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

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**FORM 8-K**

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**CURRENT REPORT**

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

Date of Report (Date of earliest event reported): July 27, 2017

**WASHINGTON REAL ESTATE  
INVESTMENT TRUST**

(Exact name of registrant as specified in its charter)

**MARYLAND**  
(State of incorporation)

**001-06622**  
(Commission File Number)

**53-0261100**  
(IRS Employer Identification Number)

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

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.02 Results of Operations and Financial Condition**

**and**

**Item 7.01 Regulation FD Disclosure.**

A press release issued by the Registrant on July 27, 2017 regarding earnings for the three and six months ended June 30, 2017, is attached as Exhibit 99.1. Also, certain supplemental information not included in the press release is attached as Exhibit 99.2. This information is being furnished pursuant to Item 7.01 and Item 2.02 of Form 8-K. This information is not deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934 and is not incorporated by reference into any Securities Act registration statements.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

| Exhibit No. | Description  |
|-------------|--|
| 99.1        | Press release issued July 27, 2017 regarding earnings for the three and six months ended June 30, 2017 |
| 99.2        | Certain supplemental information not included in the press release                                     |

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**SIGNATURES**

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

WASHINGTON REAL ESTATE INVESTMENT TRUST

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(Registrant)

By: /s/ W. Drew Hammond

(Signature)

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

July 27, 2017

(Date)

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## Exhibit Index

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|-------------|--|
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| 99.2        | Certain supplemental information not included in the press release                                     |

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July 27, 2017

**WASHINGTON REAL ESTATE INVESTMENT TRUST ANNOUNCES SECOND QUARTER FINANCIAL AND OPERATING RESULTS AND QUARTERLY DIVIDEND**

Washington Real Estate Investment Trust ("Washington REIT" or the "Company") (NYSE: WRE), a leading owner and operator of commercial and multifamily properties in the Washington, DC area, reported financial and operating results today for the quarter ended June 30, 2017:

**Second Quarter 2017 Highlights**

Net income attributable to controlling interests was \$7.9 million, or \$0.10 per diluted share, compared to \$31.8 million, or \$0.44 per diluted share in the second quarter of 2016, which included the recognition of a \$24.1 million gain from the first sale transaction of the suburban Maryland office portfolio. NAREIT Funds from Operations (FFO) was \$37.1 million, or \$0.48 per diluted share, compared to \$32.9 million, or \$0.46 per diluted share, in second quarter 2016. Additional highlights are as below:

- Reported Core FFO of \$0.48 per diluted share, compared to \$0.46 per diluted share in second quarter 2016
- Grew same-store Net Operating Income (NOI) by 8.8% year-over-year
- Grew same-store NOI by 14.8% for the office, 4.6% for the retail and 2.6% for the multifamily portfolios year-over-year
- Increased same-store economic occupancy by 470 basis points year-over-year to 93.7%
- Raised the mid-point of 2017 Core FFO guidance by two cents per fully diluted share and tightened 2017 Core FFO guidance to a range of \$1.80 to \$1.84 from \$1.76 to \$1.84 per fully diluted share
- Raised 2017 same-store NOI growth assumption to range from 5.75% to 6.25% year-over-year, driven by increased office, retail and multifamily same-store NOI year-over-year growth assumptions
- Signed a 131,000 square foot, 15-year lease with the United States Department of Agriculture (USDA) at Braddock Metro Center in Alexandria, VA
- Completed the acquisition of Watergate 600, a 289,000 square foot office building in Washington, DC for \$135.0 million

"Washington REIT has delivered strong second-quarter and first half 2017 results. We achieved 9.6% year-over-year same-store NOI growth in the first half of the year, raised our 2017 same-store NOI growth assumptions across all three asset classes, raised our 2017 Core FFO guidance for the second time this year, acquired an iconic DC office asset with strong NAV growth potential, and signed a significant new office lease, thereby addressing all our large, near-term office lease expirations," said Paul T. McDermott, President and Chief Executive Officer. "Our positive momentum is driven by our research-based capital allocation, which has strategically positioned us to capitalize on attractive value-add growth opportunities in the Washington metro region and to generate strong risk-adjusted returns for our shareholders."

**Operating Results**

The Company's overall portfolio NOI<sup>(2)</sup> was \$54.8 million for the quarter ended June 30, 2017, compared to \$51.2 million in the corresponding prior year period. Overall portfolio ending occupancy<sup>(5)</sup> for the second quarter was at 93.4%, compared to 91.1% at the end of the second quarter last year and 93.5% at the end of first quarter 2017.

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Same-store<sup>(3)</sup> portfolio ending occupancy for the second quarter of 2017 was 93.3%, compared to 90.8% at June 30, 2016 and 93.7% at the end of first quarter 2017. Same-store portfolio NOI for the second quarter increased by 8.8%, compared to the corresponding prior year period.

- **Office: 51% of Total NOI** - Same-store NOI increased by 14.8% compared to the corresponding prior year period, primarily due to 870 basis points of economic occupancy<sup>(6)</sup> gains driven by lease commencements, of which approximately 60% occurred at the recently redeveloped Silverline Center with the rest spread across the same-store office portfolio. Periodic settlements of tenant recoveries were also higher. Same-store ending occupancy increased by 610 basis points year-over-year and declined by 10 basis points sequentially to 93.0% primarily due to a tenant move-out that has been re-leased to a cyber security tenant expected to commence in the third quarter. The office portfolio was 94% leased at the end of the second quarter.
- **Retail: 22% of Total NOI** - Same-store NOI increased 4.6% compared to the corresponding prior year period, primarily due to 110 basis points of economic occupancy gains driven by lease commencements, as well as lower bad debt expense and lower utilities due to milder weather. Same-store ending occupancy decreased by 70 basis points year-over-year to 91.4%, and by 240 basis points sequentially, primarily due to the previously announced HHGregg bankruptcy as well as the move-out of a large commodity retailer, which has been backfilled by a supermarket chain whose lease commenced in the third quarter. The retail portfolio was 93% leased at the end of the second quarter.
- **Multifamily: 27% of Total NOI** - Same-store NOI increased by 2.6% compared to the corresponding prior year period, driven by 180 basis points of rental growth. Same-store effective new lease rent trade-outs increased by 5.6% and same store effective renewal rent trade-outs increased by 3.3% year-over-year. Same-store ending occupancy on a unit basis increased by 80 basis points year-over-year and 60 basis points sequentially to 95.4%. The multifamily portfolio was 98% leased at the end of the second quarter.

### Leasing Activity

During the second quarter, Washington REIT signed commercial leases totaling 367,000 square feet, including 228,000 square feet of new leases and 139,000 square feet of renewal leases, as follows (all dollar amounts are on a per square foot basis).

|          | Square Feet | Weighted Average Term (in years) | Weighted Average Free Rent Period (in months) | Weighted Average Rental Rates | Weighted Average Rental Rate % Increase | Tenant Improvements | Leasing Commissions |
|----------|-------------|----------------------------------|---|-------------------------------|---|---------------------|---------------------|
| New:     |             |                                  |   |                               |   |                     |                     |
| Office   | 192,000     | 11.7                             | 12.5  | \$ 31.14                      | (14.2)%                                 | \$ 61.00            | \$ 16.96            |
| Retail   | 36,000      | 11.6                             | 6.9   | 36.28                         | 66.4 %                                  | 54.06               | 17.44               |
| Total    | 228,000     | 11.7                             | 11.6  | 31.92                         | (6.5)%                                  | 59.91               | 17.04               |
| Renewal: |             |                                  |   |                               |   |                     |                     |
| Office   | 22,000      | 6.5                              | 3.0   | \$ 58.15                      | 14.8 %                                  | \$ 12.71            | \$ 8.94             |
| Retail   | 117,000     | 5.0                              | —   | 23.43                         | 11.1 %                                  | 0.20                | 0.51                |
| Total    | 139,000     | 5.3                              | 0.9   | 28.94                         | 12.2 %                                  | 2.18                | 1.85                |

Included in the new office leasing during the quarter, is a 131,000 square foot, 15-year lease with the USDA to backfill the space being vacated by Engility at Braddock Metro Center in Alexandria, VA, an asset that is being redeveloped.

Subsequent to quarter-end, the recently redeveloped Army Navy Building in Washington, DC, leased approximately 17,000 square feet and is now 71% leased.

### Acquisition Activity

On April 4, 2017, Washington REIT completed the acquisition of Watergate 600, a 289,000 square foot iconic office building on the Potomac riverfront in Washington, DC for \$135.0 million in a transaction that was structured to include the issuance of operating partnership units for a portion of the purchase price.

### Capital Update

Year-to-date, the Company issued 2,070,000 shares at an average price of \$31.44 per share through the Company's At-the-Market (ATM) program, raising gross proceeds of \$65.1 million to maintain balance sheet strength.

### Earnings Guidance

Management is raising the mid-point of 2017 Core FFO guidance by two cents per fully diluted share and tightening 2017 Core FFO guidance to a range of \$1.80 to \$1.84 from \$1.76 to \$1.84 per fully diluted share. The following assumptions are incorporated into the tightened guidance range:

- Same-store NOI growth is raised to a projected range of 5.75% to 6.25%, from a previous range of 4.75% to 5.25%
- Same-store office NOI growth is raised to a projected range of 9.0% to 9.5%, from a previous range of 7.25% to 7.75%
- Same-store retail NOI growth is raised to a projected range of 2.5% to 3.0%, from a previous range of 2.0% to 2.5%
- Same-store multifamily NOI growth is raised to a projected range of 3.0% to 3.5%, from a previous range of 2.5% to 3.0%
- The Company's acquisition assumptions currently reflect Watergate 600, although it continues to seek further value-add opportunities
- The Company assumes dispositions of assets ranging from \$70 to \$100 million, including Walker House, a multifamily asset located in Gaithersburg, MD
- Interest expense is now projected to be approximately \$47.5 to \$48.0 million considering the acquisition of Watergate 600 and the anticipated timing of the assumed dispositions
- General and administrative expense is now projected to range from \$22.0 to \$22.5 million
- Non same-store office NOI, which includes Watergate 600, is now projected to range between \$18.5 to \$19.5 million
- Non same-store multifamily NOI is now projected to range between \$13.0 to \$13.5 million

Non same-store properties in 2017 consist of Riverside Apartments, a multifamily asset acquired in 2016, The Army Navy Building and Braddock Metro Center, two office assets that are being repositioned in 2017, and Watergate 600, an office asset that was acquired in the second quarter of 2017.

Washington REIT's 2017 Core FFO guidance is based on a number of factors, many of which are outside its control and all of which are subject to change. Washington REIT may change its guidance during the year as actual and anticipated results vary from these assumptions.

### 2017 Guidance Reconciliation Table <sup>(a)</sup>

A reconciliation of projected net income attributable to the controlling interests per diluted share to projected Core FFO per diluted share for the year ending December 31, 2017 is as follows:

|  |    | Low  |    | High |
|--|----|------|----|------|
| Net income attributable to the controlling interests per diluted share | \$ | 0.31 | \$ | 0.35 |
| Real estate depreciation and amortization                              |    | 1.49 |    | 1.49 |
| NAREIT FFO per diluted share   |    | 1.80 |    | 1.84 |
| Core adjustments   |    | —    |    | —    |
| Core FFO per diluted share   | \$ | 1.80 | \$ | 1.84 |

<sup>(a)</sup> Does not include gains or losses on sales of assets as these will be added as known and incurred. The only assumed asset purchase is the recently-closed acquisition of Watergate 600 in Washington, DC.

## Dividends

On June 30, 2017, Washington REIT paid a quarterly dividend of \$0.30 per share.

Washington REIT announced today that its Board of Trustees has declared a quarterly dividend of \$0.30 per share to be paid on September 30, 2017 to shareholders of record on September 15, 2017.

## Conference Call Information

The Conference Call for Second Quarter Earnings is scheduled for Friday, July 28, 2017 at 11:00 A.M. Eastern Time. Conference Call access information is as follows:

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

The instant replay of the Conference Call will be available until Friday, August 11, 2017, at 11:59 P.M. Eastern Time. Instant replay access information is as follows:

USA Toll Free Number: 1-877-481-4010  
International Toll Number: 1-919-882-2331  
Conference ID: 10050

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

## About Washington REIT

Washington REIT is a self-administered, equity real estate investment trust investing in income-producing properties in the greater Washington metro region. Washington REIT owns a diversified portfolio of 50 properties, totaling approximately 6.3 million square feet of commercial space and 4,480 multifamily units, and land held for development. These 50 properties consist of 20 office properties, 16 retail centers and 14 multifamily properties. Washington REIT shares are publicly traded on the New York Stock Exchange (NYSE:WRE).

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

Certain statements in our earnings release and on our conference call are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements in this earnings release preceded by, followed by or that include the words "believe," "expect," "intend," "anticipate," "potential," "project," "will" and other similar expressions. Such statements involve known and unknown risks, uncertainties, and other factors that may cause actual results to differ materially. Such risks, uncertainties and other factors include, but are not limited to, changes in general and local economic and real estate market conditions, the potential for federal government budget reductions, the risk of failure to complete contemplated acquisitions and dispositions, the timing and pricing of lease transactions, the availability and cost of capital, fluctuations in interest rates, tenants' financial conditions, levels of competition, the effect of government regulation, and other risks and uncertainties detailed from time to time in our filings with the SEC, including our 2016 Form 10-K and subsequent Quarterly Reports on Form 10-Q. We assume no obligation to update or supplement forward-looking statements that become untrue because of subsequent events.

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

Core Funds From Operations ("Core FFO") is calculated by adjusting FFO for the following items (which we believe are not indicative of the performance of Washington REIT's operating portfolio and affect the comparative measurement of Washington REIT's operating performance over



time): (1) gains or losses on extinguishment of debt, (2) expenses related to acquisition and structuring activities, (3) executive transition costs and severance expense related to corporate reorganization and related to executive retirements or resignations, (4) property impairments, casualty gains, and gains or losses on sale not already excluded from FFO, as appropriate, and (5) relocation expense. These items can vary greatly from period to period, depending upon the volume of our acquisition activity and debt retirements, among other factors. We believe that by excluding these items, Core FFO serves as a useful, supplementary measure of Washington REIT's ability to incur and service debt and to distribute dividends to its shareholders. Core FFO is a non-GAAP and non-standardized measure and may be calculated differently by other REITs.

(2) Net Operating Income ("NOI"), defined as real estate rental revenue less real estate expenses, is a non-GAAP measure. NOI is calculated as net income, less non-real estate revenue and the results of discontinued operations (including the gain on sale, if any), plus interest expense, depreciation and amortization, general and administrative expenses, acquisition costs, real estate impairment and gain or loss on extinguishment of debt. We also present NOI on a cash basis ("cash NOI") which is calculated as NOI less the impact of straight-lining of rent and amortization of market intangibles. We provide each of NOI and cash NOI as a supplement to net income calculated in accordance with GAAP. As such, neither should be considered an alternative to net income as an indication of our operating performance. They are the primary performance measures we use to assess the results of our operations at the property level.

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

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

(5) Ending Occupancy is calculated as occupied square footage as a percentage of total square footage as of the last day of that period.

