchaser herein are inaccurate as of the Closing Date in any material respect and such inaccuracy prevents the Closing from occurring as provided for herein, (b) after all of the conditions to Purchaser’s obligations to proceed with the Closing have been satisfied or, in lieu thereof, waived in writing by Purchaser, Purchaser fails to deposit the Closing Payment and the documents and instruments specifically listed in Section 5.3 hereof with Escrow Agent on the Closing Date, or (c) Purchaser fails or refuses to perform any of Purchaser’s other material covenants or agreements to be performed by Purchaser under this Agreement at Closing (any of the foregoing circumstances being referred to herein as a “**Purchaser Default**”), then the Sellers’ sole remedies shall be (i) to terminate this Agreement and receive the Earnest Money Deposit, whereupon the Earnest Money Deposit shall be delivered to the Sellers and neither party shall have any further rights or obligations hereunder, each to the other, except for any obligations or rights that expressly survive termination of this Agreement, and the right of the Sellers to collect such liquidated damages from Purchaser and Escrow Agent; or (ii) to consummate the transactions contemplated hereby, without any

abatement or reduction in the Purchase Price on account thereof. If the Closing does not occur because of a Purchaser Default, Purchaser and the Sellers agree that it would be impractical and extremely difficult to estimate the damages which the Sellers may suffer. Therefore, Purchaser and the Sellers hereby agree that, in the event of a Purchaser Default, a reasonable estimate of the total damages that the Sellers would suffer from a Purchaser Default is and shall be an amount equal to the Earnest Money Deposit. Said amount shall be the full, agreed and liquidated damages for the Purchaser Default, and the recovery of such amount shall be the Sellers' sole remedy at law or in equity as a result of a Purchaser Default. All of the claims to damages or other remedies as a result of a Purchaser Default are expressly waived by the Sellers.

9.2 Default by Sellers Prior to Closing. If (a) the condition to Closing set forth in Section 8.2.1 is not satisfied as of the Closing Date, (b) after all of the conditions to the Sellers' obligations to proceed with the Closing have been satisfied or, in lieu thereof, waived in writing by the Sellers, the condition to Closing set forth in Section 8.2.2 is not satisfied as of the Closing Date, or (c) the condition to Closing set forth in Section 8.2.3 is not satisfied as of the Closing Date (any of the foregoing circumstances being referred to herein as a "**Seller Default**"), then Purchaser may elect, as Purchaser's sole and exclusive remedy for a Seller Default, either: (i) to pursue an action against the Sellers for specific performance, provided that such action must be initiated within ninety (90) days following the date on which the Closing should have occurred in accordance with this Agreement; or (ii) to terminate this Agreement and thereupon to receive the Earnest Money Deposit and reimbursement from Sellers of the third-party out-of-pocket costs actually incurred by Purchaser in connection with the transaction contemplated by this Agreement up to a maximum of Four Hundred Thousand and 0/100 (\$400,000.00) (the "**Purchaser Costs**"). Notwithstanding the foregoing, if specific performance is not available as a result of actions taken (or not taken) by or on behalf of any Seller in bad faith, Purchaser shall be entitled to pursue all remedies at law or in equity in respect of such Seller Default, subject to the limitations of Section 9.4 hereof. All other claims to damages or other remedies in connection with a Seller Default (other than as specified in this Section 9.2) are expressly waived by Purchaser. The refund of the Earnest Money Deposit and the payment of the expenses and other liquidated damages as set forth herein is not intended as a forfeiture or penalty, but is intended to constitute liquidated damages to Purchaser.

9.3 Limitations of Purchaser's Post-Closing Claims. Each of the Sellers shall be jointly and severally liable for the obligations and liabilities of each other Seller under this Agreement, subject to the following limitations. Notwithstanding any provision to the contrary herein or in any document or instrument (including any deeds, bill of sale or assignments) executed by any Seller and delivered to Purchaser at or in connection with the Closing (collectively, "**Closing Documents**"), no Seller shall have any liability whatsoever with respect to, and Purchaser shall be forever barred from making or bringing any Claims or asserting any liability against a Seller with respect to any of the representations and warranties set forth in Section 7.2 of this Agreement, to the extent that the total liability of all of the Sellers for such Claims, liabilities and breaches of any of the foregoing representation and warranties would otherwise exceed the Cap Amount. As used herein the "**Cap Amount**" means an amount equal to two percent (2%) of the Purchase Price. For clarification, Purchaser shall in all events be entitled to bring Claims and to receive amounts from Sellers hereunder in an aggregate amount not to exceed the sum of (x) the Cap Amount plus (y) all costs and expenses incurred by Purchaser in prosecuting, pursuing and/or collecting such amounts.

9.4 Other Limitations of Claims. Notwithstanding anything to the contrary contained in this Agreement, in no event shall any Seller or Purchaser be liable for indirect, special, consequential or punitive damages of any kind, and Sellers and Purchaser shall all be barred from and hereby waives any Claim for the same.

9.5 Survival of Purchaser's Claims. The representations and warranties of the Sellers contained in Section 7.2 shall survive only until the date that is nine (9) months after the Closing Date (the "**Survival Date**"); provided, however, that the "**Survival Date**" shall be extended with respect to any representation or warranty as to which Purchaser shall have, on or before the expiration of such nine (9) month period, either (a) commenced a legal proceeding based on the breach thereof as of the date of Closing or (b) provided written notice to the Sellers of such a breach on or before the date that is nine (9) months after the Closing Date and thereafter commences a legal proceeding based on such breach within twelve (12) months after the Closing Date, and such extension of the Survival Date shall be only for so long as such proceeding shall continue (including any period prior to the commencement of such proceeding in the event Purchaser has delivered written notice to the Sellers of such breach, as above, provided that in such event Purchaser shall commence a legal proceeding based on such breach on or before the date that is twelve (12) months after the Closing Date, as above), and limited to the breach therein claimed. Any permitted Claim that Purchaser may have at any time against a Seller for breach of any such representation or warranty, whether known or unknown, with respect to which a written notice providing specific details of the alleged breach (a "**Claim Notice**") has not been delivered to the Sellers on or prior to the Survival Date, shall not be valid or effective and the party against whom such Claim is asserted shall have no liability with respect thereto. Any Claim that Purchaser may have at any time against a Seller for a breach of any such representation or warranty, whether known or unknown, with respect to which a Claim Notice has been delivered to the Sellers on or prior to the Survival Date (a "**Pending Claim**") may be the subject of subsequent litigation brought by Purchaser against the Sellers.

9.6 Survival of Sellers' Claims. Except as otherwise specifically set forth in this Agreement, the representations and warranties of Purchaser contained herein or in any document or instrument executed by Purchaser and delivered to the Sellers at or in connection with the Closing (collectively, "**Purchaser Closing Documents**") shall survive only until the Survival Date. Any Claim that the Sellers may have any time against Purchaser for breach of any such representation and warranty, whether known or unknown, with respect to which a Claim Notice has not been delivered to Purchaser on or prior to the Survival Date, shall not be valid or effective and the party against whom such Claim is asserted shall have no liability with respect thereto. Any Claim that the Sellers may have at any time against Purchaser for a breach of any such representation or warranty, whether known or unknown, with respect to which a Claim Notice has been delivered to Purchaser on or prior to the Survival Date may be the subject of subsequent litigation brought by the Sellers against Purchaser.

