

---

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

---

**FORM 8-K**

---

**CURRENT REPORT**

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

Date of Report (Date of earliest event reported): February 15, 2018

**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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

---

**Item 2.02 Results of Operations and Financial Condition**

**and**

**Item 7.01 Regulation FD Disclosure.**

A press release issued by the Registrant on February 15, 2018 regarding earnings for the three and twelve months ended December 31, 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	<a href="#">Press release issued February 15, 2018 regarding earnings for the three and twelve months ended December 31, 2017</a>
99.2	<a href="#">Certain supplemental information not included in the press release</a>

---

**SIGNATURES**

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

WASHINGTON REAL ESTATE INVESTMENT TRUST

\_\_\_\_\_  
(Registrant)

By: /s/ W. Drew Hammond

(Signature)

W. Drew Hammond

Vice President, Chief Accounting Officer

February 15, 2018

(Date)

**CONTACT:**

Tejal R. Engman  
Vice President, Investor Relations  
E-Mail: tengman@washreit.com

1775 Eye Street, NW, Suite 1000  
Washington, DC 20006  
Tel 202-774-3200  
Fax 301-984-9610  
www.washreit.com

**February 15, 2018****WASHINGTON REAL ESTATE INVESTMENT TRUST ANNOUNCES FOURTH QUARTER AND YEAR-END OPERATING RESULTS FOR 2017**

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 and year ended December 31, 2017:

**Full-Year and Fourth Quarter 2017 Financial Results and Highlights**

Net income attributable to controlling interests was \$19.7 million, or \$0.25 per diluted share, for the year, compared to \$119.3 million, or \$1.65 per diluted share, in 2016. Net income attributable to controlling interests was \$2.3 million, or \$0.03 per diluted share, for the fourth quarter, compared to \$5.4 million, or \$0.07 per diluted share, for the fourth quarter 2016. Additional results and highlights are reported as below:

- NAREIT Funds from Operations (FFO)<sup>(1)</sup> of \$141.0 million, or \$1.83 per diluted share, for the year, compared to \$126.0 million, or \$1.74 per diluted share, in 2016
- NAREIT FFO of \$35.4 million, or \$0.45 per diluted share, for the fourth quarter, compared to \$31.7 million, or \$0.42 per diluted share, in fourth quarter 2016
- Core FFO of \$1.82 per diluted share for the year, compared to \$1.76 per diluted share in 2016
- Core FFO of \$0.44 per diluted share for the fourth quarter, compared to \$0.43 per diluted share in fourth quarter 2016
- Same-store Net Operating Income (NOI)<sup>(2)</sup> growth of 6.0% for the year
- Same-store NOI growth of 2.3% in fourth quarter 2017 over fourth quarter 2016
- Sold Walker House Apartments in Gaithersburg, MD for \$32.2 million
- Subsequent to quarter-end:
  - Purchased Arlington Tower in Arlington, VA for \$250 million
  - Sold Braddock Metro Center in Alexandria, VA for approximately \$79 million
  - Entered into an agreement to sell 2445 M Street in Washington, DC for approximately \$100 million

"We delivered strong risk-adjusted growth in 2017 due to our research-based capital allocation to submarket and asset-specific opportunities that continue to outperform the broader DC Metro Region's real estate fundamentals," said Paul T. McDermott, President and Chief Executive Officer. "Moreover, four years of transformational asset-recycling, including the recently announced asset sales, have helped de-risk our future growth, providing more stable and structurally higher levels of cash flow and NOI while we continue to focus on creating value for our shareholders."

**Full-Year and Fourth Quarter 2017 Operational Results**

The Company's overall portfolio NOI for the fourth quarter was \$51.9 million, compared to \$48.0 million in the same period one year ago and \$53.2 million in the third quarter of 2017. The sequential decline in NOI was primarily due to the expiration of Engility Corporation's lease at Braddock Metro Center on September 30<sup>th</sup>, the sale of Walker House Apartments on October 23<sup>rd</sup> and higher weather-related seasonal expenditures in the fourth quarter.

Overall portfolio ending occupancy<sup>(5)</sup> at year-end was 91.8%, compared to 93.5% at year-end 2016, primarily due to higher retail vacancy resulting from the HHGregg bankruptcy announced in early 2017 as well as the above-mentioned

---

office lease expiration at Braddock Metro Center.