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

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

| Segment           | Ending Occupancy      |                 |                 |                 |
|-------------------|-----------------------|-----------------|-----------------|-----------------|
|                   | Same-Store Properties |                 | All Properties  |                 |
|                   | 2nd QTR<br>2017       | 2nd QTR<br>2016 | 2nd QTR<br>2017 | 2nd QTR<br>2016 |
| Multifamily       | 95.1 %                | 94.2 %          | 94.9 %          | 94.4 %          |
| Office            | 93.0 %                | 86.9 %          | 92.9 %          | 87.5 %          |
| Retail            | 91.4 %                | 92.1 %          | 91.4 %          | 92.1 %          |
| Overall Portfolio | 93.3 %                | 90.8 %          | 93.4 %          | 91.1 %          |

(i) Same-Store properties include all stabilized properties that were owned for the entirety of 2017 and the prior year, and exclude properties under redevelopment or development and properties purchased or sold at any time during 2017 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 with 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. For Q2 2017 and Q2 2016, same-store properties exclude:

Office Acquisition: Watergate 600;

Multifamily Acquisition: Riverside Apartments; and

Office Redevelopment: The Army Navy Building and Braddock Metro Center.

Also excluded from same-store properties in Q2 2017 and Q2 2016 are:

Sold Properties:

Office: 6110 Executive Boulevard, Wayne Plaza, 600 Jefferson Plaza, West Gude Drive, 51 Monroe Street and One Central Plaza.

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

| OPERATING RESULTS   | Three Months Ended June 30, |                  | Six Months Ended June 30, |                  |
|---|-----------------------------|------------------|---------------------------|------------------|
|   | 2017                        | 2016             | 2017                      | 2016             |
| <b>Revenue</b>  |                             |                  |                           |                  |
| Real estate rental revenue  | \$ 83,456                   | \$ 79,405        | \$ 160,957                | \$ 156,542       |
| <b>Real estate expenses</b>   |                             |                  |                           |                  |
| Real estate expenses  | 28,691                      | 28,175           | 56,554                    | 56,909           |
| Depreciation and amortization   | 29,261                      | 25,161           | 55,330                    | 51,199           |
| Acquisition costs   | —                           | 1,024            | —                         | 1,178            |
| General and administrative  | 5,759                       | 4,968            | 11,385                    | 10,479           |
| Casualty gain   | —                           | (676)            | —                         | (676)            |
|   | <u>63,711</u>               | <u>58,652</u>    | <u>123,269</u>            | <u>119,089</u>   |
| <b>Other operating income</b>   |                             |                  |                           |                  |
| Gain on sale of real estate   | —                           | 24,112           | —                         | 24,112           |
| Real estate operating income  | <u>19,745</u>               | <u>44,865</u>    | <u>37,688</u>             | <u>61,565</u>    |
| <b>Other income (expense):</b>  |                             |                  |                           |                  |
| Interest expense  | (12,053)                    | (13,820)         | (23,458)                  | (28,180)         |
| Other income  | 48                          | 83               | 125                       | 122              |
| Income tax benefit  | 107                         | 693              | 107                       | 693              |
|   | <u>(11,898)</u>             | <u>(13,044)</u>  | <u>(23,226)</u>           | <u>(27,365)</u>  |
| Net income  | <u>7,847</u>                | <u>31,821</u>    | <u>14,462</u>             | <u>34,200</u>    |
| Less: Net loss attributable to noncontrolling interests in subsidiaries | 17                          | 15               | 36                        | 20               |
| Net income attributable to the controlling interests                    | <u>\$ 7,864</u>             | <u>\$ 31,836</u> | <u>\$ 14,498</u>          | <u>\$ 34,220</u> |
| <b>Net income</b>   |                             |                  |                           |                  |
| Net income  | 7,847                       | 31,821           | 14,462                    | 34,200           |
| Depreciation and amortization   | 29,261                      | 25,161           | 55,330                    | 51,199           |
| Gain on sale of depreciable real estate                                 | —                           | (24,112)         | —                         | (24,112)         |
| NAREIT funds from operations <sup>(1)</sup>                             | <u>\$ 37,108</u>            | <u>\$ 32,870</u> | <u>\$ 69,792</u>          | <u>\$ 61,287</u> |
| <b>Non-cash adjustments</b>   |                             |                  |                           |                  |
| Tenant improvements and incentives                                      | (2,630)                     | (7,639)          | (8,572)                   | (9,182)          |
| External and internal leasing commissions capitalized                   | (1,414)                     | (3,350)          | (3,937)                   | (4,365)          |
| Recurring capital improvements  | (663)                       | (1,237)          | (1,068)                   | (2,145)          |
| Straight-line rents, net  | (1,106)                     | (880)            | (1,955)                   | (1,563)          |
| Non-cash fair value interest expense                                    | (224)                       | 44               | (526)                     | 86               |
| Non real estate depreciation & amortization of debt costs               | 815                         | 876              | 1,714                     | 1,826            |
| Amortization of lease intangibles, net                                  | 585                         | 853              | 1,435                     | 1,796            |
| Amortization and expensing of restricted share and unit compensation    | 1,186                       | 850              | 2,316                     | 2,369            |
| Funds available for distribution <sup>(4)</sup>                         | <u>\$ 33,657</u>            | <u>\$ 22,387</u> | <u>\$ 59,199</u>          | <u>\$ 50,109</u> |

| Per share data:   |           | Three Months Ended June 30, |         | Six Months Ended June 30, |         |
|---|-----------|-----------------------------|---------|---------------------------|---------|
|   |           | 2017                        | 2016    | 2017                      | 2016    |
| Net income attributable to the controlling interests        | (Basic)   | \$ 0.10                     | \$ 0.44 | \$ 0.19                   | \$ 0.49 |
|   | (Diluted) | \$ 0.10                     | \$ 0.44 | \$ 0.19                   | \$ 0.49 |
| NAREIT funds from operations                                | (Basic)   | \$ 0.48                     | \$ 0.46 | \$ 0.92                   | \$ 0.87 |
|   | (Diluted) | \$ 0.48                     | \$ 0.46 | \$ 0.92                   | \$ 0.87 |
| Dividends paid  |           | \$ 0.30                     | \$ 0.30 | \$ 0.60                   | \$ 0.60 |
| Weighted average shares outstanding                         |           | 76,705                      | 71,719  | 75,785                    | 70,010  |
| Fully diluted weighted average shares outstanding           |           | 76,830                      | 71,912  | 75,903                    | 70,200  |
| Fully diluted weighted average shares outstanding (for FFO) |           | 76,830                      | 71,912  | 75,903                    | 70,200  |

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

|   | June 30, 2017<br>(unaudited) | December 31, 2016   |
|---|------------------------------|---------------------|
| <b>Assets</b>   |                              |                     |
| Land  | \$ 616,444                   | \$ 573,315          |
| Income producing property   | 2,201,846                    | 2,112,088           |
|   | 2,818,290                    | 2,685,403           |
| Accumulated depreciation and amortization   | (691,515)                    | (657,425)           |
| Net income producing property   | 2,126,775                    | 2,027,978           |
| Properties under development or held for future development   | 46,154                       | 40,232              |
| Total real estate held for investment, net  | 2,172,929                    | 2,068,210           |
| Investment in real estate held for sale, net  | 6,983                        | —                   |
| Cash and cash equivalents   | 13,237                       | 11,305              |
| Restricted cash   | 1,506                        | 6,317               |
| Rents and other receivables, net of allowance for doubtful accounts of \$2,274 and \$2,377, respectively                                  | 72,149                       | 64,319              |
| Prepaid expenses and other assets   | 121,005                      | 103,468             |
| Other assets related to properties sold or held for sale  | 303                          | —                   |
| Total assets  | <u>\$ 2,388,112</u>          | <u>\$ 2,253,619</u> |
| <b>Liabilities</b>  |                              |                     |
| Notes payable   | \$ 893,763                   | \$ 843,084          |
| Mortgage notes payable  | 96,934                       | 148,540             |
| Lines of credit   | 228,000                      | 120,000             |
| Accounts payable and other liabilities  | 60,165                       | 46,967              |
| Dividend payable  | —                            | 22,414              |
| Advance rents   | 11,956                       | 11,750              |
| Tenant security deposits  | 9,263                        | 8,802               |
| Liabilities related to properties sold or held for sale   | 322                          | —                   |
| Total liabilities   | 1,300,403                    | 1,201,557           |
| <b>Equity</b>   |                              |                     |
| <b>Shareholders' equity</b>   |                              |                     |
| Preferred shares; \$0.01 par value; 10,000 shares authorized; no shares issued and outstanding  | —                            | —                   |
| Shares of beneficial interest, \$0.01 par value; 100,000 shares authorized; 76,926 and 74,606 shares issued and outstanding, respectively | 769                          | 746                 |
| Additional paid-in capital  | 1,435,994                    | 1,368,636           |
| Distributions in excess of net income   | (357,308)                    | (326,047)           |
| Accumulated other comprehensive loss  | 6,857                        | 7,611               |
| Total shareholders' equity  | 1,086,312                    | 1,050,946           |
| Noncontrolling interests in subsidiaries  | 1,397                        | 1,116               |
| Total equity  | 1,087,709                    | 1,052,062           |
| Total liabilities and equity  | <u>\$ 2,388,112</u>          | <u>\$ 2,253,619</u> |

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

| Three months ended June 30, 2017  | Multifamily | Office    | Retail    | Total     |
|---|-------------|-----------|-----------|-----------|
| Same-store net operating income <sup>(3)</sup>                          | \$ 11,366   | \$ 22,476 | \$ 11,915 | \$ 45,757 |
| Add: Net operating income from non-same-store properties <sup>(3)</sup> | 3,228       | 5,780     | —         | 9,008     |
| Total net operating income <sup>(2)</sup>                               | \$ 14,594   | \$ 28,256 | \$ 11,915 | \$ 54,765 |
| Add/(deduct):   |             |           |           |           |
| Other income  |             |           |           | 48        |
| Interest expense  |             |           |           | (12,053)  |
| Depreciation and amortization   |             |           |           | (29,261)  |
| General and administrative expenses                                     |             |           |           | (5,759)   |
| Income tax benefit  |             |           |           | 107       |
| Net income  |             |           |           | 7,847     |
| Less: Net loss attributable to noncontrolling interests in subsidiaries |             |           |           | 17        |
| Net income attributable to the controlling interests                    |             |           |           | \$ 7,864  |
| <br>  |             |           |           |           |
| Three months ended June 30, 2016  | Multifamily | Office    | Retail    | Total     |
| Same-store net operating income <sup>(3)</sup>                          | \$ 11,074   | \$ 19,582 | \$ 11,396 | \$ 42,052 |
| Add: Net operating income from non-same-store properties <sup>(3)</sup> | 1,617       | 7,561     | —         | 9,178     |
| Total net operating income <sup>(2)</sup>                               | \$ 12,691   | \$ 27,143 | \$ 11,396 | \$ 51,230 |
| Add/(deduct):   |             |           |           |           |
| Other income  |             |           |           | 83        |
| Acquisition costs   |             |           |           | (1,024)   |
| Interest expense  |             |           |           | (13,820)  |
| Depreciation and amortization   |             |           |           | (25,161)  |
| General and administrative expenses                                     |             |           |           | (4,968)   |
| Gain on sale of real estate   |             |           |           | 24,112    |
| Casualty gain   |             |           |           | 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 |

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

| Six months ended June 30, 2017  | Multifamily | Office    | Retail    | Total      |
|---|-------------|-----------|-----------|------------|
| Same-store net operating income <sup>(3)</sup>                          | \$ 22,478   | \$ 43,787 | \$ 23,757 | \$ 90,022  |
| Add: Net operating income from non-same-store properties <sup>(3)</sup> | 6,299       | 8,082     | —         | 14,381     |
| Total net operating income <sup>(2)</sup>                               | \$ 28,777   | \$ 51,869 | \$ 23,757 | \$ 104,403 |
| Add/(deduct):   |             |           |           |            |
| Other income  |             |           |           | 125        |
| Interest expense  |             |           |           | (23,458)   |
| Depreciation and amortization   |             |           |           | (55,330)   |
| General and administrative expenses                                     |             |           |           | (11,385)   |
| Income tax benefit  |             |           |           | 107        |
| Net income  |             |           |           | 14,462     |
| Less: Net loss attributable to noncontrolling interests in subsidiaries |             |           |           | 36         |
| Net income attributable to the controlling interests                    |             |           |           | \$ 14,498  |

| Six months ended June 30, 2016  | Multifamily | Office    | Retail    | Total     |
|---|-------------|-----------|-----------|-----------|
| Same-store net operating income <sup>(3)</sup>                          | \$ 21,760   | \$ 38,025 | \$ 22,370 | \$ 82,155 |
| Add: Net operating income from non-same-store properties <sup>(3)</sup> | 1,617       | 15,861    | —         | 17,478    |
| Total net operating income <sup>(2)</sup>                               | \$ 23,377   | \$ 53,886 | \$ 22,370 | \$ 99,633 |
| Add/(deduct):   |             |           |           |           |
| Other income  |             |           |           | 122       |
| Acquisition costs   |             |           |           | (1,178)   |
| Interest expense  |             |           |           | (28,180)  |
| Depreciation and amortization   |             |           |           | (51,199)  |
| General and administrative expenses                                     |             |           |           | (10,479)  |
| Gain on sale of real estate   |             |           |           | 24,112    |
| Casualty gain   |             |           |           | 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 |

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

|   | Three Months Ended June 30, |           | Six Months Ended June 30, |           |
|---|-----------------------------|-----------|---------------------------|-----------|
|   | 2017                        | 2016      | 2017                      | 2016      |
| Net income                                  | \$ 7,847                    | \$ 31,821 | \$ 14,462                 | \$ 34,200 |
| Add/(deduct):                               |                             |           |                           |           |
| Real estate depreciation and amortization   | 29,261                      | 25,161    | 55,330                    | 51,199    |
| Gain on sale of depreciable real estate     | —                           | (24,112)  | —                         | (24,112)  |
| NAREIT funds from operations <sup>(1)</sup> | 37,108                      | 32,870    | 69,792                    | 61,287    |
| Add/(deduct):                               |                             |           |                           |           |
| Casualty (gain)                             | —                           | (676)     | —                         | (676)     |
| Acquisition and structuring expenses        | 104                         | 1,107     | 319                       | 1,366     |
| Severance expense                           | —                           | 126       | —                         | 586       |
| Core funds from operations <sup>(1)</sup>   | \$ 37,212                   | \$ 33,427 | \$ 70,111                 | \$ 62,563 |

| Per share data:   |           | Three Months Ended June 30, |         | Six Months Ended June 30, |         |
|---|-----------|-----------------------------|---------|---------------------------|---------|
|   |           | 2017                        | 2016    | 2017                      | 2016    |
| NAREIT FFO  | (Basic)   | \$ 0.48                     | \$ 0.46 | \$ 0.92                   | \$ 0.87 |
|   | (Diluted) | \$ 0.48                     | \$ 0.46 | \$ 0.92                   | \$ 0.87 |
| Core FFO  | (Basic)   | \$ 0.48                     | \$ 0.46 | \$ 0.92                   | \$ 0.89 |
|   | (Diluted) | \$ 0.48                     | \$ 0.46 | \$ 0.92                   | \$ 0.89 |
| Weighted average shares outstanding                         |           | 76,705                      | 71,719  | 75,785                    | 70,010  |
| Fully diluted weighted average shares outstanding (for FFO) |           | 76,830                      | 71,912  | 75,903                    | 70,200  |



Washington Real Estate Investment Trust  
Second Quarter 2017



**Supplemental Operating and Financial Data**

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## Company Background and Highlights

### Second Quarter 2017

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

### Second Quarter 2017 Highlights

Net income attributable to controlling interests was \$7.9 million, or \$0.10 per diluted share, compared to \$31.8 million, or \$0.44 per diluted share in the second quarter of 2016, which included the recognition of a \$24.1 million gain from the first sale transaction of the suburban Maryland office portfolio. NAREIT Funds from Operations (FFO) was \$37.1 million, or \$0.48 per diluted share, compared to \$32.9 million, or \$0.46 per diluted share, in second quarter 2016. Additional highlights are as below:

- Reported Core FFO of \$0.48 per diluted share, compared to \$0.46 per diluted share in second quarter 2016
- Grew same-store Net Operating Income (NOI) by 8.8% year-over-year
- Grew same-store NOI by 14.8% for the office, 4.6% for the retail and 2.6% for the multifamily portfolios year-over-year
- Increased same-store economic occupancy by 470 basis points year-over-year to 93.7%
- Raised the mid-point of 2017 Core FFO guidance by two cents per fully diluted share and tightened 2017 Core FFO guidance to a range of \$1.80 to \$1.84 from \$1.76 to \$1.84 per fully diluted share
- Raised 2017 same-store NOI growth assumption to range from 5.75% to 6.25% year-over-year, driven by increased office, retail and multifamily same-store NOI year-over-year growth assumptions
- Signed a 131,000 square foot, 15-year lease with the United States Department of Agriculture (USDA) at Braddock Metro Center in Alexandria, VA
- Completed the acquisition of Watergate 600, a 289,000 square foot office building in Washington, DC for \$135.0 million

Of the 367,000 square feet of commercial leases signed, there were 228,000 square feet of new leases and 139,000 square feet of renewal leases. New leases, which included a lease with the USDA to backfill the space being vacated by Engility at Braddock Metro Center in Alexandria, VA, had an average rental rate decrease of (6.5)% over expiring lease rates and a weighted average lease term of 11.7 years. Commercial tenant improvement costs were \$59.91 per square foot and leasing commissions were \$17.04 per square foot for new leases. Renewal leases had an average rental rate increase of 12.2% from expiring lease rates and a weighted average lease term of 5.3 years. Commercial tenant improvement costs were \$2.18 per square foot and leasing commissions were \$1.85 per square foot for renewal leases.