9.7 Limitations on Liability.

9.7.1 The parties hereto confirm and agree that in each instance herein where a party or its Affiliates is entitled to payment or reimbursement for damages, costs or expenses pursuant to the terms and conditions of this Agreement, any payment or reimbursement made to such party shall be conclusively deemed to be for the account of both such party and its Affiliates.

9.7.2 To the maximum extent permitted by applicable law, no shareholder, director, officer or employee of any party to this Agreement shall have any personal liability with respect to the liabilities or obligations of such party under this Agreement or any document executed by such party pursuant to this Agreement.

9.8 Joinder. In furtherance of the joint and several liability of the Sellers, and notwithstanding anything in this Agreement to the contrary, all liabilities of Seller under this Agreement or any document delivered by Seller pursuant to this Agreement are, to the extent not a direct liability of WashREIT, hereby guaranteed (the “**Guaranty**”), by WashREIT (in such capacity, “**Guarantor**”). The Guaranty shall be subject to all of the limitations and applicable provisions set forth in this Agreement (including, without limitation and as and to the extent applicable, the Cap Amount with respect to Seller’s breach of representations and warranties as set forth in Section 9.3 and the provisions of Sections 9.4 and 9.5). In the event that Purchaser has not asserted any claims arising from breaches of Seller’s representations and warranties in writing by notice to Seller on or prior to the Survival Date, then Guarantor shall automatically be released from its obligations with respect to such claims under this Section 9.8.

9.9 Survival. Article IX shall survive the termination of this Agreement and Closing.

X. BROKERS

The Sellers represent and warrant to Purchaser, and Purchaser represents and warrants to the Sellers, that except for Cushman & Wakefield (“**Broker**”), no broker or finder has been engaged by the Sellers, Purchaser or their affiliates, respectively, in connection with the transaction contemplated by this Agreement or to its knowledge is in any way connected with this transaction. Purchaser shall be responsible for the payment of any commission, finder’s fee or other sum initiated by any broker, commission agent or other person engaged or retained by Purchaser in connection with the transaction contemplated by this Agreement. The Sellers shall be responsible for the payment of any commission, finder’s fee or other sum initiated by any broker, commission agent or other person engaged or retained by the Sellers in connection with the transaction contemplated by this Agreement, including without limitation, Broker. The Sellers and Purchaser (except with respect to the commission which shall be paid by the Sellers to Broker) each agree to Indemnify the other with respect to Claims for payment of any commission, finder’s fee or other sum initiated by any broker, commission agent or other person which such party or its representatives has engaged or retained, or which shall be based upon any statement or agreement alleged to have been made by such party, in connection with the transaction contemplated by this Agreement or the sale of all of the Properties by the Sellers. The provisions of this Article X shall survive the Closing.

XI. NOTICES

Except as otherwise expressly provided in this Agreement, all notices, requests, demands and other communications hereunder (each, a “**Notice**”) shall be in writing and shall be deemed delivered by (i) email (in which case delivery shall be deemed to occur upon transmission to the designated email addresses below) or (ii) overnight delivery service (next business day delivery) (in which case delivery shall be deemed to occur on the next business day at 12:00 noon), as follows:

If to all or any of the Sellers: c/o Washington Real Estate Investment Trust
1775 Eye Street, NW
Suite 1000
Washington, D.C. 20006
Attention: Andrew Leahy,
Senior Director of Acquisitions
Telephone: (202) 774-3245
Email: aleahy@washreit.com

- and -

Attention: Thomas Morey,
Senior Vice President & General Counsel
Telephone: (202) 774-3165
E-Mail: tmorey@washreit.com

with a copy to:

Venable LLP
575 7th Street, NW
Washington, D.C. 20004
Attention: Robert G. Gottlieb, Esq.
Telephone: (202) 344-8526
Email: rggottlieb@venable.com

If to Purchaser: c/o Brookfield Properties Inc.
Brookfield Place
250 Vesey Street, 15th Floor
New York, NY 10281-1023
Attention: Robert Swennes
Telephone: (202) 467-7790
E-mail: robert.swennes@brookfield.com

with a copy to:

Goodwin Procter LLP
Attention: Ross D. Gillman, Esq.
Telephone: (212) 813-8811
Email: rgillman@goodwinprocter.com

If to Escrow Agent: Fidelity National Title Insurance Company
485 Lexington Avenue, 18th Floor
New York, New York 10017

Attention: Nick DeMartini, Managing Counsel
Telephone: (212) 845-3132
Email: ndemartini@fnf.com

with a copy to the Sellers or to Purchaser, as applicable.

Any correctly-addressed Notice that is refused, unclaimed or undelivered because of an act or omission of the party to be notified shall be considered to be effective as of the first day that the Notice was refused, unclaimed or considered undeliverable by the overnight delivery service or by such party's email service. The parties hereto shall have the right from time to time, and at any time, to change their respective addresses and each shall have the right to specify as its address any other address within the United States of America, by giving to the other party at least ten (10) days prior Notice thereof, in the manner prescribed herein; provided, however, that to be effective, any such change of address must be actually received (as evidenced by a return receipt, if sent by overnight delivery service). Telephone numbers are listed for convenience purposes only and not for the purposes of giving Notice pursuant to this Agreement. Any Notice that is required or permitted to be given by either party to the other under this Agreement may be given by such party or its legal counsel, who are hereby authorized to do so on the party's behalf.

XII. MISCELLANEOUS

12.1 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Maryland. If any legal action is necessary to enforce the terms and conditions of this Agreement, the parties hereby agree that the courts in the State of Maryland shall be the sole jurisdiction and venue for the bringing of the action.

12.2 Professional Fees and Costs. If a lawsuit or other proceedings are instituted by any party to enforce any of the terms or conditions of this Agreement against any other party hereto, the prevailing party in such litigation or proceedings shall be entitled, as an additional item of damages, to such reasonable attorneys' and other professional fees and costs (including, but not limited to, witness fees), court costs, travel expenses, and other reasonable, actual, out-of pocket expenses or costs of such other proceedings, which amount shall be determined by any court of competent jurisdiction or other judicial or quasi-judicial body having jurisdiction thereof, whether or not such litigation or proceedings proceed to a final judgment or award. For the purposes of this section, any party receiving an award or judgment for damages or other amounts shall be deemed to be the prevailing party, regardless of amount of the damage awarded or whether the award or judgment was based on all or some of such party's claims or causes of action, and any party against whom a lawsuit or other proceeding is instituted and later voluntarily dismissed by the instituting party shall be deemed to be the prevailing party.

12.3 Exhibits and Disclosure Schedules a Part of This Agreement. The Exhibits and Disclosure Schedules attached hereto are incorporated in this Agreement by reference and are hereby made a part hereof.

12.4 Executed Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document. This Agreement shall become effective upon the due execution and delivery of this Agreement to the parties hereto. In order to expedite the transaction contemplated herein, telecopied, facsimile, .PDF or other electronic signatures may be used in place of original signatures on this Agreement. Seller and Purchaser intend to be bound by the signatures on the telecopied, .PDF or other electronic document, are aware that the other party will rely on the telecopied, .PDF or other electronic signatures, and hereby waive any defenses to the enforcement of the terms of this Agreement based on the form of signature.