Same-store portfolio NOI increased by 6% for the full year and by 2.3% for the fourth quarter on a year-over-year basis. Same-store portfolio ending occupancy at year-end was 92.7%, compared to 94.0% at year-end 2016, primarily due to higher retail vacancy as described above.

- **Office: 50% of Total NOI** - Office properties' same-store NOI increased by 8.9% for the full year and 2.5% for the fourth quarter on a year-over-year basis. Same-store ending occupancy increased by 140 basis points year-over-year to 93.1%. Same-store ending occupancy declined by 30 basis points sequentially due to known tenant move-outs at Quantico Corporate Center. The overall office portfolio was 90.1% occupied and 95% leased at year-end.
- **Multifamily: 28% of Total NOI** - Multifamily properties' same-store NOI increased by 3.6% for the full year and 4.3% for the fourth quarter on a year-over-year basis. Same-store ending occupancy on a unit basis decreased by 100 basis points year-over-year to 94.8% as the Company focused on optimizing the portfolio's rental income growth potential. The overall multifamily portfolio achieved 220 basis points of year-over-year rental growth, with Class B average monthly rent per unit growing by 250 basis points year-over-year. The overall multifamily portfolio was 95% occupied and 96% leased, on a unit basis, at year-end.
- **Retail: 22% of Total NOI** - Retail properties' same-store NOI increased by 3.3% for the full year and 0.2% for the fourth quarter on a year-over-year basis. Same-store ending occupancy decreased by 450 basis points year-over-year to 91.2% due to the HHGregg bankruptcy-related vacancies announced in early 2017. Same-store ending occupancy declined by 230 basis points sequentially due to seasonally lower levels of specialty leasing in the fourth quarter. The retail portfolio was 94% leased at year-end.

### Full-Year and Fourth Quarter 2017 Leasing Activity

During full-year 2017, Washington REIT signed new and renewal commercial 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
Office	482,000	9.8	9.2	\$ 43.63	8.8%	\$ 62.28	\$ 18.97
Retail	278,000	6.6	1.4	29.20	16.5%	8.69	4.12
Total	760,000	8.6	7.0	38.35	10.8%	42.65	13.53

The above full-year office leasing activity reflects the 131,000 square foot, 15-year USDA lease at Braddock Metro Center, which was sold on January 19, 2018. Excluding this asset, our full-year 2017 leasing activity would have been 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
Office	366,000	7.6	6.7	\$ 49.05	19.8%	\$ 51.22	\$ 16.82
Retail	278,000	6.6	1.4	29.20	16.5%	8.69	4.12
Total	644,000	7.1	4.9	40.48	18.8%	32.92	11.31

During the fourth quarter, Washington REIT signed commercial leases totaling 93,000 square feet, including 33,000 square feet of new leases and 60,000 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	22,000	5.4	3.7	\$ 52.58	17.4 %	\$ 63.43	\$ 14.38
Retail	11,000	5.3	2.5	27.45	8.1 %	4.92	7.12
Total	33,000	5.4	3.4	44.11	15.3 %	43.69	11.93
Renewal:							
Office	49,000	4.4	0.3	\$ 34.14	(0.2)%	\$ 14.01	\$ 6.18
Retail	11,000	7.7	1.5	37.18	15.4 %	—	3.38
Total	60,000	5.0	0.6	34.67	2.4 %	11.36	5.65

Fourth quarter office tenant improvements for new leases included higher leasing costs for several unique spaces, including one build-out of below ground-level space at 1901 Pennsylvania Avenue in Washington, DC.

Fourth quarter office rental rate for renewal leases decreased due to one large tenant's lease roll down at Quantico Corporate Center. Office tenant retention in the fourth quarter was approximately 68%.

At year-end 2017, the Army Navy Building, a key leasing opportunity, was 91% leased. The Company will provide an update on other noteworthy leasing opportunities across its office and retail portfolios on its earnings call tomorrow.

#### Acquisition Activity

On January 18, 2018 Washington REIT completed the purchase of Arlington Tower, a 398,000 square foot, Class A office building located in the heart of the Rosslyn submarket in Arlington, VA, for approximately \$250 million.