On April 4, 2017, Washington REIT completed the acquisition of Watergate 600, a 289,000 square foot iconic office building on the Potomac riverfront in Washington, DC for \$135.0 million in a transaction that was structured to include the issuance of units for a portion of the purchase price.

Year-to-date, the Company issued 2,070,000 shares at an average price of \$31.44 per share through the Company's At-the-Market (ATM) program, raising gross proceeds of \$65.1 million to maintain balance sheet strength.

As of June 30, 2017, Washington REIT owned a diversified portfolio of 50 properties, totaling approximately 6.3 million square feet of commercial space and 4,480 multifamily units, and land held for development. These 50 properties consist of 20 office properties, 16 retail centers and 14 multifamily properties. Washington REIT shares are publicly traded on the New York Stock Exchange (NYSE:WRE).

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**Net Operating Income Contribution by Sector - Second Quarter 2017**



Certain statements in our earnings release and on our conference call are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements in this earnings release preceded by, followed by or that include the words "believe," "expect," "intend," "anticipate," "potential," "project," "will" and other similar expressions. Such statements involve known and unknown risks, uncertainties, and other factors that may cause actual results to differ materially. Such risks, uncertainties and other factors include, but are not limited to, the potential for federal government budget reductions, changes in general and local economic and real estate market conditions, the timing and pricing of lease transactions, the availability and cost of capital, fluctuations in interest rates, tenants' financial conditions, levels of competition, the effect of government regulation, the impact of newly adopted accounting principles, and other risks and uncertainties detailed from time to time in our filings with the SEC, including our 2016 Form 10-K and subsequent Quarterly Reports on Form 10-Q. We assume no obligation to update or supplement forward-looking statements that become untrue because of subsequent events.

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**Supplemental Financial and Operating Data**

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

| <b>OPERATING RESULTS</b>  | <b>Six Months Ended</b> |                  | <b>Three Months Ended</b> |                  |                   |                  |                  |
|---|-------------------------|------------------|---------------------------|------------------|-------------------|------------------|------------------|
|   | <b>6/30/2017</b>        | <b>6/30/2016</b> | <b>6/30/2017</b>          | <b>3/31/2017</b> | <b>12/31/2016</b> | <b>9/30/2016</b> | <b>6/30/2016</b> |
| Real estate rental revenue  | \$ 160,957              | \$ 156,542       | \$ 83,456                 | \$ 77,501        | \$ 76,952         | \$ 79,770        | \$ 79,405        |
| Real estate expenses  | (56,554)                | (56,909)         | (28,691)                  | (27,863)         | (28,940)          | (29,164)         | (28,175)         |
|   | 104,403                 | 99,633           | 54,765                    | 49,638           | 48,012            | 50,606           | 51,230           |
| Real estate depreciation and amortization   | (55,330)                | (51,199)         | (29,261)                  | (26,069)         | (26,302)          | (30,905)         | (25,161)         |
| Income from real estate   | 49,073                  | 48,434           | 25,504                    | 23,569           | 21,710            | 19,701           | 26,069           |
| Interest expense  | (23,458)                | (28,180)         | (12,053)                  | (11,405)         | (11,773)          | (13,173)         | (13,820)         |
| Other income  | 125                     | 122              | 48                        | 77               | 92                | 83               | 83               |
| Acquisition costs   | —                       | (1,178)          | —                         | —                | —                 | —                | (1,024)          |
| Casualty gain   | —                       | 676              | —                         | —                | —                 | —                | 676              |
| Gain on sale of real estate   | —                       | 24,112           | —                         | —                | —                 | 77,592           | 24,112           |
| General and administrative expenses   | (11,385)                | (10,479)         | (5,759)                   | (5,626)          | (4,527)           | (4,539)          | (4,968)          |
| Income tax benefit (expense)  | 107                     | 693              | 107                       | —                | (76)              | (2)              | 693              |
| Net income  | 14,462                  | 34,200           | 7,847                     | 6,615            | 5,426             | 79,662           | 31,821           |
| Less: Net loss from noncontrolling interests                                      | 36                      | 20               | 17                        | 19               | 19                | 12               | 15               |
| Net income attributable to the controlling interests                              | \$ 14,498               | \$ 34,220        | \$ 7,864                  | \$ 6,634         | \$ 5,445          | \$ 79,674        | \$ 31,836        |
| <b>Per Share Data:</b>  |                         |                  |                           |                  |                   |                  |                  |
| Net income attributable to the controlling interests                              | \$ 0.19                 | \$ 0.49          | \$ 0.10                   | \$ 0.09          | \$ 0.07           | \$ 1.07          | \$ 0.44          |
| Fully diluted weighted average shares outstanding                                 | 75,903                  | 70,200           | 76,830                    | 74,966           | 74,779            | 74,133           | 71,912           |
| <b>Percentage of Revenues:</b>  |                         |                  |                           |                  |                   |                  |                  |
| Real estate expenses  | 35.1%                   | 36.4%            | 34.4%                     | 36.0%            | 37.6%             | 36.6%            | 35.5%            |
| General and administrative  | 7.1%                    | 6.7%             | 6.9%                      | 7.3%             | 5.9%              | 5.7%             | 6.3%             |
| <b>Ratios:</b>  |                         |                  |                           |                  |                   |                  |                  |
| Adjusted EBITDA / Interest expense  | 4.0x                    | 3.2x             | 4.1x                      | 3.9x             | 3.7x              | 3.5x             | 3.4x             |
| Net income attributable to the controlling interests / Real estate rental revenue | 9.0%                    | 21.9%            | 9.4%                      | 8.6%             | 7.1%              | 99.9%            | 40.1%            |

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

|  | <u>6/30/2017</u>    | <u>3/31/2017</u>    | <u>12/31/2016</u>   | <u>9/30/2016</u>    | <u>6/30/2016</u>    |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Assets</b>  |                     |                     |                     |                     |                     |
| Land   | \$ 616,444          | \$ 573,315          | \$ 573,315          | \$ 573,315          | \$ 573,315          |
| Income producing property  | 2,201,846           | 2,123,807           | 2,112,088           | 2,092,201           | 2,072,166           |
|  | <u>2,818,290</u>    | <u>2,697,122</u>    | <u>2,685,403</u>    | <u>2,665,516</u>    | <u>2,645,481</u>    |
| Accumulated depreciation and amortization                                  | (691,515)           | (680,231)           | (657,425)           | (634,945)           | (613,194)           |
| Net income producing property  | 2,126,775           | 2,016,891           | 2,027,978           | 2,030,571           | 2,032,287           |
| Development in progress, including land held for development               | 46,154              | 42,914              | 40,232              | 37,463              | 35,760              |
| Total real estate held for investment, net                                 | <u>2,172,929</u>    | <u>2,059,805</u>    | <u>2,068,210</u>    | <u>2,068,034</u>    | <u>2,068,047</u>    |
| Investment in real estate held for sale, net                               | 6,983               | —                   | —                   | —                   | 41,704              |
| Cash and cash equivalents  | 13,237              | 15,214              | 11,305              | 8,588               | 22,379              |
| Restricted cash  | 1,506               | 1,430               | 6,317               | 10,091              | 11,054              |
| Rents and other receivables, net of allowance for doubtful accounts        | 72,149              | 69,038              | 64,319              | 62,989              | 58,970              |
| Prepaid expenses and other assets  | 121,005             | 108,622             | 103,468             | 100,788             | 99,150              |
| Other assets related to properties sold or held for sale                   | 303                 | —                   | —                   | —                   | 5,147               |
| Total assets   | <u>\$ 2,388,112</u> | <u>\$ 2,254,109</u> | <u>\$ 2,253,619</u> | <u>\$ 2,250,490</u> | <u>\$ 2,306,451</u> |
| <b>Liabilities</b>   |                     |                     |                     |                     |                     |
| Notes payable  | \$ 893,763          | \$ 893,424          | \$ 843,084          | \$ 744,063          | \$ 743,769          |
| Mortgage notes payable   | 96,934              | 97,814              | 148,540             | 251,232             | 252,044             |
| Lines of credit  | 228,000             | 123,000             | 120,000             | 125,000             | 269,000             |
| Accounts payable and other liabilities                                     | 60,165              | 50,684              | 46,967              | 54,629              | 52,722              |
| Dividend payable   | —                   | —                   | 22,414              | —                   | —                   |
| Advance rents  | 11,956              | 11,948              | 11,750              | 10,473              | 10,178              |
| Tenant security deposits   | 9,263               | 9,002               | 8,802               | 8,634               | 8,290               |
| Liabilities related to properties sold or held for sale                    | 322                 | —                   | —                   | —                   | 2,338               |
| Total liabilities  | <u>1,300,403</u>    | <u>1,185,872</u>    | <u>1,201,557</u>    | <u>1,194,031</u>    | <u>1,338,341</u>    |
| <b>Equity</b>  |                     |                     |                     |                     |                     |
| Preferred shares; \$0.01 par value; 10,000 shares authorized               | —                   | —                   | —                   | —                   | —                   |
| Shares of beneficial interest, \$0.01 par value; 100,000 shares authorized | 769                 | 757                 | 746                 | 745                 | 737                 |
| Additional paid-in capital   | 1,435,994           | 1,400,093           | 1,368,636           | 1,368,438           | 1,338,101           |
| Distributions in excess of net income                                      | (357,308)           | (342,020)           | (326,047)           | (309,042)           | (366,352)           |
| Accumulated other comprehensive loss                                       | 6,857               | 8,346               | 7,611               | (4,870)             | (5,609)             |
| Total shareholders' equity   | <u>1,086,312</u>    | <u>1,067,176</u>    | <u>1,050,946</u>    | <u>1,055,271</u>    | <u>966,877</u>      |
| Noncontrolling interests in subsidiaries                                   | 1,397               | 1,061               | 1,116               | 1,188               | 1,233               |
| Total equity   | <u>1,087,709</u>    | <u>1,068,237</u>    | <u>1,052,062</u>    | <u>1,056,459</u>    | <u>968,110</u>      |
| Total liabilities and equity   | <u>\$ 2,388,112</u> | <u>\$ 2,254,109</u> | <u>\$ 2,253,619</u> | <u>\$ 2,250,490</u> | <u>\$ 2,306,451</u> |

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

|   | Six Months Ended |                  | Three Months Ended |                  |                  |                  |                  |
|---|------------------|------------------|--------------------|------------------|------------------|------------------|------------------|
|   | 6/30/2017        | 6/30/2016        | 6/30/2017          | 3/31/2017        | 12/31/2016       | 9/30/2016        | 6/30/2016        |
| <b>Funds from operations<sup>(1)</sup></b>            |                  |                  |                    |                  |                  |                  |                  |
| Net income  | \$ 14,462        | \$ 34,200        | \$ 7,847           | \$ 6,615         | \$ 5,426         | \$ 79,662        | \$ 31,821        |
| Real estate depreciation and amortization             | 55,330           | 51,199           | 29,261             | 26,069           | 26,302           | 30,905           | 25,161           |
| Gain on sale of depreciable real estate               | —                | (24,112)         | —                  | —                | —                | (77,592)         | (24,112)         |
| <b>NAREIT funds from operations (FFO)</b>             | <b>69,792</b>    | <b>61,287</b>    | <b>37,108</b>      | <b>32,684</b>    | <b>31,728</b>    | <b>32,975</b>    | <b>32,870</b>    |
| Casualty gain   | —                | (676)            | —                  | —                | —                | —                | (676)            |
| Severance expense                                     | —                | 586              | —                  | —                | —                | 242              | 126              |
| Relocation expense                                    | —                | —                | —                  | —                | —                | 16               | —                |
| Acquisition and structuring expenses                  | 319              | 1,366            | 104                | 215              | 118              | 37               | 1,107            |
| <b>Core FFO <sup>(1)</sup></b>                        | <b>\$ 70,111</b> | <b>\$ 62,563</b> | <b>\$ 37,212</b>   | <b>\$ 32,899</b> | <b>\$ 31,846</b> | <b>\$ 33,270</b> | <b>\$ 33,427</b> |
| Allocation to participating securities <sup>(2)</sup> | (184)            | (155)            | (107)              | (78)             | (32)             | (200)            | (99)             |
| NAREIT FFO per share - basic                          | \$ 0.92          | \$ 0.87          | \$ 0.48            | \$ 0.44          | \$ 0.42          | \$ 0.44          | \$ 0.46          |
| NAREIT FFO per share - fully diluted                  | \$ 0.92          | \$ 0.87          | \$ 0.48            | \$ 0.43          | \$ 0.42          | \$ 0.44          | \$ 0.46          |
| Core FFO per share - fully diluted                    | \$ 0.92          | \$ 0.89          | \$ 0.48            | \$ 0.44          | \$ 0.43          | \$ 0.45          | \$ 0.46          |
| Common dividend per share                             | \$ 0.60          | \$ 0.60          | \$ 0.30            | \$ 0.30          | \$ 0.30          | \$ 0.30          | \$ 0.30          |
| Average shares - basic                                | 75,785           | 70,010           | 76,705             | 74,854           | 74,592           | 73,994           | 71,719           |
| Average shares - fully diluted                        | 75,903           | 70,200           | 76,830             | 74,966           | 74,779           | 74,133           | 71,912           |

<sup>(1)</sup> See "Supplemental Definitions" on page 31 of this supplemental for the definitions of FFO and Core FFO.<sup>(2)</sup> Adjustment to the numerators for FFO and Core FFO per share calculations when applying the two-class method for calculating EPS.