12.5 Assignment. Purchaser may not assign, convey and otherwise transfer all or any part of its interest or rights herein without the prior written consent of the Sellers, which consent may be withheld in the Sellers' sole discretion. Notwithstanding the foregoing, however, Purchaser may (without the Sellers' consent and without any requirement of notice to the Sellers) assign and transfer in whole or in part as to any specific Property all of its rights and obligations under this Agreement to one (1) or more wholly owned subsidiary(ies) of Purchaser (which subsidiary(ies) are, at the time of assignment and at the time of Closing, disregarded entities of Purchaser for Federal income tax purposes), in the form of the Assignment of Purchase Agreement attached hereto as Exhibit K. Purchaser shall not be released of any of its obligations under this Agreement as a result of any assignment through Closing, but the assigning Purchaser shall be released of all liabilities hereunder accruing from and after Closing. Any assignment as permitted in the preceding sentence shall be conditioned upon Purchaser delivering to the Sellers and Escrow Agent a copy of a fully-executed copy of the assignment agreement which shall (by the terms thereof) indicate that such assignee(s) is/are a disregarded entity(ies) of Purchaser for Federal income tax purposes. The Sellers may not assign or transfer their respective rights or obligations under this Agreement without the prior written consent of Purchaser. No transfer or assignment by either party in violation of the provisions hereof shall be valid or enforceable.

12.6 IRS - Form 1099-S. For purposes of complying with Section 6045 of the Code, Escrow Agent shall be deemed the "person responsible for closing the transaction" and shall be responsible for obtaining the information necessary to file with the Internal Revenue Service Form 1099-S, "Statement for Recipients of Proceeds from Real Estate, Broker and Barter Exchange Transactions."

12.7 Successors and Assigns. Subject to the provisions of Section 12.5 hereof, this Agreement shall be binding upon and inure to the benefit of the parties' respective successors and permitted assigns.

12.8 Time is of the Essence. Time is of the essence of this Agreement.

12.9 Entire Agreement. This Agreement, and Exhibits and Disclosure Schedules and other documents and instruments attached to or referenced herein, contain the entire understanding and agreement between the parties hereto with respect to the purchase and sale of all of the Properties,

and all prior and contemporaneous understandings, letters of intent, agreements and representations, whether oral or written, are entirely superseded. Except for any of the following expressly contained in this Agreement, the Sellers and Purchaser each expressly disclaim any reliance on any oral or written representations, warranties, comments, statements or assurances made by the Sellers, Purchaser, and any of their respective affiliates, and their respective agents, employees, representatives, attorneys or brokers, as an inducement or otherwise, to Purchaser's and the Sellers' respective execution hereof. No amendment of this Agreement shall be binding unless in writing and executed by the parties hereto.

12.10 Further Assurances. Whenever and so often as requested by a party, the other party will promptly execute and deliver or cause to be executed and delivered all such other and further instruments, documents or assurances, and promptly do or cause to be done all such other and further things as may be necessary and reasonably required in order to further and more fully vest in such requesting party all rights, interests, powers, benefits privileges and advantages conferred or intended to be conferred upon it by this Agreement, or to effectuate the termination of this Agreement and cancellation of the Escrow (if otherwise permitted hereunder). The terms of this section shall survive Closing and/or termination of this Agreement.

12.11 Waiver. Failure or delay by either party to insist on the strict performance of any covenant, term, provision or condition hereunder, or to exercise any option herein contained, or to pursue any claim or right arising herefrom, shall not constitute or be construed as a waiver of such covenant, term, provision, condition, option, claim or right (except that if a party proceeds to Closing, notwithstanding the failure of a condition to its obligation to close, then such condition shall be deemed waived by virtue of the Closing). Any waiver by either party shall be effective only if in a writing delivered to the other party hereto and setting forth, with specificity, the covenant, term, provision or condition so waived. Any such waiver shall not constitute or be construed as a continuing waiver of any subsequent default.

12.12 Headings. The headings of this Agreement are for purposes of convenience only and shall not limit or define the meaning of the provisions of this Agreement.

12.13 Risk of Loss. With respect to each Property, the risk of loss shall be as follows:

12.13.1 Risk of Loss. Until the Closing Date, each Seller shall bear the risk of loss resulting from damage to such Seller's Property by fire or other casualty (collectively "**Casualty**"). If, prior to the Closing Date, a Property shall be damaged by any Casualty, such Property's Seller shall promptly deliver to Purchaser a Notice ("**Casualty Notice**") of such event. Upon Purchaser's receipt of a Casualty Notice, such Seller and Purchaser shall meet promptly to estimate the cost to repair and restore the Improvements to good condition and to replace the damaged Personal Property ("**Casualty Renovation Cost**"). If the parties are unable to agree on the cost of restoration, the matter will be submitted to an engineer designated by such Seller and an engineer designated by Purchaser, each licensed to practice in the jurisdiction in which the Land is located, and the engineers shall resolve the dispute. If the engineers fail to resolve the dispute, they shall designate a third engineer, who shall determine such resolution, which determination shall be binding on the Sellers and on the Purchaser. Each party hereto shall bear the costs and expenses of its own engineer. The

cost of a third engineer, if any is appointed by the parties' respective engineers, shall be borne one half (1/2) by the Sellers and one half (1/2) by the Purchaser.

12.13.2 Material Loss. If (a) the Casualty Renovation Cost for any single Property exceeds ten percent (10%) of such Property's Allocated Amount, or if the Casualty Renovation Costs, in the aggregate for all of the Properties that have suffered a casualty, exceeds two and one half percent (2.5%) of the Purchase Price, (b) the Casualty would reduce available parking below that required by, or in general cause a violation of, any Legal Requirements or any Permitted Exceptions, (c) the Casualty would impair reasonable access to the Property without comparable substitute access acceptable to Purchaser being available or (d) the Casualty gives any Required Tenant the right to terminate its Lease (which right has not then been waived in writing by all such Required Tenants), then Purchaser may, at its option, elect to either (i) terminate this Agreement with respect to the impacted Property or Properties or (ii) terminate this Agreement in its entirety. Such termination right may be exercised only by Notice to the Sellers within ten (10) Business Days after the date that the Casualty Renovation Cost for such Property or in the aggregate for all Properties that have suffered casualties is determined to exceed the applicable amount stated in the preceding sentence (and if necessary the Closing Date will be extended to accommodate such ten (10) business day period), and in the event of a termination hereof with respect only to the impacted Property or Properties, the Purchase Price shall be reduced by the Allocated Amount of the impacted Property or Properties. If this Agreement can be terminated pursuant to the preceding provisions of this Section 12.13.2, but Purchaser does not elect to terminate this Agreement pursuant to such provision, then the Closing shall take place as provided herein and Purchaser shall receive a credit against the Purchase Price in the amount of the Casualty Renovation Cost and the Sellers shall assign to Purchaser the proceeds of any business interruption insurance policy(ies) payable to the Sellers for the period after the Closing Date for loss of revenue suffered by the Purchaser as a result of the Casualty.