#### Disposition Activity

On October 23, 2017, the Company completed the sale of Walker House Apartments, a 212-unit, mid-rise multifamily asset in Gaithersburg, MD for a contract sale price of \$32.2 million and recognized a \$23.8 million gain on the sale.

On January 19, 2018, Washington REIT completed the sale of Braddock Metro Center, a 356,000 square foot office asset in Alexandria, VA, for approximately \$79 million and recognized a \$9.1 million impairment charge in 2017 primarily related to write-offs of unamortized costs including straight-line rent and tenant incentive balances.

Subsequent to quarter-end, the Company entered into a definitive agreement to sell 2445 M Street, a 292,000 square foot office building in DC for approximately \$100 million and expects to complete this transaction in September 2018. However, there can be no assurance that this proposed sale will be consummated. The sole tenant in 2445 M Street, the Advisory Board Company, is expected to vacate on May 31, 2019. The Company recorded a \$24.1 million impairment charge in 2017 to reduce the carrying value of the asset to its estimated fair value.

## Earnings Guidance

2018 Core FFO guidance is expected to range from \$1.82 to \$1.90 per fully diluted share. The following assumptions are included in this guidance:

- Same-store NOI growth is projected to range from 2.5% to 3.5%
- Same-store office NOI growth is projected to range from 4.0% to 5.0%
- Same-store multifamily NOI growth is projected to range from 2.25% to 3.25%
- Same-store retail NOI growth is projected to range from 1.0% to 2.0% as the Company expects to backfill the former HH Gregg vacancies during the year with rent commencement in 2019
- Dispositions are projected to range from \$180 million to \$240 million including the completed sale of Braddock Metro Center and the planned sale of 2445 M Street; no acquisitions other than the purchase of Arlington Tower are included in guidance at this time
- General and administrative expense is projected to be approximately \$20.5 to \$21.5 million
- Interest expense is projected to be approximately \$51.25 to \$52.25 million
- Non same-store office NOI is projected to range between \$35.5 to \$37.0 million, including approximately \$7.5 to \$8.0 million of NOI from 2445 M Street, depending on the timing of the completion of the sale

Non same-store office properties in 2018 consist of Watergate 600 and Arlington Tower as these assets were acquired in 2017 and 2018 respectively, and 2445 M Street, which met the criteria for classification as held for sale in January 2018.

Washington REIT's 2018 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.

## 2018 Guidance Reconciliation Table

A reconciliation of projected net income attributable to the controlling interests per diluted share to projected Core FFO per diluted share for the year ending December 31, 2018 is as follows:

		Low	High
Net income attributable to the controlling interests per diluted share <sup>(a)</sup>	\$	0.33	\$ 0.41
Real estate depreciation and amortization <sup>(a)</sup>		1.49	1.49
NAREIT FFO per diluted share		1.82	1.90
Core adjustments		—	—
Core FFO per diluted share	\$	1.82	\$ 1.90

<sup>(a)</sup> Does not include any impact from future acquisitions and dispositions during the year.

## Board of Trustees Selects Paul T. McDermott to Succeed Charles T. Nason as Chairman

On February 12, 2018, the Board of Trustees of Washington REIT (the Board) selected Paul T. McDermott to become Chairman of the Board effective May 31, 2018, following the 2018 annual meeting of shareholders. Current Chairman of the Board, Charles T. Nason remarked "The Board's selection of Mr. McDermott recognizes his successful leadership of the company's strategic transformation over the past four years and demonstrates our continued confidence in his ability to drive future growth and value-creation for our shareholders." Consistent with good corporate governance and best practices, and as provided in Washington REIT's existing Corporate Governance Guidelines, the independent trustees have selected Mr. Nason to become Lead Independent Trustee of the Board effective when Mr. McDermott becomes Chairman of the Board (subject to Mr. Nason's re-election as a Trustee at the 2018 annual meeting of shareholders).

## Dividends

On January 5, 2018, Washington REIT paid a quarterly dividend of \$0.30 per share.

Washington REIT today announced its Board of Trustees has declared a quarterly dividend of \$0.30 per share to be paid on March 29, 2018 to shareholders of record on March 15, 2018.