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

|  | Six Months Ended |                  | Three Months Ended |                  |                  |                  |                  |
|--|------------------|------------------|--------------------|------------------|------------------|------------------|------------------|
|  | 6/30/2017        | 6/30/2016        | 6/30/2017          | 3/31/2017        | 12/31/2016       | 9/30/2016        | 6/30/2016        |
| <b>Funds available for distribution (FAD)<sup>(1)</sup></b>          |                  |                  |                    |                  |                  |                  |                  |
| <b>NAREIT FFO</b>  | \$ 69,792        | \$ 61,287        | \$ 37,108          | \$ 32,684        | \$ 31,728        | \$ 32,975        | \$ 32,870        |
| Tenant improvements and incentives                                   | (8,572)          | (9,182)          | (2,630)            | (5,942)          | (4,822)          | (4,889)          | (7,639)          |
| External and internal leasing commissions                            | (3,937)          | (4,365)          | (1,414)            | (2,523)          | (3,403)          | (1,251)          | (3,350)          |
| Recurring capital improvements                                       | (1,068)          | (2,145)          | (663)              | (405)            | (1,660)          | (1,146)          | (1,237)          |
| Straight-line rent, net  | (1,955)          | (1,563)          | (1,106)            | (849)            | (603)            | (682)            | (880)            |
| Non-cash fair value interest expense                                 | (526)            | 86               | (224)              | (302)            | 47               | 46               | 44               |
| Non-real estate depreciation and amortization of debt costs          | 1,714            | 1,826            | 815                | 899              | 873              | 846              | 876              |
| Amortization of lease intangibles, net                               | 1,435            | 1,796            | 585                | 850              | 900              | 898              | 853              |
| Amortization and expensing of restricted share and unit compensation | 2,316            | 2,369            | 1,186              | 1,130            | 737              | 292              | 850              |
| <b>FAD</b>   | <b>59,199</b>    | <b>50,109</b>    | <b>33,657</b>      | <b>25,542</b>    | <b>23,797</b>    | <b>27,089</b>    | <b>22,387</b>    |
| Non-share-based severance expense                                    | —                | 165              | —                  | —                | —                | 242              | 126              |
| Relocation expense   | —                | —                | —                  | —                | —                | 16               | —                |
| Acquisition and structuring expenses                                 | 319              | 1,366            | 104                | 215              | 118              | 37               | 1,107            |
| Casualty gain  | —                | (676)            | —                  | —                | —                | —                | (676)            |
| <b>Core FAD<sup>(1)</sup></b>  | <b>\$ 59,518</b> | <b>\$ 50,964</b> | <b>\$ 33,761</b>   | <b>\$ 25,757</b> | <b>\$ 23,915</b> | <b>\$ 27,384</b> | <b>\$ 22,944</b> |

(1) See "Supplemental Definitions" on page 31 of this supplemental for the definitions of FAD and Core FAD.



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

|   | Six Months Ended |                  | Three Months Ended |                  |                  |                  |                  |
|---|------------------|------------------|--------------------|------------------|------------------|------------------|------------------|
|   | 6/30/2017        | 6/30/2016        | 6/30/2017          | 3/31/2017        | 12/31/2016       | 9/30/2016        | 6/30/2016        |
| <b>Adjusted EBITDA <sup>(1)</sup></b>     |                  |                  |                    |                  |                  |                  |                  |
| <b>Net income</b>                         | \$ 14,462        | \$ 34,200        | \$ 7,847           | \$ 6,615         | \$ 5,426         | \$ 79,662        | \$ 31,821        |
| Add:                                      |                  |                  |                    |                  |                  |                  |                  |
| Interest expense                          | 23,458           | 28,180           | 12,053             | 11,405           | 11,773           | 13,173           | 13,820           |
| Real estate depreciation and amortization | 55,330           | 51,199           | 29,261             | 26,069           | 26,302           | 30,905           | 25,161           |
| Income tax (benefit) expense              | (107)            | (693)            | (107)              | —                | 76               | 2                | (693)            |
| Casualty gain                             | —                | (676)            | —                  | —                | —                | —                | (676)            |
| Non-real estate depreciation              | 236              | 304              | 120                | 116              | 119              | 101              | 152              |
| Severance expense                         | —                | 586              | —                  | —                | —                | 242              | 126              |
| Relocation expense                        | —                | —                | —                  | —                | —                | 16               | —                |
| Acquisition and structuring expenses      | 319              | 1,366            | 104                | 215              | 118              | 37               | 1,107            |
| Less:                                     |                  |                  |                    |                  |                  |                  |                  |
| Gain on sale of real estate               | —                | (24,112)         | —                  | —                | —                | (77,592)         | (24,112)         |
| <b>Adjusted EBITDA</b>                    | <b>\$ 93,698</b> | <b>\$ 90,354</b> | <b>\$ 49,278</b>   | <b>\$ 44,420</b> | <b>\$ 43,814</b> | <b>\$ 46,546</b> | <b>\$ 46,706</b> |

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

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

|                             | 6/30/2017           | 3/31/2017           | 12/31/2016          | 9/30/2016           | 6/30/2016           |
|-----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Balances Outstanding</b> |                     |                     |                     |                     |                     |
| <b>Secured</b>              |                     |                     |                     |                     |                     |
| Mortgage note payable, net  | \$ 96,934           | \$ 97,814           | \$ 148,540          | \$ 251,232          | \$ 252,044          |
| <b>Unsecured</b>            |                     |                     |                     |                     |                     |
| Fixed rate bonds            | 595,562             | 595,315             | 595,067             | 594,905             | 594,658             |
| Term loans                  | 298,201             | 298,109             | 248,017             | 149,158             | 149,111             |
| Credit facility             | 228,000             | 123,000             | 120,000             | 125,000             | 269,000             |
| Unsecured total             | <u>1,121,763</u>    | <u>1,016,424</u>    | <u>963,084</u>      | <u>869,063</u>      | <u>1,012,769</u>    |
| Total                       | <u>\$ 1,218,697</u> | <u>\$ 1,114,238</u> | <u>\$ 1,111,624</u> | <u>\$ 1,120,295</u> | <u>\$ 1,264,813</u> |

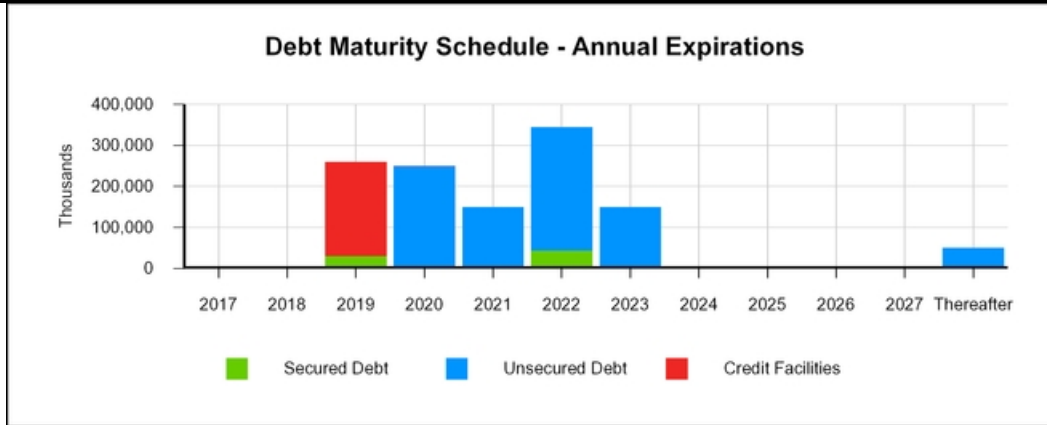
**Weighted Average Interest Rates**

|                            |             |             |             |             |             |
|----------------------------|-------------|-------------|-------------|-------------|-------------|
| <b>Secured</b>             |             |             |             |             |             |
| Mortgage note payable, net | 4.5%        | 4.5%        | 4.0%        | 5.3%        | 5.3%        |
| <b>Unsecured</b>           |             |             |             |             |             |
| Fixed rate bonds           | 4.7%        | 4.7%        | 4.7%        | 4.7%        | 4.7%        |
| Term loans <sup>(1)</sup>  | 2.8%        | 2.8%        | 2.6%        | 2.7%        | 2.7%        |
| Credit facility            | 2.2%        | 2.0%        | 1.6%        | 1.5%        | 1.4%        |
| Unsecured total            | <u>3.7%</u> | <u>3.8%</u> | <u>3.8%</u> | <u>3.9%</u> | <u>3.6%</u> |
| Weighted Average           | <u>3.8%</u> | <u>3.9%</u> | <u>3.8%</u> | <u>4.2%</u> | <u>3.9%</u> |

<sup>(1)</sup> Washington REIT has entered into interest rate swaps to effectively fix the floating interest rates on its term loans (see page 10 of this Supplemental)

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

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



**Future Maturities of Debt**

| Year                                 | Secured Debt     | Unsecured Debt         | Credit Facilities      | Total Debt          | Avg Interest Rate |
|--------------------------------------|------------------|------------------------|------------------------|---------------------|-------------------|
| 2017                                 | \$ —             | \$ —                   | \$ —                   | \$ —                |                   |
| 2018                                 | —                | —                      | —                      | —                   |                   |
| 2019                                 | 31,280           | —                      | 228,000 <sup>(1)</sup> | 259,280             | 2.6%              |
| 2020                                 | —                | 250,000                | —                      | 250,000             | 5.1%              |
| 2021                                 | —                | 150,000 <sup>(2)</sup> | —                      | 150,000             | 2.7%              |
| 2022                                 | 44,517           | 300,000                | —                      | 344,517             | 4.0%              |
| 2023                                 | —                | 150,000 <sup>(3)</sup> | —                      | 150,000             | 2.9%              |
| 2024                                 | —                | —                      | —                      | —                   |                   |
| 2025                                 | —                | —                      | —                      | —                   |                   |
| 2026                                 | —                | —                      | —                      | —                   |                   |
| 2027                                 | —                | —                      | —                      | —                   |                   |
| Thereafter                           | —                | 50,000                 | —                      | 50,000              | 7.4%              |
| Scheduled principal payments         | \$ 75,797        | \$ 900,000             | \$ 228,000             | \$ 1,203,797        | 3.8%              |
| Scheduled amortization payments      | 17,613           | —                      | —                      | 17,613              | 4.8%              |
| Net discounts/premiums               | 3,828            | (1,776)                | —                      | 2,052               |                   |
| Loan costs, net of amortization      | (304)            | (4,461)                | —                      | (4,765)             |                   |
| <b>Total maturities</b>              | <b>\$ 96,934</b> | <b>\$ 893,763</b>      | <b>\$ 228,000</b>      | <b>\$ 1,218,697</b> | <b>3.8%</b>       |
| Weighted average maturity =4.3 years |                  |                        |                        |                     |                   |

<sup>(1)</sup> Maturity date for credit facility may be extended for up to two additional 6-month periods at Washington REIT's option.

<sup>(2)</sup> Washington REIT entered into an interest rate swap to effectively fix a LIBOR plus 110 basis points floating interest rate to a 2.72% all-in fixed interest rate commencing October 15, 2015.

<sup>(3)</sup> Washington REIT entered into interest rate swaps to effectively fix a LIBOR plus 165 basis points floating interest rate to a 2.86% all-in fixed interest rate commencing March 31, 2017.

## Debt Covenant Compliance

|   | Unsecured Notes Payable        |          | Unsecured Line of Credit and Term Loans |          |
|---|--------------------------------|----------|---|----------|
|   | Quarter Ended<br>June 30, 2017 | Covenant | Quarter Ended<br>June 30, 2017          | Covenant |
| % of Total Indebtedness to Total Assets <sup>(1)</sup>  | 41.7%                          | ≤ 65.0%  | N/A                                     | N/A      |
| Ratio of Income Available for Debt Service to Annual Debt Service                                 | 4.1                            | ≥ 1.5    | N/A                                     | N/A      |
| % of Secured Indebtedness to Total Assets <sup>(1)</sup>  | 3.3%                           | ≤ 40.0%  | N/A                                     | N/A      |
| Ratio of Total Unencumbered Assets <sup>(2)</sup> to Total Unsecured Indebtedness                 | 2.5                            | ≥ 1.5    | N/A                                     | N/A      |
| % of Net Consolidated Total Indebtedness to Consolidated Total Asset Value <sup>(3)</sup>         | N/A                            | N/A      | 34.9%                                   | ≤ 60.0%  |
| Ratio of Consolidated Adjusted EBITDA <sup>(4)</sup> to Consolidated Fixed Charges <sup>(5)</sup> | N/A                            | N/A      | 3.96                                    | ≥ 1.50   |
| % of Consolidated Secured Indebtedness to Consolidated Total Asset Value <sup>(3)</sup>           | N/A                            | N/A      | 2.8%                                    | ≤ 40.0%  |
| % of Consolidated Unsecured Indebtedness to Unencumbered Pool Value <sup>(6)</sup>                | N/A                            | N/A      | 34.0%                                   | ≤ 60.0%  |
| Ratio of Unencumbered Adjusted Net Operating Income to Consolidated Unsecured Interest Expense    | N/A                            | N/A      | 4.88                                    | ≥ 1.75   |

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

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

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

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

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

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

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

|  | Three Months Ended |              |              |              |              |
|--|--------------------|--------------|--------------|--------------|--------------|
|  | 6/30/2017          | 3/31/2017    | 12/31/2016   | 9/30/2016    | 6/30/2016    |
| <b>Market Data</b>                         |                    |              |              |              |              |
| Shares Outstanding                         | \$ 76,926          | \$ 75,702    | \$ 74,606    | \$ 74,579    | \$ 73,651    |
| Market Price per Share                     | 31.90              | 31.28        | 32.69        | 31.12        | 31.46        |
| Equity Market Capitalization               | \$ 2,453,939       | \$ 2,367,959 | \$ 2,438,870 | \$ 2,320,898 | \$ 2,317,060 |
| Total Debt                                 | \$ 1,218,697       | \$ 1,114,238 | \$ 1,111,624 | \$ 1,120,295 | \$ 1,264,813 |
| Total Market Capitalization                | \$ 3,672,636       | \$ 3,482,197 | \$ 3,550,494 | \$ 3,441,193 | \$ 3,581,873 |
| Total Debt to Market Capitalization        | 0.33:1             | 0.32:1       | 0.31:1       | 0.33:1       | 0.35:1       |
| Earnings to Fixed Charges <sup>(1)</sup>   | 1.6x               | 1.6x         | 1.4x         | 6.9x         | 3.3x         |
| Debt Service Coverage Ratio <sup>(2)</sup> | 3.9x               | 3.6x         | 3.4x         | 3.3x         | 3.2x         |

|                                    | Six Months Ended |           | Three Months Ended |           |            |           |           |
|------------------------------------|------------------|-----------|--------------------|-----------|------------|-----------|-----------|
|                                    | 6/30/2017        | 6/30/2016 | 6/30/2017          | 3/31/2017 | 12/31/2016 | 9/30/2016 | 6/30/2016 |
| Total Dividends Declared           | \$ 45,759        | \$ 42,791 | \$ 23,152          | \$ 22,607 | \$ 22,414  | \$ 22,365 | \$ 22,147 |
| Common Dividend Declared per Share | \$ 0.60          | \$ 0.60   | \$ 0.30            | \$ 0.30   | \$ 0.30    | \$ 0.30   | \$ 0.30   |
| Payout Ratio (Core FFO basis)      | 65.2%            | 67.4%     |                    |           |            |           |           |
| Payout Ratio (Core FAD basis)      | 76.9%            | 83.3%     |                    |           |            |           |           |

<sup>(1)</sup>The ratio of earnings to fixed charges is computed by dividing earnings by fixed charges. For this purpose, earnings consist of income from continuing operations attributable to the controlling interests plus fixed charges, less capitalized interest. Fixed charges consist of interest expense, including amortized costs of debt issuance, plus interest costs capitalized. The earnings to fixed charges ratios for the three months ended September 30, 2016 and June 30, 2016 include gains on the sale of real estate of \$77.6 million and \$24.1 million, respectively.