12.13.3 Nonmaterial Loss. If the Casualty Renovation Cost for any single Property does not exceed ten percent (10%) of such Property's Allocated Amount, or if the Casualty Renovation Costs, in the aggregate for all Properties that have suffered a casualty, does not exceed two and one half percent (2.5%) of the Purchase Price, then, in any such event, Purchaser shall not have any right to terminate this Agreement due to such Casualty, but the Closing shall take place as provided herein and Purchaser shall receive a credit against the Purchase Price in the amount of the Casualty Renovation Cost and the Sellers shall assign to Purchaser the proceeds of any business interruption insurance policy(ies) payable to the Sellers for the period after the Closing Date for loss of revenue suffered by the Purchaser as a result of the Casualty.

12.13.4 Eminent Domain. If, prior to the Closing Date, any Seller receives notice that a material portion of one of its Properties (or access or other material rights in connection therewith) as would, in Purchaser's reasonable judgment, materially adversely affect the operation of such Property or uses of such Property is, or has been threatened in writing by a governmental authority of competent jurisdiction, to be taken by condemnation or eminent domain, such Seller shall promptly notify Purchaser, and at the election of Purchaser this Agreement shall, upon the giving of Notice of such event or of the condemning authorities' intention so to take such Property, either (i) terminate with respect only to the impacted Property, but the Closing shall proceed with

respect to the remaining Properties (with the Purchase Price reduced by the Allocated Purchase Price of the impacted Property) or (ii) terminate in its entirety. If Purchaser does not elect to terminate this Agreement prior to the Closing Date, on the Closing Date all of the proceeds of any award or payment made or to be made by reason of such taking shall be assigned by such Seller to Purchaser, and any money theretofore received by such Seller in connection with such taking shall be paid over to Purchaser, whereupon Purchaser shall pay the Purchase Price without abatement by reason of such taking. Such Seller shall not settle, agree to, or accept any award or payment in connection with a taking of less than all of the Property without obtaining Purchaser's prior written consent in each case, which consent shall not be unreasonably withheld or delayed. As used in this Section, "material portion," "material rights" or "materially adversely affect" means, with respect to a Property, a taking or condemnation that (a) would reduce available parking below that required by, or in general cause a violation of, any Legal Requirements or any Permitted Exceptions, (b) would result in a condemnation award reasonably estimated to exceed ten percent (10%) of such Property's Allocated Amount, (c) would result in a condemnation award that, when combined with the amount of all other condemnation awards for takings or condemnations affecting any of the other Properties, would reasonably be estimated to exceed two and one-half percent (2.5%) of the Purchase Price, (d) would impair reasonable access to the Property without comparable substitute access acceptable to Purchaser being available or (e) would give any Required Tenant the right to terminate its Lease (which right has not then been waived in writing by all such Required Tenants).

12.14 Construction of Agreement. The parties hereto have negotiated this Agreement at length, and have had the opportunity to consult with, and be represented by, their own competent counsel. This Agreement is, therefore, deemed to have been jointly prepared. In determining the meaning of, or resolving any ambiguity with respect to, any word, phrase or provision of this Agreement, no uncertainty or ambiguity shall be construed or resolved against any party under any rule of construction, including the party primarily responsible for the drafting and preparation of this Agreement. The words "herein," "hereof," "hereunder" and words of similar reference mean and refer to this Agreement. The words "this Agreement" include the exhibits, schedules addenda and any future written modifications, unless otherwise indicated by the context. The words "will," "shall" and "must" in this Agreement indicate a mandatory obligation. All dollar amounts set forth in this Agreement are stated in United States Dollars, unless otherwise specified. The words "day" and "days" refer to calendar days unless otherwise stated. The words "business day" refer to a day other than a Saturday, Sunday or Legal Holiday (hereinafter defined). The words "month" and "months" refer to calendar months unless otherwise stated. The words "year" and "years" refer to calendar years unless otherwise stated. If any date herein set forth for the performance of any obligations by Sellers or Purchaser or for the delivery of any instrument or notice as herein provided should fall on a Saturday, Sunday or Legal Holiday, the compliance with such obligations or delivery will be deemed acceptable on the next business day following such Saturday, Sunday or Legal Holiday. As used herein, the term "**Legal Holiday**" will mean any local or federal holiday on which post offices are closed in the State of Maryland.

12.15 Bulk Transfers. The Sellers and Purchaser specifically waive compliance with the applicable provisions of the Uniform Commercial Code – Bulk Transfers, with any similar provision under any similar provisions in the laws of the state, county, and city in which any of the Properties is located, to the extent such provisions may be waived under the applicable Legal Requirement.

12.16 Intentionally Omitted

12.17 Press Releases; Confidentiality. Prior to Closing, neither party may release any press release or other public disclosure or communication with respect to the transactions contemplated by this Agreement, except for (i) the press release and public disclosure language of Seller substantially as set forth in the email from Andrew Leahy to Robert Swennes on April 23, 2016 (8:43 a.m. Eastern Time), (ii) [intentionally omitted] and (iii) the required SEC disclosures contemplated by the final sentence of this Section 12.17. After Closing, either party may issue press releases or other public communications announcing the transaction contemplated by this Agreement without the consent of the other party. Notwithstanding the foregoing, no such press release or other public disclosure or communication shall include any information (other than the identification of the parties) that is required to be kept confidential pursuant to the remaining provisions of this Section 12.17. Prior to Closing, Purchaser and the Sellers (each, a “**Disclosing Party**”) shall refrain, and shall cause their agents and representatives to refrain, from disclosing in any manner whatsoever, (a) the information provided to such party by any other party to this Agreement or their representatives (each, a “**Receiving Party**”), or (b) any analyses, compilations, studies or other documents or records prepared by or on behalf of the Receiving Party, in connection with the transaction contemplated by this Agreement, without first obtaining the written consent of the Disclosing Party (collectively, “**Proprietary Information**”). The foregoing shall not preclude the Receiving Party (i) from discussing the Proprietary Information with any person who is employed by the Receiving Party or who, on behalf of the Receiving Party, is actively and directly participating in the purchase and sale of all of the Properties, including, without limitation, to the Receiving Party’s shareholders, partners, members, existing or prospective lenders, attorneys, accountants and other consultants and advisors, or (ii) from complying with all laws, rules, regulations and court orders, including, without limitation, governmental regulatory, disclosure, tax and reporting requirements; provided, however, that if the Receiving Party is required by applicable law or legal process to disclose any Proprietary Information, the Receiving Party agrees to furnish only that portion of the Proprietary Information which the Receiving Party is legally compelled to disclose and to use its commercially reasonable efforts to obtain assurance that, if possible, confidential treatment will be accorded to the Proprietary Information. The Receiving Party shall inform its respective representatives of the confidential nature of the Proprietary Information and shall direct them to be bound by the terms of this section. In addition to any other remedies available to the Disclosing Party, the Disclosing Party shall have the right to seek equitable relief, including, without limitation, injunctive relief or specific performance, against the Receiving Party in order to enforce the provisions of this section. The provisions of such confidentiality agreement shall survive any termination of this Agreement. Except as otherwise expressly provided in this Agreement, Purchaser agrees not to contact, directly or indirectly, any personnel at any of the Properties prior to the Closing Date, and agrees to be liable for all of the Sellers’ damages in the event of any such contact by Purchaser or any of its agents or representatives. Notwithstanding anything to the contrary set forth in this Section 12.17, at any time, Purchaser, the Sellers and their affiliates may make such filings and/or disclosures (including the filing of this Agreement) with the SEC as are required (in such filing and/or disclosing party’s good faith judgment) in connection with the matters contemplated by this Agreements, provided, however, that no such filing and/or disclosure (other than (x) the filing of this Agreement and (y) the matters set forth in clauses (i) and (ii) of the first sentence of this Section 12.17) shall be made prior to Closing unless the disclosing party (i) provides not less

than two (2) Business Days' prior written notice to the other party of such intended filing or disclosure, which notice shall include the specific terms and form (including any attachments or exhibits thereto) and (ii) consults reasonably and in good faith with any reasonable requests or suggestions of the other party in respect of such filing or disclosure made during such (2) Business Day period (provided that disclosing party shall not be required to accept any such suggestions as and to the extent disclosing party, in the exercise of its good faith judgment, believes that such suggestions are either (x) not consistent with applicable law or (y) adverse to disclosing party in any way).

12.18 No Third-Party Beneficiaries. Except as otherwise expressly provided herein, the Sellers and Purchaser agree that there are no third parties who are intended to benefit from or who are entitled to rely on any of the provisions of this Agreement. No third party shall be entitled to assert any claims or to enforce any rights whatsoever pursuant to this Agreement. Except as otherwise expressly provided herein, the covenants and agreements provided in this Agreement are solely for the benefit of the Sellers and Purchaser and their permitted successors and assigns respectively.

12.19 Email Signatures. The execution of this Agreement and all Notices given hereunder and all amendments hereto, may be effected by electronic delivery of signatures, all of which shall be treated as originals. Purchaser and the Sellers each intend to be bound by its respective electronically-delivered signature, and is aware that the other party will rely thereon, and each party waives any defenses to the enforcement of the Agreement, and documents, and any Notices delivered by electronic transmission.

12.20 Severability. If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each such term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

12.21 Consents and Approvals. Except as otherwise expressly provided herein, any approval or consent provided to be given by a party hereunder may be given or withheld in the absolute discretion of such party.

12.22 **WAIVER OF JURY TRIAL. THE PARTIES HEREBY IRREVOCABLY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.**

12.23 1031 Exchange. The Sellers and/or Purchaser (or a parent entity of a Seller or the Purchaser that is recognized as a separate entity for federal income tax purposes) may consummate the sale of the Properties as part of a so-called like kind exchange (an "**Exchange**") pursuant to

Section 1031 of the Internal Revenue Code of 1986, as amended (the “**Code**”), in accordance with the following provisions:

12.23.1 If the Sellers or Purchaser elects to effectuate an Exchange, and such Exchange cannot be effected for any reason, the Sellers and Purchaser shall be obligated to close the transaction as a purchase and sale pursuant to the terms of this Agreement.

12.23.2 To exercise its right under this Section 12.23 to exchange, rather than sell or purchase, as applicable, all or some of the Properties, the Sellers or Purchaser, as applicable, shall provide the other party with a written statement stating its intent to enter into an Exchange not later than ten (10) days prior to the Closing Date. Notwithstanding anything to the contrary contained herein, the Sellers shall be deemed to have provided such written statement to Purchaser stating their intent to enter into an Exchange (unless notice to the contrary is provided by Sellers to Purchaser after the date of this Agreement).

12.23.3 If the Sellers or Purchaser exercises its right to exchange, rather than sell or purchase, as applicable, all or some of the Properties, the Sellers may, on or before the Closing Date, assign its rights under this Agreement to a “qualified intermediary”, as defined in Treasury Regulations Section 1.1031(k)-1(g)(4) (the “**Accommodator**”) or an Exchange Accommodation Titleholder (“**EAT**”), or transfer such Properties to the Accommodator or the EAT, subject to all of Purchaser’s rights and remedies under this Agreement, including, without limitation, Purchaser’s right to acquire such Properties at the Closing or Purchaser may, on or before the Closing Date, assign its rights under this Agreement to an Accommodator or an EAT, or direct the Sellers to convey such Properties to an Accommodator or an EAT at Closing, subject to all of the Sellers’ rights and remedies under this Agreement; provided, however, that the Sellers or Purchaser shall notify the other party of the identity of the Accommodator or EAT within five (5) days after designation of same, and further provided that the party designating an Accommodator or EAT (the “**Designating Party**”) shall remain liable for the performance of all obligations, representations, warranties and covenants of the Designating Party hereunder. If Sellers elect to use an Accommodator or EAT, all payments that Purchaser is obligated to make to the Sellers under this Agreement shall be made to such Accommodator or EAT and not to the Sellers. If Purchaser elects to use an Accommodator or EAT, Sellers shall convey the applicable properties to such Accommodator or EAT and not the Purchaser. Purchaser and the Sellers agree to cooperate with each other and the Accommodator or EAT in arranging the Exchange. The party which is not the Designating Party (the “**Non-Designating Party**”) shall execute any documents reasonably requested by the Designating Party and the Accommodator or EAT to facilitate the Exchange as a like-kind exchange under Section 1031 of the Code and the Treasury Regulations effective thereunder at the time of Closing hereunder, including, but not limited to, any appropriate amendments to this Agreement, any acknowledgements of assignments to an Accommodator or EAT, and any appropriate escrow instructions; provided, however, that no such document shall adversely affect the Non-Designating Party in any respect or change any of the economic terms and conditions of the transaction with respect to the Non-Designating Party or modify or limit the Non-Designating Party’s rights and remedies under this Agreement. The Non-Designating Party shall not be obligated to incur any costs, expenses, losses, liabilities or damages greater than those the Non-Designating Party would have incurred had the Designating Party not elected to effect an exchange. The Designating Party shall reimburse the

Non-Designating Party on demand for all costs and expenses incurred by the Non-Designating Party in excess of those that would have been incurred if the Designating Party had not elected to effect an Exchange. Notwithstanding anything to the contrary contained herein, the Sellers shall be deemed to have notified Purchaser of the identity and designation of Nationwide Exchange Services Corp. as their Accommodator (unless notice to the contrary is provided by Sellers to Purchaser after the date of this Agreement).

12.23.4 In no event shall the Non-Designating Party be obligated to acquire title to any other property, in connection with such Exchange. In the event the Purchaser is the Non-Designating Party, Purchaser's sole obligation in connection with any Exchange shall be to acquire the Property from the Sellers or their assignee in exchange for the Purchase Price in accordance with the terms of this Agreement. The Designating Party agrees to defend, indemnify, and hold the Non-Designating Party free and harmless from all costs, expenses, losses, damages or liability, including but not limited to reasonable attorney's fees and costs of suit, arising out of or in connection with any Exchange and the Non-Designating Party's cooperation hereunder. Each party acknowledges that neither of them is making any representations, and neither of them is relying on any representations of the other party or the other party's counsel, with respect to the federal, state or local income tax treatment of either of them in connection with this transaction, and neither party shall have any liability in connection with any tax treatment received by either of them in connection with this transaction, including, without limitation, any failure of this transaction to qualify as an Exchange under Section 1031 of the Code.