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

**Same-Store Portfolio Net Operating Income (NOI) Growth & Rental Rate Growth**  
2017 vs. 2016

|  | Six Months Ended June 30, |                  |          | Rental Rate Growth | Three Months Ended June 30, |                  |          | Rental Rate Growth |
|--|---------------------------|------------------|----------|--------------------|-----------------------------|------------------|----------|--------------------|
|  | 2017                      | 2016             | % Change |                    | 2017                        | 2016             | % Change |                    |
| <b>Cash Basis:</b>                                 |                           |                  |          |                    |                             |                  |          |                    |
| Multifamily  | \$ 22,484                 | \$ 21,774        | 3.3%     | 1.5%               | \$ 11,368                   | \$ 11,076        | 2.6%     | 1.8%               |
| Office   | 44,012                    | 38,309           | 14.9%    | 0.2%               | 22,538                      | 19,658           | 14.7%    | —%                 |
| Retail   | 23,202                    | 21,709           | 6.9%     | 0.5%               | 11,694                      | 11,056           | 5.8%     | 0.6%               |
| <b>Overall Same-Store Portfolio <sup>(1)</sup></b> | <u>\$ 89,698</u>          | <u>\$ 81,792</u> | 9.7%     | 0.7%               | <u>\$ 45,600</u>            | <u>\$ 41,790</u> | 9.1%     | 0.6%               |
| <b>GAAP Basis:</b>                                 |                           |                  |          |                    |                             |                  |          |                    |
| Multifamily  | \$ 22,478                 | \$ 21,760        | 3.3%     | 1.5%               | \$ 11,366                   | \$ 11,074        | 2.6%     | 1.8%               |
| Office   | 43,787                    | 38,025           | 15.2%    | 0.5%               | 22,476                      | 19,582           | 14.8%    | 0.1%               |
| Retail   | 23,757                    | 22,370           | 6.2%     | 0.7%               | 11,915                      | 11,396           | 4.6%     | 0.9%               |
| <b>Overall Same-Store Portfolio <sup>(1)</sup></b> | <u>\$ 90,022</u>          | <u>\$ 82,155</u> | 9.6%     | 0.9%               | <u>\$ 45,757</u>            | <u>\$ 42,052</u> | 8.8%     | 0.7%               |

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

Acquisitions:

Multifamily - Riverside Apartments

Office - Watergate 600

Development/Redevelopment:

Office - The Army Navy Building and Braddock Metro Center

Sold properties:

Office - Dulles Station II, Wayne Plaza, 600 Jefferson Plaza, 6110 Executive Boulevard, West Gude, 51 Monroe Street and One Central Plaza

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

|   | Three Months Ended June 30, 2017 |                  |                  |                        |                  |
|---|----------------------------------|------------------|------------------|------------------------|------------------|
|   | Multifamily                      | Office           | Retail           | Corporate and<br>Other | Total            |
| Real estate rental revenue                                  |                                  |                  |                  |                        |                  |
| Same-store portfolio  | \$ 18,404                        | \$ 35,181        | \$ 15,512        | \$ —                   | \$ 69,097        |
| Non same-store - acquired and in development <sup>(1)</sup> | 5,431                            | 8,928            | —                | —                      | 14,359           |
| Total   | <u>23,835</u>                    | <u>44,109</u>    | <u>15,512</u>    | <u>—</u>               | <u>83,456</u>    |
| Real estate expenses  |                                  |                  |                  |                        |                  |
| Same-store portfolio  | 7,038                            | 12,705           | 3,597            | —                      | 23,340           |
| Non same-store - acquired and in development <sup>(1)</sup> | 2,203                            | 3,148            | —                | —                      | 5,351            |
| Total   | <u>9,241</u>                     | <u>15,853</u>    | <u>3,597</u>     | <u>—</u>               | <u>28,691</u>    |
| Net Operating Income (NOI)                                  |                                  |                  |                  |                        |                  |
| Same-store portfolio  | 11,366                           | 22,476           | 11,915           | —                      | 45,757           |
| Non same-store - acquired and in development <sup>(1)</sup> | 3,228                            | 5,780            | —                | —                      | 9,008            |
| Total   | <u>\$ 14,594</u>                 | <u>\$ 28,256</u> | <u>\$ 11,915</u> | <u>\$ —</u>            | <u>\$ 54,765</u> |
| Same-store portfolio NOI (from above)                       | \$ 11,366                        | \$ 22,476        | \$ 11,915        | \$ —                   | \$ 45,757        |
| Straight-line revenue, net for same-store properties        | 1                                | (670)            | (52)             | —                      | (721)            |
| FAS 141 Min Rent  | 1                                | 36               | (220)            | —                      | (183)            |
| Amortization of lease intangibles for same-store properties | —                                | 696              | 51               | —                      | 747              |
| Same-store portfolio cash NOI                               | <u>\$ 11,368</u>                 | <u>\$ 22,538</u> | <u>\$ 11,694</u> | <u>\$ —</u>            | <u>\$ 45,600</u> |
| Reconciliation of NOI to net income                         |                                  |                  |                  |                        |                  |
| Total NOI   | \$ 14,594                        | \$ 28,256        | \$ 11,915        | \$ —                   | \$ 54,765        |
| Depreciation and amortization                               | (7,799)                          | (16,949)         | (4,305)          | (208)                  | (29,261)         |
| General and administrative                                  | —                                | —                | —                | (5,759)                | (5,759)          |
| Interest expense  | (980)                            | (288)            | (188)            | (10,597)               | (12,053)         |
| Other income  | —                                | —                | —                | 48                     | 48               |
| Income tax benefit  | —                                | —                | —                | 107                    | 107              |
| Net income (loss)   | <u>5,815</u>                     | <u>11,019</u>    | <u>7,422</u>     | <u>(16,409)</u>        | <u>7,847</u>     |
| Net loss attributable to noncontrolling interests           | —                                | —                | —                | 17                     | 17               |
| Net income (loss) attributable to the controlling interests | <u>\$ 5,815</u>                  | <u>\$ 11,019</u> | <u>\$ 7,422</u>  | <u>\$ (16,392)</u>     | <u>\$ 7,864</u>  |

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

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

|   | Three Months Ended June 30, 2016 |           |           |                     |           |
|---|----------------------------------|-----------|-----------|---------------------|-----------|
|   | Multifamily                      | Office    | Retail    | Corporate and Other | Total     |
| Real estate rental revenue                                  |                                  |           |           |                     |           |
| Same-store portfolio  | \$ 18,103                        | \$ 31,450 | \$ 15,080 | \$ —                | \$ 64,633 |
| Non same-store - acquired and in development <sup>(1)</sup> | 2,485                            | 12,287    | —         | —                   | 14,772    |
| Total   | 20,588                           | 43,737    | 15,080    | —                   | 79,405    |
| Real estate expenses  |                                  |           |           |                     |           |
| Same-store portfolio  | 7,029                            | 11,868    | 3,684     | —                   | 22,581    |
| Non same-store - acquired and in development <sup>(1)</sup> | 868                              | 4,726     | —         | —                   | 5,594     |
| Total   | 7,897                            | 16,594    | 3,684     | —                   | 28,175    |
| Net Operating Income (NOI)                                  |                                  |           |           |                     |           |
| Same-store portfolio  | 11,074                           | 19,582    | 11,396    | —                   | 42,052    |
| Non same-store - acquired and in development <sup>(1)</sup> | 1,617                            | 7,561     | —         | —                   | 9,178     |
| Total   | \$ 12,691                        | \$ 27,143 | \$ 11,396 | \$ —                | \$ 51,230 |
| Same-store portfolio NOI (from above)                       | \$ 11,074                        | \$ 19,582 | \$ 11,396 | \$ —                | \$ 42,052 |
| Straight-line revenue, net for same-store properties        | 1                                | (677)     | (133)     | —                   | (809)     |
| FAS 141 Min Rent  | 1                                | 149       | (255)     | —                   | (105)     |
| Amortization of lease intangibles for same-store properties | —                                | 604       | 48        | —                   | 652       |
| Same-store portfolio cash NOI                               | \$ 11,076                        | \$ 19,658 | \$ 11,056 | \$ —                | \$ 41,790 |
| Reconciliation of NOI to net income                         |                                  |           |           |                     |           |
| Total NOI   | \$ 12,691                        | \$ 27,143 | \$ 11,396 | \$ —                | \$ 51,230 |
| Depreciation and amortization                               | (6,496)                          | (14,770)  | (3,651)   | (244)               | (25,161)  |
| General and administrative                                  | —                                | —         | —         | (4,968)             | (4,968)   |
| Interest expense  | (1,808)                          | (2,204)   | (211)     | (9,597)             | (13,820)  |
| Other income  | —                                | —         | —         | 83                  | 83        |
| Acquisition costs   | —                                | —         | —         | (1,024)             | (1,024)   |
| Gain on sale of real estate                                 | —                                | —         | —         | 24,112              | 24,112    |
| Casualty gain   | —                                | —         | —         | 676                 | 676       |
| Income tax benefit  | —                                | —         | —         | 693                 | 693       |
| Net income  | 4,387                            | 10,169    | 7,534     | 9,731               | 31,821    |
| Net income attributable to noncontrolling interests         | —                                | —         | —         | 15                  | 15        |
| Net income attributable to the controlling interests        | \$ 4,387                         | \$ 10,169 | \$ 7,534  | \$ 9,746            | \$ 31,836 |

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



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

|   | Six Months Ended June 30, 2017 |           |           |                     |            |
|---|--------------------------------|-----------|-----------|---------------------|------------|
|   | Multifamily                    | Office    | Retail    | Corporate and Other | Total      |
| Real estate rental revenue                                  |                                |           |           |                     |            |
| Same-store portfolio  | \$ 36,660                      | \$ 69,263 | \$ 31,217 | \$ —                | \$ 137,140 |
| Non same-store - acquired and in development <sup>(1)</sup> | 10,944                         | 12,873    | —         | —                   | 23,817     |
| Total   | 47,604                         | 82,136    | 31,217    | —                   | 160,957    |
| Real estate expenses  |                                |           |           |                     |            |
| Same-store portfolio  | 14,182                         | 25,476    | 7,460     | —                   | 47,118     |
| Non same-store - acquired and in development <sup>(1)</sup> | 4,645                          | 4,791     | —         | —                   | 9,436      |
| Total   | 18,827                         | 30,267    | 7,460     | —                   | 56,554     |
| Net Operating Income (NOI)                                  |                                |           |           |                     |            |
| Same-store portfolio  | 22,478                         | 43,787    | 23,757    | —                   | 90,022     |
| Non same-store - acquired and in development <sup>(1)</sup> | 6,299                          | 8,082     | —         | —                   | 14,381     |
| Total   | \$ 28,777                      | \$ 51,869 | \$ 23,757 | \$ —                | \$ 104,403 |
| Same-store portfolio NOI (from above)                       | \$ 22,478                      | \$ 43,787 | \$ 23,757 | \$ —                | \$ 90,022  |
| Straight-line revenue, net for same-store properties        | 4                              | (1,287)   | (208)     | —                   | (1,491)    |
| FAS 141 Min Rent  | 2                              | 85        | (447)     | —                   | (360)      |
| Amortization of lease intangibles for same-store properties | —                              | 1,427     | 100       | —                   | 1,527      |
| Same-store portfolio cash NOI                               | \$ 22,484                      | \$ 44,012 | \$ 23,202 | \$ —                | \$ 89,698  |
| Reconciliation of NOI to net income                         |                                |           |           |                     |            |
| Total NOI   | \$ 28,777                      | \$ 51,869 | \$ 23,757 | \$ —                | \$ 104,403 |
| Depreciation and amortization                               | (15,289)                       | (31,621)  | (8,012)   | (408)               | (55,330)   |
| General and administrative                                  | —                              | —         | —         | (11,385)            | (11,385)   |
| Interest expense  | (1,958)                        | (436)     | (382)     | (20,682)            | (23,458)   |
| Other income  | —                              | —         | —         | 125                 | 125        |
| Income tax benefit  | —                              | —         | —         | 107                 | 107        |
| Net income (loss)   | 11,530                         | 19,812    | 15,363    | (32,243)            | 14,462     |
| Net loss attributable to noncontrolling interests           | —                              | —         | —         | 36                  | 36         |
| Net income (loss) attributable to the controlling interests | \$ 11,530                      | \$ 19,812 | \$ 15,363 | \$ (32,207)         | \$ 14,498  |

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

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

|   | Six Months Ended June 30, 2016 |           |           |                        |            |
|---|--------------------------------|-----------|-----------|------------------------|------------|
|   | Multifamily                    | Office    | Retail    | Corporate and<br>Other | Total      |
| Real estate rental revenue                                  |                                |           |           |                        |            |
| Same-store portfolio  | \$ 36,042                      | \$ 62,182 | \$ 30,460 | \$ —                   | \$ 128,684 |
| Non same-store - acquired and in development <sup>(1)</sup> | 2,485                          | 25,373    | —         | —                      | 27,858     |
| Total   | 38,527                         | 87,555    | 30,460    | —                      | 156,542    |
| Real estate expenses  |                                |           |           |                        |            |
| Same-store portfolio  | 14,282                         | 24,157    | 8,090     | —                      | 46,529     |
| Non same-store - acquired and in development <sup>(1)</sup> | 868                            | 9,512     | —         | —                      | 10,380     |
| Total   | 15,150                         | 33,669    | 8,090     | —                      | 56,909     |
| Net Operating Income (NOI)                                  |                                |           |           |                        |            |
| Same-store portfolio  | 21,760                         | 38,025    | 22,370    | —                      | 82,155     |
| Non same-store - acquired and in development <sup>(1)</sup> | 1,617                          | 15,861    | —         | —                      | 17,478     |
| Total   | \$ 23,377                      | \$ 53,886 | \$ 22,370 | \$ —                   | \$ 99,633  |
| Same-store portfolio NOI (from above)                       | \$ 21,760                      | \$ 38,025 | \$ 22,370 | \$ —                   | \$ 82,155  |
| Straight-line revenue, net for same-store properties        | 12                             | (1,167)   | (249)     | —                      | (1,404)    |
| FAS 141 Min Rent  | 2                              | 262       | (509)     | —                      | (245)      |
| Amortization of lease intangibles for same-store properties | —                              | 1,189     | 97        | —                      | 1,286      |
| Same-store portfolio cash NOI                               | \$ 21,774                      | \$ 38,309 | \$ 21,709 | \$ —                   | \$ 81,792  |
| Reconciliation of NOI to net income                         |                                |           |           |                        |            |
| Total NOI   | \$ 23,377                      | \$ 53,886 | \$ 22,370 | \$ —                   | \$ 99,633  |
| Depreciation and amortization                               | (11,899)                       | (31,553)  | (7,260)   | (487)                  | (51,199)   |
| General and administrative                                  | —                              | —         | —         | (10,479)               | (10,479)   |
| Interest expense  | (4,051)                        | (4,731)   | (427)     | (18,971)               | (28,180)   |
| Other income  | —                              | —         | —         | 122                    | 122        |
| Acquisition costs   | —                              | —         | —         | (1,178)                | (1,178)    |
| Gain on sale of real estate                                 | —                              | —         | —         | 24,112                 | 24,112     |
| Casualty gain   | —                              | —         | —         | 676                    | 676        |
| Income tax benefit  | —                              | —         | —         | 693                    | 693        |
| Net income (loss)   | 7,427                          | 17,602    | 14,683    | (5,512)                | 34,200     |
| Net loss attributable to noncontrolling interests           | —                              | —         | —         | 20                     | 20         |
| Net income (loss) attributable to the controlling interests | \$ 7,427                       | \$ 17,602 | \$ 14,683 | \$ (5,492)             | \$ 34,220  |