12.24 Further Assurances . If the Closing occurs, then the parties agree to take such further actions and execute such additional documents and instruments as may be reasonably required in order to carry out the terms of this Agreement such as correcting a so-called scrivener's error; provided, however, that in no event shall a party be required to take such action or execute any document or instrument that would increase the costs, liabilities or obligations of such party. The terms of this Section shall survive the Closing for a period of nine (9) months.

[Remainder of Page Intentionally Left Blank;
Agreement Continues on the Following Page(s)]

XIII. MONTGOMERY COUNTY DISCLOSURES.

1. General/Master Plan and Municipal Land Use Plan. Purchaser acknowledges that Purchaser is aware that the applicable plan or general plan for Montgomery County is available at the Maryland-National Capital Park and Planning Commission and that at no time did the Sellers explain to Purchaser the intent or meaning of such a plan nor did Purchaser rely on any representations made by the Sellers pertaining to the applicable matter plan or general plan.

2 . Review of Master Plan and Municipal Land Use Plan. By signing the Agreement, Purchaser hereby acknowledges: (A) the Sellers have offered Purchaser the opportunity to review the applicable master plan and municipal land use plan and any adopted amendment (including maps showing planned land uses, roads and highways, and the location and nature of proposed parks and other public facilities affecting the Property contained in the plan); (B) the Sellers have informed Purchaser that amendments affecting the plan may be pending before the planning board or the county council or a municipal planning body; (C) (1) Purchaser has reviewed each plan and adopted amendment; or (2) Purchaser has waived the right to review each plan and adopted amendment; and (D) Purchaser understands that, to stay informed of future changes in county and municipal land use plans, the Purchaser should consult the planning board and the appropriate municipal planning body.

PURCHASER:

**BSREP II OFFICE HOLDINGS LLC,
a Delaware limited liability company**

By: /s/ Steven Ganeless

Name: Steven Ganeless

Title: Officer

Date: April 26, 2016

3. Notice and Disclosure of Availability of Sewage Disposal System in Designated Areas. Purchaser hereby acknowledges that, prior to entering into the Agreement, the Sellers, or the Sellers' duly authorized agent, provided the information in Section 4 of this Article XIII, as known to the Sellers or such agent. If an individual sewage disposal system has been or is to be installed upon the Property, and if the Property is located in a subdivision, and if Purchaser received a copy of the subdivision record plat, Purchaser indicates that Purchaser has reviewed the said record plat, including any provisions thereon with regard to areas restricted for the initial and reserve well locations and the individual sewer disposal systems, and the restrictions regarding the location of buildings to be served by any individual sewage disposal system.

[Signature Page to Purchase and Sale Agreement]

4. Notice and Disclosure of Additional Information Relating to the Sewage Disposal System in Designated Areas. By signing the Agreement, Purchaser hereby acknowledges: the Sellers have disclosed to Purchaser to the extent the Sellers know (A) whether the Property is connected to, or has been approved for connection to, a public water and sewer system; or, (B) (1) if the Property is not connected to a public water and sewer system, the source, if any, of potable water for the Property, and (2) whether an individual sewage disposal system has been constructed on the Property or approved or disapproved for construction; and (C) (1) the water and sewer service area category or categories that currently apply to the Property, and a brief explanation of how each category affects the availability of water and sewer service, (2) any recommendations in the applicable master plan regarding water and sewer service to the Property, and (3) the status of any pending water and sewer comprehensive plan amendments or service area category changes that would apply to the Property to be sold pursuant to the Agreement; or that the Sellers have informed Purchaser that the Sellers do not know the foregoing information; and Purchaser understands that, to stay informed of future changes in County and municipal water and sewer plans, Purchaser should consult the County Planning Board, the Washington Suburban Sanitary Commission, the County Department of Environmental Protection, or any appropriate municipal planning or water and sewer body.

PURCHASER:

**BSREP II OFFICE HOLDINGS LLC,
a Delaware limited liability company**

By: /s/ Steven Ganeless

Name: Steven Ganeless

Title: Officer

Date: April 26, 2016

5. Location of Airport or Heliport within Five-mile Radius of Property. Purchaser acknowledges that the Sellers or an agent of the Sellers has advised Purchaser of the relative location of any airport or heliport existing within a five-mile radius of the Property.

[Signature Page to Purchase and Sale Agreement]

6. Location in Special Protection Area. By signing the Agreement, Purchaser hereby acknowledges that the Sellers have disclosed whether the Property is located in an area designated as a special protection area under Section 19-62 of the Montgomery County Code, and Purchaser understands that special water quality measures and certain restrictions on land uses and impervious surfaces may apply to the Property.

PURCHASER:

**BSREP II OFFICE HOLDINGS LLC,
a Delaware limited liability company**

By: /s/ Steven Ganeless

Name: Steven Ganeless

Title: Officer

Date: April 26, 2016

7. Disclosure of Historic Designation. By signing the Agreement, Purchaser hereby acknowledges that the Sellers have disclosed (A) whether the Property has been designated a historic site in the master plan for historic preservation; (B) is located in an area designated as a historic district in that plan; or (C) is listed as a historic resource on the Montgomery County locational atlas of historic sites; and Purchaser understands that special restrictions on land uses and physical changes may apply to this Property; and that Purchaser may obtain more information about these restrictions from the staff of the Montgomery County Historic Preservation Commission.

PURCHASER:

**BSREP II OFFICE HOLDINGS LLC,
a Delaware limited liability company**

By: /s/ Steven Ganeless

Name: Steven Ganeless

Title: Officer

Date: April 26, 2016

[Signature Page to Purchase and Sale Agreement]

8 . Assessments for Transportation Related Facilities. By signing the Agreement, Purchaser hereby acknowledges that the Sellers have disclosed the estimated or actual costs, if known, of any deferred costs attributable to the improvement or construction of any transportation-related facility, for which the purchaser shall become liable pursuant to an agreement with Montgomery County. The Sellers herewith inform Purchaser that the Sellers have no actual knowledge of the existence of deferred charges attributable to transportation-related facilities and the Purchaser assumes liability for any such charges.

PURCHASER:

**BSREP II OFFICE HOLDINGS LLC,
a Delaware limited liability company**

By: /s/ Steven Ganeless

Name: Steven Ganeless

Title: Officer

Date: April 26, 2016

[Signatures are on the following page.]

[Signature Page to Purchase and Sale Agreement]

XIV. EXECUTION

IN WITNESS WHEREOF, the parties hereto have caused this Purchase and Sale Agreement to be executed as of the 26th day of April, 2016.

PURCHASER:

BSREP II OFFICE HOLDINGS LLC,
a Delaware limited liability company

By: /s/ Steven Ganeless
Name: Steven Ganeless
Title: Officer

SELLERS:

WASHINGTON REAL ESTATE INVESTMENT TRUST,
a Maryland real estate investment trust

By: /s/ Paul T. McDermott
Name: Paul T. McDermott
Title: President and CEO

CASCADE/MARYLAND PROPERTIES LLC,
a Maryland limited liability company

By: Washington Real Estate Investment Trust,
a Maryland real estate investment trust, sole member

By: /s/ Paul T. McDermott
Name: Paul T. McDermott
Title: President and CEO

[Signatures continue on the following page]

[Signature Page to Purchase and Sale Agreement]

THE UNDERSIGNED JOINS IN THE EXECUTION AND DELIVERY OF THIS AGREEMENT SOLELY WITH RESPECT TO THE PROVISIONS OF SECTION 9.8:

GUARANTOR:

WASHINGTON REAL ESTATE INVESTMENT TRUST,
a Maryland real estate investment trust

By: /s/ Paul T. McDermott

Name: Paul T. McDermott

Title: President and CEO

[Signature Page to Purchase and Sale Agreement]

LIST OF EXHIBITS TO PURCHASE AGREEMENT:

Exhibit A-1	Properties and Sellers
Exhibit A-2	Legal Descriptions of Properties
Exhibit A-3	Seller Information
Exhibit A-4	Allocation of Purchase Price Among Properties
Exhibit A-5	Allocation of Purchase Price for each Property between Real Property and Personal Property
Exhibit B	Form of Escrow Agreement for Earnest Money Deposit
Exhibit C	Form of Deed
Exhibit D	Form of Bill of Sale
Exhibit E	Form of Assignment of Intangibles
Exhibit F	Form of Assignment and Assumption of Contracts and Licenses
Exhibit G	Form of Assignment and Assumption of Leases
Exhibit H	Form of FIRPTA Certificate
Exhibit I	Form of Notice to Tenants/Licensees
Exhibit J-1	Form of Owner's Affidavit
Exhibit J-2	Form of Survey Certification
Exhibit K	Assignment and Assumption of Purchase Agreement
Exhibit L-1	Form of Tenant Estoppel Certificate
Exhibit L-2	Form of Seller Lease Estoppel Certificate
Exhibit L-3	Form of Licensee Estoppel Certificate
Exhibit L-4	Form of Seller License Estoppel Certificate
Exhibit M	Form of REA Estoppel
Exhibit N	[Reserved]
Exhibit O-1	Form of Closing Certificate (Sellers)
Exhibit O-2	Form of Closing Certificate (Purchaser)

EXHIBIT A-1

PROPERTIES AND SELLERS

	<u>Property</u>	<u>Address</u>	<u>Seller</u>
1	One Central Plaza	11300 Rockville Pike, Montgomery County, MD	Cascade/Maryland Properties LLC
2	51 Monroe	51 Monroe Street, Rockville, MD	B. Franklin Kahn, Benjamin H. Dorsey, Worthington A. Talcott, Stanley P. Snyder, William C. Eacho, Jr., Arthur A. Birney and Craig Severance, Trustees of Washington Real Estate Investment Trust

EXHIBIT A-2

LEGAL DESCRIPTION OF PROPERTIES

51 Monroe

Parcel I:

Parcel 2-L in the subdivision known as "MID-CITY URBAN RENEWAL PROJECT" as per plat thereof recorded among the Land Records of Montgomery County, Maryland, in Plat Book 96 at Plat No. 10662.

TOGETHER WITH the benefits and subject to the burdens of the Easement Agreement made by MAYOR AND COUNCIL OF ROCKVILLE TO TOWNE CENTER ASSOCIATES, dated June 29, 1976, and recorded in Liber 4812 at folio 791.

Tax I.D. No. 4-201-1621196

Parcel II:

BEGINNING for the same at a point in the northernmost right of way line and existing dedication line of Monroe Street leading from Maryland Route 355 to Maryland Route 28, said point of beginning being the intersection of the aforesaid northernmost right of way line and existing dedication line (Monroe Street) and a line of division previously established as a right of way line, said line of division more particularly defined on State Highway Administration-State Roads Commission of Maryland's Plat numbered 42302, recorded December 2, 1971 among the Land Records of Montgomery County,

SAID POINT OF BEGINNING BEING situated 35 feet measured at right angles to the right of station 01+40 of the base line of right of way (Monroe Street) as said base line of right of way is delineated on the State Highway Administrative-State Roads Commission of Maryland's Plat numbered 44629, running thence and binding along the aforesaid line of division N 28° 39' 20" E 23.34 feet, thence leaving the aforesaid line of division S 02° 17' 00" E 20.11 feet to intersect the aforementioned northernmost right of way line and existing dedication line of Monroe Street, and running thence and binding thereon S 88° 09' 36" W 12.00 feet to the place of beginning.

CONTAINING 121 Square feet.

Tax I.D. No. 4-201-1731945

Informational Note: Plat Book reference for Parcel I is Plat Book 96. It is incorrectly referenced as Plat Book 97 in current deed.

One Central (11300 Rockville Pike)

All that certain lot or parcel of land together with all improvements thereon located and being in the County of Montgomery, Maryland and being more particularly described as follows:

Being the residue of Lot 10, Higgins Estate, Fourth Election District of Montgomery County, Maryland, being part of Lot 10 as shown on plat of subdivision entitled "Higgins Estate", recorded among the Land Records of Montgomery County, Maryland in Plat Book 1 at Plat No. 47, and being more particularly described as follows:

Beginning for the same at a rebar and cap set at the southwesterly corner of the aforesaid Lot 10, said point lying in the easterly line of Woodglen Drive, thence with said easterly line

1. North 03 degrees 49 minutes 24 seconds West 134.29 feet to the southerly end of the North 43 degrees 27 minutes 31 seconds East 34.68 foot line, as shown on a Plat of Subdivision entitled "Street Dedication, The Higgins Estate", recorded among the aforesaid Land Records in Plat Book 95 at Plat No. 10464, thence reversely with said line;
2. North 42 degrees 17 minutes 01 seconds East 34.66 feet to the westerly end of the North 89 degrees 32 minutes 39 seconds West 676.39 foot line of the last aforementioned Plat, thence with said line reversed, and with the southerly line of Security Lane, 80 feet wide,
3. North 88 degrees 23 minutes 31 seconds East 675.01 feet to a rebar and cap found in the westerly right of way line of Rockville Pike, as shown on State Roads Commission of Maryland Plat Nos. 12962 and 12961, thence with said westerly line of Rockville Pike;
4. South 57 degrees 25 minutes 04 seconds East 45.73 feet to a pinched pipe found, then;
5. South 21 degrees 23 minutes 24 seconds East 141.84 feet to a rebar and cap found marking the intersection of the said westerly line of Rockville Pike with the southerly line of the aforesaid Lot 10, thence with the remainder of said southerly line;
6. South 88 degrees 23 minutes 31 seconds West 779.68 feet to the place of beginning, containing 119,354 square feet or 2.73999 acres of land.

NOTE FOR INFORMATIONAL PURPOSES ONLY:

Tax Parcel I.D. No. 4-1-50994

EXHIBIT A-3

SELLER INFORMATION

<u>Seller</u>	<u>Type of Entity</u>	<u>Jurisdiction of Formation</u>
Cascade/Maryland Properties LLC	limited liability company	Washington
Washington Real Estate Investment Trust	real estate investment trust	Maryland

EXHIBIT A-4

ALLOCATION OF PURCHASE PRICE AMONG PROPERTIES

	<u>Property</u>	<u>Allocated Share</u>	<u>Allocated Amount</u>
1	One Central Plaza	54.04%	\$69,441,400
2	51 Monroe	45.96%	\$59,058,600

Exhibit A-4

Page 1

EXHIBIT A-5

**ALLOCATION OF EACH PROPERTY'S ALLOCATED AMOUNT BETWEEN
REAL PROPERTY AND PERSONAL PROPERTY**

	Property	Allocated Amount	Amount Allocated to Real Property	Amount Allocated to property other than Real Property
1	One Central Plaza	\$69,441,400	\$69,356,188	\$85,212
2	51 Monroe	\$59,058,600	\$58,900,479	\$158,121

FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT

THIS FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT (this "Amendment") is made effective as of the 3rd day of June, 2016, by and between each of the parties identified as Sellers on the signature pages attached hereto (individually and collectively, "Sellers"), and BSREP II Office Holdings LLC, a Delaware limited liability company ("Purchaser").