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

## Net Operating Income (NOI) by Region

|                        | Percentage of NOI |               |
|------------------------|-------------------|---------------|
|                        | Q2 2017           | YTD 2017      |
| <b>DC</b>              |                   |               |
| Multifamily            | 5.3%              | 5.6%          |
| Office                 | 29.6%             | 27.0%         |
| Retail                 | 1.8%              | 1.8%          |
|                        | <b>36.7%</b>      | <b>34.4%</b>  |
| <b>Maryland</b>        |                   |               |
| Multifamily            | 2.4%              | 2.4%          |
| Retail                 | 13.2%             | 13.8%         |
|                        | <b>15.6%</b>      | <b>16.2%</b>  |
| <b>Virginia</b>        |                   |               |
| Multifamily            | 19.0%             | 19.6%         |
| Office                 | 22.0%             | 22.7%         |
| Retail                 | 6.7%              | 7.1%          |
|                        | <b>47.7%</b>      | <b>49.4%</b>  |
| <b>Total Portfolio</b> | <b>100.0%</b>     | <b>100.0%</b> |

## Same-Store Portfolio and Overall Ending Occupancy Levels by Sector

| Sector                                   | Ending Occupancy - Same-Store Properties <sup>(1), (2)</sup> |              |              |              |              |
|--|--|--------------|--------------|--------------|--------------|
|  | 6/30/2017  | 3/31/2017    | 12/31/2016   | 9/30/2016    | 6/30/2016    |
| Multifamily (calculated on a unit basis) | 95.4%  | 94.8%        | 95.6%        | 92.4%        | 94.6%        |
| Multifamily                              | 95.1%  | 94.2%        | 95.2%        | 94.8%        | 94.2%        |
| Office                                   | 93.0%  | 93.1%        | 91.7%        | 91.0%        | 86.9%        |
| Retail                                   | 91.4%  | 93.8%        | 95.7%        | 95.6%        | 92.1%        |
| <b>Overall Portfolio</b>                 | <b>93.3%</b>   | <b>93.7%</b> | <b>94.0%</b> | <b>93.6%</b> | <b>90.8%</b> |

| Sector                                   | Ending Occupancy - All Properties <sup>(2)</sup> |              |              |              |              |
|--|--|--------------|--------------|--------------|--------------|
|  | 6/30/2017  | 3/31/2017    | 12/31/2016   | 9/30/2016    | 6/30/2016    |
| Multifamily (calculated on a unit basis) | 95.1%  | 94.6%        | 94.7%        | 94.5%        | 94.7%        |
| Multifamily                              | 94.9%  | 94.2%        | 94.5%        | 94.2%        | 94.4%        |
| Office                                   | 92.9%  | 92.4%        | 91.1%        | 90.5%        | 87.5%        |
| Retail                                   | 91.4%  | 93.8%        | 95.7%        | 95.6%        | 92.1%        |
| <b>Overall Portfolio</b>                 | <b>93.4%</b>                                     | <b>93.5%</b> | <b>93.5%</b> | <b>93.2%</b> | <b>91.1%</b> |

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

Acquisitions:

Multifamily - Riverside Apartments

Office - Watergate 600

Development/Redevelopment:

Office - The Army Navy Building and Braddock Metro Center

Sold properties:

Office - Wayne Plaza, 600 Jefferson Plaza, 6110 Executive Boulevard, West Gude, 51 Monroe Street and One Central Plaza

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

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

| Sector                   | Economic Occupancy - Same-Store Properties <sup>(1)</sup> |              |              |              |              |
|--------------------------|---|--------------|--------------|--------------|--------------|
|                          | 6/30/2017   | 3/31/2017    | 12/31/2016   | 9/30/2016    | 6/30/2016    |
| Multifamily              | 94.9%   | 94.8%        | 95.1%        | 95.2%        | 95.0%        |
| Office                   | 94.4%   | 93.6%        | 91.9%        | 89.9%        | 85.7%        |
| Retail                   | 90.4%   | 92.1%        | 93.6%        | 91.8%        | 89.3%        |
| <b>Overall Portfolio</b> | <b>93.7%</b>  | <b>93.6%</b> | <b>93.2%</b> | <b>91.8%</b> | <b>89.0%</b> |

| Sector                   | Economic Occupancy - All Properties |              |              |              |              |
|--------------------------|-------------------------------------|--------------|--------------|--------------|--------------|
|                          | 6/30/2017                           | 3/31/2017    | 12/31/2016   | 9/30/2016    | 6/30/2016    |
| Multifamily              | 94.5%                               | 94.0%        | 94.4%        | 94.6%        | 95.3%        |
| Office                   | 93.4%                               | 92.0%        | 91.1%        | 89.5%        | 86.6%        |
| Retail                   | 90.4%                               | 92.1%        | 93.6%        | 91.8%        | 89.3%        |
| <b>Overall Portfolio</b> | <b>93.2%</b>                        | <b>92.7%</b> | <b>92.6%</b> | <b>91.5%</b> | <b>89.3%</b> |

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

Acquisitions:

Multifamily - Riverside Apartments

Office - Watergate 600

Development/Redevelopment:

Office - The Army Navy Building and Braddock Metro Center

Sold properties:

Office - Wayne Plaza, 600 Jefferson Plaza, 6110 Executive Boulevard, West Gude, 51 Monroe Street and One Central Plaza

## Acquisition/Development/Re-development Summary

| Property and Location         | Acquisition Date | Property type | Net Rentable Square feet | Investment (in thousands) | Leased % as of 6/30/2017 |
|-------------------------------|------------------|---------------|--------------------------|---------------------------|--------------------------|
| <b>Acquisition Summary</b>    |                  |               |                          |                           |                          |
| Watergate 600, Washington, DC | April 4, 2017    | Office        | 289,000                  | \$ 135,000                | 99%                      |

| Property and Location                         | Total Rentable Square Feet or # of Units | Anticipated Total Cash Cost <sup>(1)</sup> (in thousands) | Net Rentable Square feet | Anticipated Cash Cost to Date <sup>(1)</sup> (in thousands) | Anticipated Construction Completion Date | Leased % as of 6/30/2017 |
|---|--|---|--------------------------|---|--|--------------------------|
| <b>Development Summary</b>                    |  |   |                          |   |  |                          |
| Trove (Wellington land parcel), Arlington, VA | 401 units                                | \$ 122,252  | \$ 21,781                |   | third quarter 2019 <sup>(2)</sup>        | N/A                      |

|   |                               |          |          |  |                                    |                    |
|---|-------------------------------|----------|----------|--|------------------------------------|--------------------|
| <b>Re-development Summary</b>                         |                               |          |          |  |                                    |                    |
| The Army Navy Building <sup>(3)</sup> , Washington DC | 108,000 square feet           | \$ 4,045 | \$ 3,011 |  | second quarter 2017 <sup>(4)</sup> | 55% <sup>(5)</sup> |
| Spring Valley Village, Washington DC                  | 14,000 additional square feet | \$ 5,343 | \$ 981   |  | fourth quarter 2017 <sup>(6)</sup> | N/A                |

<sup>(1)</sup> Represents anticipated/actual cash expenditures, and excludes allocations of capitalized corporate overhead costs and interest.

<sup>(2)</sup> This development project has two phases: Phase I consists of two buildings totaling 226 units and a garage, with delivery of units anticipated to commence in third quarter 2019; Phase II consists of one building with 175 units, anticipated to commence in third quarter 2020.

<sup>(3)</sup> This re-development project primarily consists of adding amenities, to include a lounge and conference center with access to the rooftop and a renovated penthouse, and upgrading the building's lobby and other common areas.

<sup>(4)</sup> Conference center with access to the rooftop and renovated penthouse as well as upgraded building's lobby substantially complete in second quarter 2017. Common areas anticipated completion in third quarter 2017.

<sup>(5)</sup> As a result of leasing activity subsequent to quarter-end, the Army Navy Building is now 71% leased.

<sup>(6)</sup> Substantial completion of the new building at Spring Valley Village anticipated in fourth quarter 2017, with completion of the site work anticipated in first quarter 2018.

## Commercial Leasing Summary - New Leases

|  | 2nd Quarter 2017     |                     | 1st Quarter 2017     |                     | 4th Quarter 2016     |                     | 3rd Quarter 2016     |                     | 2nd Quarter 2016     |                     |
|--|----------------------|---------------------|----------------------|---------------------|----------------------|---------------------|----------------------|---------------------|----------------------|---------------------|
| <b>Gross Leasing Square Footage</b>                              |                      |                     |                      |                     |                      |                     |                      |                     |                      |                     |
| Office Buildings   | 192,352              |                     | 36,102               |                     | 39,047               |                     | 60,538               |                     | 28,154               |                     |
| Retail Centers   | 35,582               |                     | 8,355                |                     | 10,362               |                     | 1,342                |                     | 6,313                |                     |
| <b>Total</b>   | <b>227,934</b>       |                     | <b>44,457</b>        |                     | <b>49,409</b>        |                     | <b>61,880</b>        |                     | <b>34,467</b>        |                     |
| <b>Weighted Average Term (years)</b>                             |                      |                     |                      |                     |                      |                     |                      |                     |                      |                     |
| Office Buildings   | 11.7                 |                     | 8.5                  |                     | 4.9                  |                     | 6.4                  |                     | 6.1                  |                     |
| Retail Centers   | 11.6                 |                     | 6.2                  |                     | 9.2                  |                     | 8.3                  |                     | 8.0                  |                     |
| <b>Total</b>   | <b>11.7</b>          |                     | <b>8.1</b>           |                     | <b>5.8</b>           |                     | <b>6.4</b>           |                     | <b>6.5</b>           |                     |
| <b>Weighted Average Free Rent Period (months) <sup>(1)</sup></b> |                      |                     |                      |                     |                      |                     |                      |                     |                      |                     |
| Office Buildings   | 12.5                 |                     | 9.1                  |                     | 3.0                  |                     | 6.1                  |                     | 5.9                  |                     |
| Retail Centers   | 6.9                  |                     | 2.7                  |                     | 1.0                  |                     | 3.9                  |                     | 1.2                  |                     |
| <b>Total</b>   | <b>11.6</b>          |                     | <b>8.0</b>           |                     | <b>2.5</b>           |                     | <b>6.1</b>           |                     | <b>5.3</b>           |                     |
| <b>Rental Rate Increases:</b>                                    | <b>GAAP</b>          | <b>CASH</b>         | <b>GAAP</b>          | <b>CASH</b>         | <b>GAAP</b>          | <b>CASH</b>         | <b>GAAP</b>          | <b>CASH</b>         | <b>GAAP</b>          | <b>CASH</b>         |
| <b>Rate on expiring leases</b>                                   |                      |                     |                      |                     |                      |                     |                      |                     |                      |                     |
| Office Buildings   | \$ 36.32             | \$ 38.30            | \$ 32.50             | \$ 33.83            | \$ 40.36             | \$ 42.92            | \$ 39.31             | \$ 39.01            | \$ 34.80             | \$ 35.43            |
| Retail Centers   | 21.80                | 21.06               | 37.15                | 35.16               | 38.26                | 38.99               | 43.67                | 46.15               | 28.92                | 29.11               |
| <b>Total</b>   | <b>\$ 34.13</b>      | <b>\$ 35.69</b>     | <b>\$ 33.37</b>      | <b>\$ 34.08</b>     | <b>\$ 39.92</b>      | <b>\$ 42.10</b>     | <b>\$ 39.40</b>      | <b>\$ 39.17</b>     | <b>\$ 33.73</b>      | <b>\$ 34.27</b>     |
| <b>Rate on new leases</b>  |                      |                     |                      |                     |                      |                     |                      |                     |                      |                     |
| Office Buildings   | \$ 31.14             | \$ 30.63            | \$ 43.20             | \$ 38.67            | \$ 42.64             | \$ 39.96            | \$ 44.06             | \$ 40.80            | \$ 39.83             | \$ 37.09            |
| Retail Centers   | 36.28                | 33.14               | 36.39                | 34.46               | 44.14                | 40.37               | 60.89                | 55.00               | 28.13                | 26.45               |
| <b>Total</b>   | <b>\$ 31.92</b>      | <b>\$ 31.01</b>     | <b>\$ 41.92</b>      | <b>\$ 37.88</b>     | <b>\$ 42.96</b>      | <b>\$ 40.05</b>     | <b>\$ 44.42</b>      | <b>\$ 41.10</b>     | <b>\$ 37.69</b>      | <b>\$ 35.14</b>     |
| <b>Percentage Increase</b>                                       |                      |                     |                      |                     |                      |                     |                      |                     |                      |                     |
| Office Buildings   | (14.2)%              | (20.0)%             | 33.0 %               | 14.3 %              | 5.7 %                | (6.9)%              | 12.1 %               | 4.6 %               | 14.5 %               | 4.7 %               |
| Retail Centers   | 66.4 %               | 57.4 %              | (2.1)%               | (2.0)%              | 15.4 %               | 3.5 %               | 39.4 %               | 19.2 %              | (2.7)%               | (9.1)%              |
| <b>Total</b>   | <b>(6.5)%</b>        | <b>(13.1)%</b>      | <b>25.6 %</b>        | <b>11.1 %</b>       | <b>7.6 %</b>         | <b>(4.9)%</b>       | <b>12.7 %</b>        | <b>4.9 %</b>        | <b>11.8 %</b>        | <b>2.5 %</b>        |
|  | <b>Total Dollars</b> | <b>\$ per Sq Ft</b> | <b>Total Dollars</b> | <b>\$ per Sq Ft</b> | <b>Total Dollars</b> | <b>\$ per Sq Ft</b> | <b>Total Dollars</b> | <b>\$ per Sq Ft</b> | <b>Total Dollars</b> | <b>\$ per Sq Ft</b> |
| <b>Tenant Improvements</b>                                       |                      |                     |                      |                     |                      |                     |                      |                     |                      |                     |
| Office Buildings   | \$ 11,732,915        | \$ 61.00            | \$ 2,333,378         | \$ 64.63            | \$ 1,244,745         | \$ 31.88            | \$ 2,682,882         | \$ 44.32            | \$ 1,356,810         | \$ 48.19            |
| Retail Centers   | 1,923,540            | 54.06               | 60,030               | 7.18                | 307,953              | 29.72               | —                    | —                   | 111,840              | 17.72               |
| <b>Subtotal</b>  | <b>\$ 13,656,455</b> | <b>\$ 59.91</b>     | <b>\$ 2,393,408</b>  | <b>\$ 53.84</b>     | <b>\$ 1,552,698</b>  | <b>\$ 31.43</b>     | <b>\$ 2,682,882</b>  | <b>\$ 43.36</b>     | <b>\$ 1,468,650</b>  | <b>\$ 42.61</b>     |
| <b>Leasing Commissions <sup>(1)</sup></b>                        |                      |                     |                      |                     |                      |                     |                      |                     |                      |                     |
| Office Buildings   | \$ 3,263,054         | \$ 16.96            | \$ 688,811           | \$ 19.08            | \$ 424,951           | \$ 10.88            | \$ 890,195           | \$ 14.70            | \$ 375,882           | \$ 13.35            |
| Retail Centers   | 620,605              | 17.44               | 98,930               | 11.84               | 212,162              | 20.48               | 39,380               | 29.34               | 80,461               | 12.75               |
| <b>Subtotal</b>  | <b>\$ 3,883,659</b>  | <b>\$ 17.04</b>     | <b>\$ 787,741</b>    | <b>\$ 17.72</b>     | <b>\$ 637,113</b>    | <b>\$ 12.89</b>     | <b>\$ 929,575</b>    | <b>\$ 15.02</b>     | <b>\$ 456,343</b>    | <b>\$ 13.24</b>     |
| <b>Tenant Improvements and Leasing Commissions</b>               |                      |                     |                      |                     |                      |                     |                      |                     |                      |                     |
| Office Buildings   | \$ 14,995,969        | \$ 77.96            | \$ 3,022,189         | \$ 83.71            | \$ 1,669,696         | \$ 42.76            | \$ 3,573,077         | \$ 59.02            | \$ 1,732,692         | \$ 61.54            |
| Retail Centers   | 2,544,145            | 71.50               | 158,960              | 19.02               | 520,115              | 50.20               | 39,380               | 29.34               | 192,301              | 30.47               |
| <b>Total</b>   | <b>\$ 17,540,114</b> | <b>\$ 76.95</b>     | <b>\$ 3,181,149</b>  | <b>\$ 71.56</b>     | <b>\$ 2,189,811</b>  | <b>\$ 44.32</b>     | <b>\$ 3,612,457</b>  | <b>\$ 58.38</b>     | <b>\$ 1,924,993</b>  | <b>\$ 55.85</b>     |