WHEREAS, Sellers and Purchaser have entered into that certain Purchase and Sale Agreement dated as of April 26, 2016 (the "Agreement") pertaining to the purchase and sale of certain improved real properties having the addresses of: (i) 20, 30, 40 & 50 West Gude Drive, Rockville, Maryland; (ii) 600 Jefferson Place, Rockville, Maryland; (iii) 6110 Executive Boulevard, Rockville, Maryland; and (iv) 962 Wayne Avenue, Silver Spring, Maryland.

AND WHEREAS, Sellers and Purchaser have agreed to modify the Agreement as set forth herein below.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Sellers and Purchaser hereby agreed to amend the Agreement as follows:

1. Capitalized Terms. Capitalized terms contained herein but not otherwise defined shall have the meanings ascribed to them in the Agreement.

2. Extension of Closing Date.

(a) Section 5.1 of the Agreement is hereby deleted in its entirety and the following new Section 5.1 is hereby substituted in lieu thereof:

"5.1 The "Closing Date" for purposes of this Agreement shall be June 23, 2016, or such earlier date as may be agreed upon, in writing, by the Sellers and Purchaser; subject, however, to the Sellers' and Purchaser's rights to extend the Closing Date as set forth in Section 12.13 herein. Sellers and Purchaser shall each have the right to delay the Closing Date to no later than June 27, 2016 (such right to be exercised by written notice from the extending party to the other parties not later than June 17, 2016)."

(b) In recognition of the fact that the UST Removal occurred prior to the date hereof, Section 6.2.7(n) of the Agreement is hereby deleted in its entirety and shall be of no further force or effect.

3. Full Force and Effect; Ratification. Insofar as the specific terms and provisions of this Amendment purport to amend or modify or are in conflict with the terms and provisions of the Agreement, the terms and provisions of this Amendment shall govern and control; in all other

respects, the terms and provisions of the Agreement shall remain unmodified and in full force and effect, and are hereby ratified by both Sellers and Purchaser as if fully set forth herein.

4. Counterparts. This Amendment may be executed by counterparts, each such counterpart shall be deemed to be an original, but all such counterparts together shall constitute but one contract. The parties hereby acknowledge and agree that facsimile signatures or signatures transmitted by electronic mail in so-called "PDF" format shall be legal and binding and shall have the same full force and effect as if an original of this Amendment had been delivered. Sellers and Purchaser (i) intend to be bound by the signatures on any document sent by facsimile or electronic mail, (ii) are aware that the other party will rely on such signatures, and (iii) hereby waive any defenses to the enforcement of the terms of this Amendment based on the foregoing forms of signature.

[Signatures are on the following page.]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first written above.

PURCHASER:

BSREP II OFFICE HOLDINGS LLC,
a Delaware limited liability company

By: /s/ Steven Ganeless

Name: Steven Ganeless

Title: Officer

SELLERS:

WASHINGTON REAL ESTATE INVESTMENT TRUST,
a Maryland real estate investment trust

By: /s/ Paul T. McDermott

Name: Paul T. McDermott

Title: President & CEO

SYN-ROCK, LLC,
a Maryland limited liability company

By: SYN-Rock Manager, Inc.,
a Delaware corporation, manager

By: /s/ Paul T. McDermott

Name: Paul T. McDermott

Title: President

[Signatures continue on the following page]

SME ROCK, LLC,
a Delaware limited liability company

By: SME Rock Manager, Inc.,
a Delaware corporation, manager

By: /s/ Paul T. McDermott
Name: Paul T. McDermott
Title: President

TRADE ROCK, LLC,
a Delaware limited liability company

By: Trade Rock Manager, Inc.,
a Delaware corporation, manager

By: /s/ Paul T. McDermott
Name: Paul T. McDermott
Title: President

WASHINGTON REAL ESTATE INVESTMENT TRUST
Computation of Ratios
(In thousands)

Earnings to fixed charges ratio:

	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
Additions:				
Fixed charges				
Interest expense	13,820	14,700	28,180	30,048
Capitalized interest	165	120	288	459
	13,985	14,820	28,468	30,507
Deductions:				
Capitalized interest	(165)	(120)	(288)	(459)
Net loss attributable to noncontrolling interests	15	340	20	448
Adjusted earnings	45,656	12,154	62,400	57,008
Fixed charges (from above)	\$ 13,985	\$ 14,820	\$ 28,468	\$ 30,507
Ratio of earnings to fixed charges	3.26 ⁽¹⁾	0.82 ^{(2), (3)}	2.19 ⁽¹⁾	1.87 ⁽²⁾

⁽¹⁾ The earnings to fixed charges ratios for the three and six months ended June 30, 2016 include gain on sale of real estate of \$24.1 million.

⁽²⁾ The earnings to fixed charges ratios for the three and six months ended June 30, 2015 include gains on sale of real estate of \$1.5 million and \$31.7 million, respectively.

⁽³⁾ Due to Washington REIT's net loss during the three months ended June 30, 2015, the earnings to fixed charges ratio was less than 1:1. Washington REIT must generate additional earnings of \$2.7 million in the three months ended June 30, 2015 to achieve a ratio of 1:1.

CERTIFICATION

I, Paul T. McDermott, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Washington Real Estate Investment Trust;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

DATE: August 1, 2016

/s/ Paul T. McDermott

Paul T. McDermott

Chief Executive Officer

CERTIFICATION

I, Stephen E. Riffée, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Washington Real Estate Investment Trust;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

DATE: August 1, 2016

/s/ Stephen E. Riffée

Stephen E. Riffée

Chief Financial Officer

(Principal Financial Officer)

CERTIFICATION

I, W. Drew Hammond, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Washington Real Estate Investment Trust;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

DATE: August 1, 2016

/s/ W. Drew Hammond

W. Drew Hammond

Vice President

Chief Accounting Officer

(Principal Accounting Officer)

WRITTEN STATEMENT OF
CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, the President and Chief Executive Officer, the Chief Financial Officer and Chief Accounting Officer of Washington Real Estate Investment Trust (“Washington REIT”), each hereby certifies on the date hereof, that:

- (a) the Quarterly Report on Form 10-Q for the quarter ended June 30, 2016 filed on the date hereof with the Securities and Exchange Commission (the “Report”) fully complies with the requirements of Section 13 (a) or 15(d) of the Securities Exchange Act of 1934; and
- (b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Washington REIT.

DATE: August 1, 2016

/s/ Paul T. McDermott

Paul T. McDermott
Chief Executive Officer

DATE: August 1, 2016

/s/ Stephen E. Riffie

Stephen E. Riffie
Chief Financial Officer
(Principal Financial Officer)

DATE: August 1, 2016

/s/ W. Drew Hammond

W. Drew Hammond
Chief Accounting Officer
(Principal Accounting Officer)