## Commercial Leasing Summary - Renewal Leases

|  | 2nd Quarter 2017     |                     | 1st Quarter 2017     |                     | 4th Quarter 2016     |                     | 3rd Quarter 2016     |                     | 2nd Quarter 2016     |                     |
|--|----------------------|---------------------|----------------------|---------------------|----------------------|---------------------|----------------------|---------------------|----------------------|---------------------|
| <b>Gross Leasing Square Footage</b>                              |                      |                     |                      |                     |                      |                     |                      |                     |                      |                     |
| Office Buildings   | 22,026               |                     | 104,283              |                     | 64,956               |                     | 151,722              |                     | 30,787               |                     |
| Retail Centers   | 116,740              |                     | 47,279               |                     | 65,934               |                     | 74,535               |                     | 9,076                |                     |
| <b>Total</b>   | <b>138,766</b>       |                     | <b>151,562</b>       |                     | <b>130,890</b>       |                     | <b>226,257</b>       |                     | <b>39,863</b>        |                     |
| <b>Weighted Average Term (years)</b>                             |                      |                     |                      |                     |                      |                     |                      |                     |                      |                     |
| Office Buildings   | 6.5                  |                     | 11.8                 |                     | 4.9                  |                     | 3.7                  |                     | 4.6                  |                     |
| Retail Centers   | 5.0                  |                     | 5.7                  |                     | 4.9                  |                     | 4.7                  |                     | 6.3                  |                     |
| <b>Total</b>   | <b>5.3</b>           |                     | <b>9.9</b>           |                     | <b>4.9</b>           |                     | <b>4.0</b>           |                     | <b>5.0</b>           |                     |
| <b>Weighted Average Free Rent Period (months) <sup>(1)</sup></b> |                      |                     |                      |                     |                      |                     |                      |                     |                      |                     |
| Office Buildings   | 3.0                  |                     | 12.1                 |                     | 3.1                  |                     | 2.4                  |                     | 4.4                  |                     |
| Retail Centers   | —                    |                     | —                    |                     | —                    |                     | —                    |                     | 0.7                  |                     |
| <b>Total</b>   | <b>0.9</b>           |                     | <b>9.1</b>           |                     | <b>1.8</b>           |                     | <b>1.8</b>           |                     | <b>3.3</b>           |                     |
| <b>Rental Rate Increases:</b>                                    | <b>GAAP</b>          | <b>CASH</b>         | <b>GAAP</b>          | <b>CASH</b>         | <b>GAAP</b>          | <b>CASH</b>         | <b>GAAP</b>          | <b>CASH</b>         | <b>GAAP</b>          | <b>CASH</b>         |
| <b>Rate on expiring leases</b>                                   |                      |                     |                      |                     |                      |                     |                      |                     |                      |                     |
| Office Buildings   | \$ 50.64             | \$ 51.78            | \$ 46.52             | \$ 50.00            | \$ 43.31             | \$ 43.62            | \$ 35.85             | \$ 36.37            | \$ 30.13             | \$ 31.53            |
| Retail Centers   | 21.10                | 21.35               | 32.13                | 33.61               | 27.52                | 27.66               | 25.03                | 25.28               | 32.56                | 47.14               |
| <b>Total</b>   | <b>\$ 25.79</b>      | <b>\$ 26.18</b>     | <b>\$ 42.03</b>      | <b>\$ 44.88</b>     | <b>\$ 35.36</b>      | <b>\$ 35.58</b>     | <b>\$ 32.28</b>      | <b>\$ 32.72</b>     | <b>\$ 30.69</b>      | <b>\$ 35.08</b>     |
| <b>Rate on new leases</b>  |                      |                     |                      |                     |                      |                     |                      |                     |                      |                     |
| Office Buildings   | \$ 58.15             | \$ 55.54            | \$ 58.13             | \$ 50.05            | \$ 46.84             | \$ 44.18            | \$ 42.20             | \$ 40.38            | \$ 34.42             | \$ 32.44            |
| Retail Centers   | 23.43                | 23.21               | 37.10                | 35.64               | 30.27                | 29.81               | 27.61                | 26.58               | 41.78                | 46.62               |
| <b>Total</b>   | <b>\$ 28.94</b>      | <b>\$ 28.34</b>     | <b>\$ 51.57</b>      | <b>\$ 45.56</b>     | <b>\$ 38.49</b>      | <b>\$ 36.94</b>     | <b>\$ 37.39</b>      | <b>\$ 35.84</b>     | <b>\$ 36.10</b>      | <b>\$ 35.67</b>     |
| <b>Percentage Increase</b>                                       |                      |                     |                      |                     |                      |                     |                      |                     |                      |                     |
| Office Buildings   | 14.8 %               | 7.3 %               | 25.0 %               | 0.1 %               | 8.1 %                | 1.3 %               | 17.7 %               | 11.0 %              | 14.2 %               | 2.9 %               |
| Retail Centers   | 11.1 %               | 8.7 %               | 15.5 %               | 6.0 %               | 10.0 %               | 7.8 %               | 10.3 %               | 5.1 %               | 28.3 %               | (1.1) %             |
| <b>Total</b>   | <b>12.2 %</b>        | <b>8.3 %</b>        | <b>22.7 %</b>        | <b>1.5 %</b>        | <b>8.9 %</b>         | <b>3.8 %</b>        | <b>15.8 %</b>        | <b>9.5 %</b>        | <b>17.6 %</b>        | <b>1.7 %</b>        |
|  | <b>Total Dollars</b> | <b>\$ per Sq Ft</b> | <b>Total Dollars</b> | <b>\$ per Sq Ft</b> | <b>Total Dollars</b> | <b>\$ per Sq Ft</b> | <b>Total Dollars</b> | <b>\$ per Sq Ft</b> | <b>Total Dollars</b> | <b>\$ per Sq Ft</b> |
| <b>Tenant Improvements</b>                                       |                      |                     |                      |                     |                      |                     |                      |                     |                      |                     |
| Office Buildings   | \$ 279,990           | \$ 12.71            | \$ 9,703,224         | \$ 93.05            | \$ 1,068,629         | \$ 16.45            | \$ 2,243,523         | \$ 14.79            | \$ 153,365           | \$ 4.98             |
| Retail Centers   | 22,800               | 0.20                | 111,925              | 2.37                | 56,940               | 0.86                | —                    | —                   | —                    | —                   |
| <b>Subtotal</b>  | <b>\$ 302,790</b>    | <b>\$ 2.18</b>      | <b>\$ 9,815,149</b>  | <b>\$ 64.76</b>     | <b>\$ 1,125,569</b>  | <b>\$ 8.60</b>      | <b>\$ 2,243,523</b>  | <b>\$ 9.92</b>      | <b>\$ 153,365</b>    | <b>\$ 3.85</b>      |
| <b>Leasing Commissions <sup>(1)</sup></b>                        |                      |                     |                      |                     |                      |                     |                      |                     |                      |                     |
| Office Buildings   | \$ 196,926           | \$ 8.94             | \$ 2,981,750         | \$ 28.59            | \$ 735,713           | \$ 11.33            | \$ 780,080           | \$ 5.14             | \$ 198,223           | \$ 6.44             |
| Retail Centers   | 59,431               | 0.51                | 137,765              | 2.91                | 120,858              | 1.83                | 124,121              | 1.67                | 74,824               | 8.24                |
| <b>Subtotal</b>  | <b>\$ 256,357</b>    | <b>\$ 1.85</b>      | <b>\$ 3,119,515</b>  | <b>\$ 20.58</b>     | <b>\$ 856,571</b>    | <b>\$ 6.54</b>      | <b>\$ 904,201</b>    | <b>\$ 4.00</b>      | <b>\$ 273,047</b>    | <b>\$ 6.85</b>      |
| <b>Tenant Improvements and Leasing Commissions</b>               |                      |                     |                      |                     |                      |                     |                      |                     |                      |                     |
| Office Buildings   | \$ 476,916           | \$ 21.65            | \$ 12,684,974        | \$ 121.64           | \$ 1,804,342         | \$ 27.78            | \$ 3,023,603         | \$ 19.93            | \$ 351,588           | \$ 11.42            |
| Retail Centers   | 82,231               | 0.71                | 249,690              | 5.28                | 177,798              | 2.69                | 124,121              | 1.67                | 74,824               | 8.24                |
| <b>Total</b>   | <b>\$ 559,147</b>    | <b>\$ 4.03</b>      | <b>\$ 12,934,664</b> | <b>\$ 85.34</b>     | <b>\$ 1,982,140</b>  | <b>\$ 15.14</b>     | <b>\$ 3,147,724</b>  | <b>\$ 13.92</b>     | <b>\$ 426,412</b>    | <b>\$ 10.70</b>     |



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

June 30, 2017

| Tenant                              | Number of Buildings | Weighted Average Remaining Lease Term in Months | Percentage of Aggregate Portfolio Annualized Commercial Income | Aggregate Rentable Square Feet | Percentage of Aggregate Occupied Square Feet |
|-------------------------------------|---------------------|---|--|--------------------------------|--|
| Advisory Board Company              | 2                   | 23  | 5.74 %   | 310,668                        | 5.40 %                                       |
| World Bank                          | 1                   | 42  | 5.67 %   | 210,354                        | 3.66 %                                       |
| Atlantic Media, Inc.                | 1                   | 124   | 3.82 %   | 140,208                        | 2.44 %                                       |
| Capital One                         | 5                   | 54  | 3.00 %   | 148,742                        | 2.59 %                                       |
| Engility Corporation <sup>(1)</sup> | 1                   | 3   | 2.67 %   | 134,126                        | 2.33 %                                       |
| Blank Rome LLP                      | 1                   | 18  | 2.49 %   | 80,547                         | 1.40 %                                       |
| Booz Allen Hamilton, Inc.           | 1                   | 103   | 2.39 %   | 222,989                        | 3.88 %                                       |
| Epstein, Becker & Green, P.C.       | 1                   | 126   | 1.54 %   | 60,544                         | 1.05 %                                       |
| Hughes Hubbard & Reed LLP           | 1                   | 168   | 1.52 %   | 54,154                         | 0.94 %                                       |
| Alexandria City School Board        | 1                   | 143   | 1.27 %   | 84,693                         | 1.48 %                                       |
| <b>Total/Weighted Average</b>       |                     | 66  | <b>30.11 %</b>   | <b>1,447,025</b>               | <b>25.17 %</b>                               |

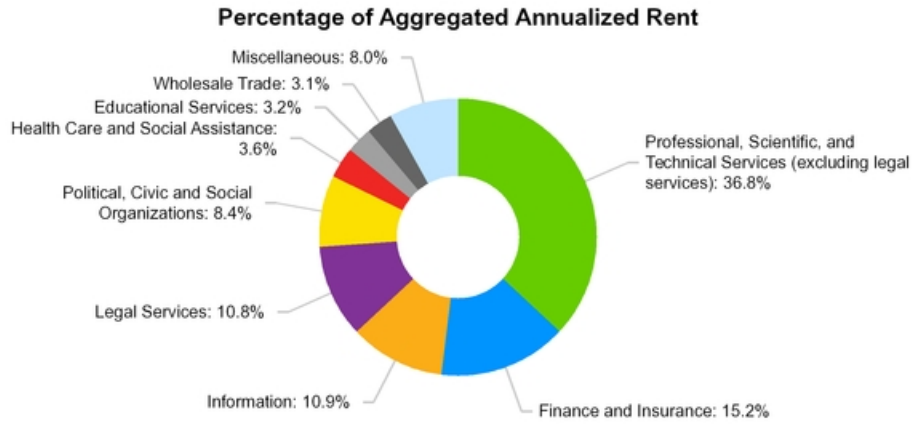
<sup>(1)</sup> We have executed a lease with a new tenant for the space currently occupied by Engility Corporation. We expect the new lease to commence in 2018.

**Industry Diversification - Office**

June 30, 2017

| Industry Classification (NAICS)   | Annualized Base Rental Revenue | Percentage of Aggregate Annualized Rent | Aggregate Rentable Square Feet | Percentage of Aggregate Square Feet |
|---|--------------------------------|---|--------------------------------|-------------------------------------|
| <b>Office:</b>  |                                |   |                                |                                     |
| Professional, Scientific, and Technical Services (excluding legal services) | \$ 54,747,294                  | 36.81%                                  | 1,511,409                      | 41.35%                              |
| Finance and Insurance   | 22,657,869                     | 15.24%                                  | 485,596                        | 13.28%                              |
| Information   | 16,217,879                     | 10.91%                                  | 340,883                        | 9.33%                               |
| Legal Services  | 16,022,299                     | 10.78%                                  | 317,829                        | 8.69%                               |
| Political, Civic and Social Organizations                                   | 12,480,740                     | 8.39%                                   | 304,929                        | 8.34%                               |
| Health Care and Social Assistance   | 5,316,718                      | 3.58%                                   | 153,448                        | 4.20%                               |
| Educational Services  | 4,704,393                      | 3.16%                                   | 144,870                        | 3.96%                               |
| Wholesale Trade   | 4,537,042                      | 3.05%                                   | 103,579                        | 2.83%                               |
| <b>Miscellaneous:</b>   |                                |   |                                |                                     |
| Administrative and Support and Waste Management and Remediation Services    | 3,141,360                      | 2.11%                                   | 71,202                         | 1.95%                               |
| Public Administration   | 2,268,763                      | 1.53%                                   | 45,928                         | 1.26%                               |
| Real Estate and Rental and Leasing  | 1,949,992                      | 1.31%                                   | 45,615                         | 1.25%                               |
| Management of Companies and Enterprises                                     | 1,736,928                      | 1.17%                                   | 43,599                         | 1.19%                               |
| Other   | 2,911,472                      | 1.96%                                   | 86,583                         | 2.37%                               |
| <b>Total</b>  | <b>\$ 148,692,749</b>          | <b>100.00%</b>                          | <b>3,655,470</b>               | <b>100.00%</b>                      |

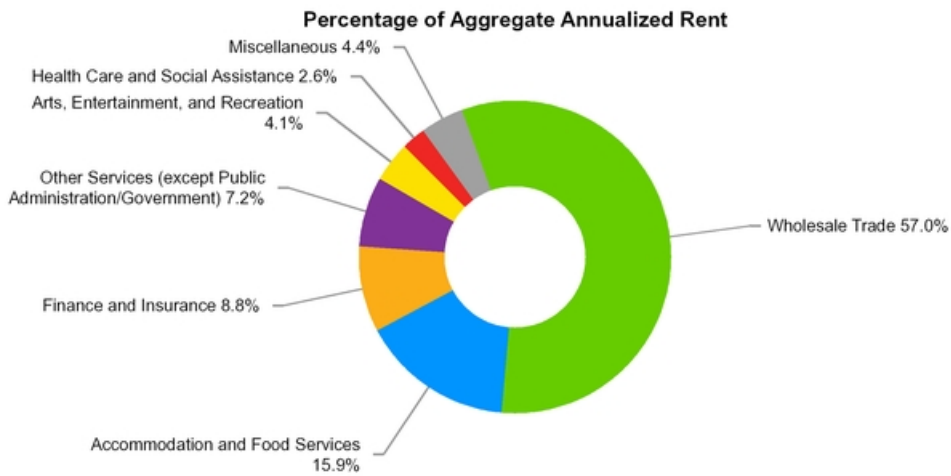
Note: Federal government tenants comprise up to 1.3% of annualized base rental revenue.



**Industry Diversification - Retail**

June 30, 2017

| Industry Classification (NAICS)                            | Annualized Base Rental Revenue | Percentage of Aggregate Annualized Rent | Aggregate Rentable Square Feet | Percentage of Aggregate Square Feet |
|--|--------------------------------|---|--------------------------------|-------------------------------------|
| <b>Retail:</b>   |                                |   |                                |                                     |
| Wholesale Trade  | \$ 27,070,276                  | 57.03%                                  | 1,443,633                      | 70.31%                              |
| Accommodation and Food Services                            | 7,560,857                      | 15.93%                                  | 228,669                        | 11.14%                              |
| Finance and Insurance                                      | 4,182,225                      | 8.81%                                   | 56,299                         | 2.74%                               |
| Other Services (except Public Administration/Government)   | 3,427,931                      | 7.22%                                   | 105,736                        | 5.15%                               |
| Arts, Entertainment, and Recreation                        | 1,965,265                      | 4.14%                                   | 115,586                        | 5.63%                               |
| Health Care and Social Assistance                          | 1,242,757                      | 2.62%                                   | 31,602                         | 1.54%                               |
| <b>Miscellaneous:</b>                                      |                                |   |                                |                                     |
| Manufacturing  | 546,986                        | 1.15%                                   | 17,547                         | 0.85%                               |
| Educational Services                                       | 427,500                        | 0.90%                                   | 25,598                         | 1.25%                               |
| Information (Broadcasting, Publishing, Telecommunications) | 358,211                        | 0.75%                                   | 8,347                          | 0.41%                               |
| Other  | 687,044                        | 1.45%                                   | 20,176                         | 0.98%                               |
| <b>Total</b>   | <b>\$ 47,469,052</b>           | <b>100.00%</b>                          | <b>2,053,193</b>               | <b>100.00%</b>                      |



**Lease Expirations**  
June 30, 2017

| Year                | Number of Leases | Rentable Square Feet | Percent of Rentable Square Feet | Annualized Rent <sup>(1)</sup> | Average Rental Rate | Percent of Annualized Rent <sup>(1)</sup> |
|---------------------|------------------|----------------------|---------------------------------|--------------------------------|---------------------|---|
| <b>Office:</b>      |                  |                      |                                 |                                |                     |   |
| 2017                | 29               | 235,087              | 6.36%                           | \$ 9,202,831                   | \$ 39.15            | 5.39%                                     |
| 2018                | 44               | 291,601              | 7.89%                           | 13,520,479                     | 46.37               | 7.92%                                     |
| 2019                | 59               | 559,935              | 15.16%                          | 24,127,195                     | 43.09               | 14.13%                                    |
| 2020                | 47               | 425,284              | 11.51%                          | 20,317,437                     | 47.77               | 11.90%                                    |
| 2021                | 58               | 432,436              | 11.71%                          | 18,487,596                     | 42.75               | 10.81%                                    |
| 2022 and thereafter | 178              | 1,749,240            | 47.37%                          | 85,136,463                     | 48.67               | 49.85%                                    |
|                     | <u>415</u>       | <u>3,693,583</u>     | <u>100.00%</u>                  | <u>\$ 170,792,001</u>          | <u>46.24</u>        | <u>100.00%</u>                            |
| <b>Retail:</b>      |                  |                      |                                 |                                |                     |   |
| 2017                | 12               | 43,240               | 2.06%                           | \$ 1,370,718                   | \$ 31.70            | 2.58%                                     |
| 2018                | 32               | 276,529              | 13.20%                          | 3,771,880                      | 13.64               | 7.09%                                     |
| 2019                | 31               | 115,387              | 5.51%                           | 3,553,413                      | 30.80               | 6.68%                                     |
| 2020                | 41               | 387,674              | 18.50%                          | 7,279,797                      | 18.78               | 13.68%                                    |
| 2021                | 23               | 218,039              | 10.41%                          | 3,891,705                      | 17.85               | 7.31%                                     |
| 2022 and thereafter | 148              | 1,054,383            | 50.32%                          | 33,340,036                     | 31.62               | 62.66%                                    |
|                     | <u>287</u>       | <u>2,095,252</u>     | <u>100.00%</u>                  | <u>\$ 53,207,549</u>           | <u>25.39</u>        | <u>100.00%</u>                            |
| <b>Total:</b>       |                  |                      |                                 |                                |                     |   |
| 2017                | 41               | 278,327              | 4.81%                           | \$ 10,573,549                  | \$ 37.99            | 4.72%                                     |
| 2018                | 76               | 568,130              | 9.81%                           | 17,292,359                     | 30.44               | 7.72%                                     |
| 2019                | 90               | 675,322              | 11.67%                          | 27,680,608                     | 40.99               | 12.36%                                    |
| 2020                | 88               | 812,958              | 14.04%                          | 27,597,234                     | 33.95               | 12.32%                                    |
| 2021                | 81               | 650,475              | 11.24%                          | 22,379,301                     | 34.40               | 9.99%                                     |
| 2022 and thereafter | 326              | 2,803,623            | 48.43%                          | 118,476,499                    | 42.26               | 52.89%                                    |
|                     | <u>702</u>       | <u>5,788,835</u>     | <u>100.00%</u>                  | <u>\$ 223,999,550</u>          | <u>38.70</u>        | <u>100.00%</u>                            |

<sup>(1)</sup> Annualized Rent is equal to the rental rate effective at lease expiration (cash basis) multiplied by 12.

**Schedule of Properties**

June 30, 2017

| <b>PROPERTIES</b>        | <b>LOCATION</b> | <b>YEAR ACQUIRED</b> | <b>YEAR CONSTRUCTED</b> | <b>NET RENTABLE SQUARE FEET</b> | <b>Leased %</b> |
|--------------------------|-----------------|----------------------|-------------------------|---------------------------------|-----------------|
| <u>Office Buildings</u>  |                 |                      |                         |                                 |                 |
| 515 King Street          | Alexandria, VA  | 1992                 | 1966                    | 75,000                          | 94 %            |
| Courthouse Square        | Alexandria, VA  | 2000                 | 1979                    | 118,000                         | 93 %            |
| Braddock Metro Center    | Alexandria, VA  | 2011                 | 1985                    | 352,000                         | 99 %            |
| 1600 Wilson Boulevard    | Arlington, VA   | 1997                 | 1973                    | 170,000                         | 100 %           |
| Fairgate at Ballston     | Arlington, VA   | 2012                 | 1988                    | 143,000                         | 93 %            |
| Monument II              | Herndon, VA     | 2007                 | 2000                    | 208,000                         | 84 %            |
| 925 Corporate Drive      | Stafford, VA    | 2010                 | 2007                    | 135,000                         | 75 %            |
| 1000 Corporate Drive     | Stafford, VA    | 2010                 | 2009                    | 137,000                         | 82 %            |
| Silverline Center        | Tysons, VA      | 1997                 | 1972/1986/1999/2014     | 545,000                         | 97 %            |
| John Marshall II         | Tysons, VA      | 2011                 | 1996/2010               | 223,000                         | 100 %           |
| 1901 Pennsylvania Avenue | Washington, DC  | 1977                 | 1960                    | 102,000                         | 82 %            |
| 1220 19th Street         | Washington, DC  | 1995                 | 1976                    | 103,000                         | 97 %            |
| 1776 G Street            | Washington, DC  | 2003                 | 1979                    | 262,000                         | 100 %           |
| 2000 M Street            | Washington, DC  | 2007                 | 1971                    | 231,000                         | 100 %           |
| 2445 M Street            | Washington, DC  | 2008                 | 1986                    | 290,000                         | 100 %           |
| 1140 Connecticut Avenue  | Washington, DC  | 2011                 | 1966                    | 184,000                         | 85 %            |
| 1227 25th Street         | Washington, DC  | 2011                 | 1988                    | 136,000                         | 99 %            |
| Army Navy Building       | Washington, DC  | 2014                 | 1912/1987               | 109,000                         | 55 %            |
| 1775 Eye Street, NW      | Washington, DC  | 2014                 | 1964                    | 187,000                         | 100 %           |
| Watergate 600            | Washington, DC  | 2017                 | 1972/1997               | 289,000                         | 99 %            |
| Subtotal                 |                 |                      |                         | <u>3,999,000</u>                | 94 %            |

**Schedule of Properties (continued)**

June 30, 2017

| <b>PROPERTIES</b>        | <b>LOCATION</b> | <b>YEAR ACQUIRED</b> | <b>YEAR CONSTRUCTED</b> | <b>NET RENTABLE SQUARE FEET</b> | <b>Leased %</b> |
|--------------------------|-----------------|----------------------|-------------------------|---------------------------------|-----------------|
| <u>Retail Centers</u>    |                 |                      |                         |                                 |                 |
| Bradlee Shopping Center  | Alexandria, VA  | 1984                 | 1955                    | 171,000                         | 100 %           |
| Shoppes of Foxchase      | Alexandria, VA  | 1994                 | 1960/2006               | 134,000                         | 100 %           |
| 800 S. Washington Street | Alexandria, VA  | 1998/2003            | 1955/1959               | 46,000                          | 93 %            |
| Concord Centre           | Springfield, VA | 1973                 | 1960                    | 76,000                          | 72 %            |
| Gateway Overlook         | Columbia, MD    | 2010                 | 2007                    | 220,000                         | 98 %            |
| Frederick County Square  | Frederick, MD   | 1995                 | 1973                    | 227,000                         | 93 %            |
| Frederick Crossing       | Frederick, MD   | 2005                 | 1999/2003               | 295,000                         | 89 %            |
| Centre at Hagerstown     | Hagerstown, MD  | 2002                 | 2000                    | 330,000                         | 86 %            |
| Olney Village Center     | Olney, MD       | 2011                 | 1979/2003               | 199,000                         | 97 %            |
| Randolph Shopping Center | Rockville, MD   | 2006                 | 1972                    | 83,000                          | 88 %            |
| Montrose Shopping Center | Rockville, MD   | 2006                 | 1970                    | 145,000                         | 98 %            |
| Takoma Park              | Takoma Park, MD | 1963                 | 1962                    | 51,000                          | 100 %           |
| Westminster              | Westminster, MD | 1972                 | 1969                    | 150,000                         | 98 %            |
| Wheaton Park             | Wheaton, MD     | 1977                 | 1967                    | 74,000                          | 93 %            |
| Chevy Chase Metro Plaza  | Washington, DC  | 1985                 | 1975                    | 50,000                          | 87 %            |
| Spring Valley Village    | Washington, DC  | 2014                 | 1941/1950               | 78,000                          | 81 %            |
| Subtotal                 |                 |                      |                         | <u>2,329,000</u>                | 93 %            |

**Schedule of Properties (continued)**

June 30, 2017

| <b>PROPERTIES</b>                      | <b>LOCATION</b>  | <b>YEAR ACQUIRED</b> | <b>YEAR CONSTRUCTED</b> | <b>NET RENTABLE SQUARE FEET <sup>(1)</sup></b> | <b>Leased %</b> |
|--|------------------|----------------------|-------------------------|--|-----------------|
| <b>Multifamily Buildings / # units</b> |                  |                      |                         |  |                 |
| Clayborne / 74                         | Alexandria, VA   | 2008                 | 2008                    | 60,000   | 96 %            |
| Riverside Apartments / 1,222           | Alexandria, VA   | 2016                 | 1971                    | 1,266,000                                      | 99 %            |
| Park Adams / 200                       | Arlington, VA    | 1969                 | 1959                    | 173,000  | 98 %            |
| Bennett Park / 224                     | Arlington, VA    | 2007                 | 2007                    | 214,000  | 98 %            |
| The Paramount / 135                    | Arlington, VA    | 2013                 | 1984                    | 141,000  | 97 %            |
| The Maxwell / 163                      | Arlington, VA    | 2014                 | 2014                    | 139,000  | 96 %            |
| The Wellington / 711                   | Arlington, VA    | 2015                 | 1960                    | 842,000  | 96 %            |
| Roosevelt Towers / 191                 | Falls Church, VA | 1965                 | 1964                    | 170,000  | 96 %            |
| The Ashby at McLean / 256              | McLean, VA       | 1996                 | 1982                    | 274,000  | 100 %           |
| Bethesda Hill Apartments / 195         | Bethesda, MD     | 1997                 | 1986                    | 225,000  | 97 %            |
| Walker House Apartments / 212          | Gaithersburg, MD | 1996                 | 1971/2003               | 157,000  | 97 %            |
| 3801 Connecticut Avenue / 307          | Washington, DC   | 1963                 | 1951                    | 178,000  | 99 %            |
| Kenmore Apartments / 374               | Washington, DC   | 2008                 | 1948                    | 268,000  | 97 %            |
| Yale West / 216                        | Washington, DC   | 2014                 | 2011                    | 238,000  | 98 %            |
| Subtotal (4,480 units)                 |                  |                      |                         | 4,345,000                                      | 98 %            |
| <b>TOTAL</b>                           |                  |                      |                         | <b>10,673,000</b>                              |                 |

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

## Supplemental Definitions

June 30, 2017

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

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

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

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

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

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

**Ending Occupancy** is calculated as occupied square footage as a percentage of total square footage as of the last day of that period. Multifamily unit basis ending occupancy is calculated as occupied units as a percentage of total units as of the last day of that period.

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

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

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

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



**Net Operating Income ("NOI")** is a non-GAAP measure defined as real estate rental revenue less real estate expenses. NOI is calculated as net income, less non-real estate revenue and the results of discontinued operations (including the gain on sale, if any), plus interest expense, depreciation and amortization, general and administrative expenses, acquisition costs, real estate impairment, casualty gains and losses, and gain or loss on extinguishment of debt. We also present NOI on a cash basis ("Cash NOI") which is calculated as NOI less the impact of straightlining of rent and amortization of market intangibles. We provide each of NOI and cash NOI as a supplement to net income calculated in accordance with GAAP. As such, neither should be considered an alternative to net income as an indication of our operating performance. They are the primary performance measures we use to assess the results of our operations at the property level.

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

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

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

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