## Conference Call Information

The Conference Call for Full Year and Fourth Quarter 2017 Earnings is scheduled for Friday, February 16, 2018 at 11:00 A.M. Eastern time. Conference Call access information is as follows:

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

The instant replay of the Conference Call will be available until March 2, 2018 at 11:59 P.M. Eastern time. Instant replay access information is as follows:

USA Toll Free Number: 877-481-4010  
International Toll Number: 919-882-2331  
Conference ID: 21302

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). Online 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 49 properties, totaling approximately 6.4 million square feet of commercial space and 4,268 multifamily units, and land held for development. These 49 properties consist of 20 office properties, 16 retail centers and 13 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's 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, including with respect to the potential sale of 2445 M Street, 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.

<sup>(2)</sup> Net Operating Income ("NOI"), defined as real estate rental revenue less real estate expenses, is a non-GAAP measure. NOI is calculated as net income, less non-real estate revenue and the results of discontinued operations (including the gain on sale, if any), plus interest expense, depreciation and amortization, general and administrative expenses, acquisition costs, 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 believe that NOI and cash NOI are useful as a performance measures because, when compared across periods, they reflect the impact on operations of trends in occupancy rates, rental rates and operating costs on an unleveraged basis, providing perspective not immediately apparent from net income. We provide each of NOI and cash NOI as a supplement to net income calculated in accordance with GAAP. Neither represents net income or income from continuing operations, in either case calculated in accordance with GAAP. As such, NOI and cash NOI should not be considered alternatives to these measures 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.

<sup>(3)</sup> For purposes of evaluating comparative operating performance, we categorize our properties as "same-store", "non-same-store" or discontinued operations. Same-store properties include properties that were owned for the entirety of the years being compared, and exclude properties under redevelopment or development and properties acquired, sold or classified as held for sale during the years being compared. We define development properties as those for which we have planned or ongoing major construction activities on existing or acquired land pursuant to an authorized development plan. We consider a property's development activities to be complete when the property is ready for its intended use. The property is categorized as same-store when it has been ready for its intended use for the entirety of the years being compared. We define redevelopment properties as those for which we have planned or ongoing significant development and construction activities on existing or acquired buildings pursuant to an authorized plan, which has an impact on current operating results, occupancy and the ability to lease space with the intended result of a higher economic return on the property. We categorize a redevelopment property as same-store when redevelopment activities have been complete for the majority of each year being compared.

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

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

---

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

	Ending Occupancy			
	Same-Store Properties December 31,		All Properties December 31,	
	2017	2016	2017	2016
Multifamily	93.6%	95.3%	94.1%	94.5%
Office	93.1%	91.7%	90.1%	91.1%
Retail	91.2%	95.7%	91.2%	95.7%
Overall Portfolio	92.7%	94.0%	91.8%	93.5%

(i) Same-store properties include properties that were owned for the entirety of the years being compared, and exclude properties under redevelopment or development and properties acquired, sold or classified as held for sale during the years being compared. We define development properties as those for which we have planned or ongoing major construction activities on existing or acquired land pursuant to an authorized development plan. We consider a property's development activities to be complete when the property is ready for its intended use. The property is categorized as same-store when it has been ready for its intended use for the entirety of the years being compared. We define redevelopment properties as those for which we have planned or ongoing significant development and construction activities on existing or acquired buildings pursuant to an authorized plan, which has an impact on current operating results, occupancy and the ability to lease space with the intended result of a higher economic return on the property. We categorize a redevelopment property as same-store when redevelopment activities have been complete for the majority of each year being compared. For Q4 2017 and Q4 2016, same-store properties exclude:

Acquisitions:

Multifamily - Riverside Apartments  
Office - Watergate 600;

Development/Redevelopment:

Office - The Army Navy Building;

Held for Sale property:

Office - Braddock Metro Center;

Sold properties:

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

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

OPERATING RESULTS	Quarter Ended December 31,		Year Ended December 31,	
	2017	2016	2017	2016
<b>Revenue</b>				
Real estate rental revenue	\$ 81,302	\$ 76,952	\$ 325,078	\$ 313,264
<b>Expenses</b>				
Real estate expenses	29,450	28,940	115,650	115,013
Depreciation and amortization	28,785	26,302	112,056	108,406
Acquisition costs	—	—	—	1,178
Real estate impairment loss and casualty (gain), net	28,152	—	33,152	(676)
General and administrative	5,868	4,527	22,580	19,545
	92,255	59,769	283,438	243,466
<b>Other operating income</b>				
Gain on sale of real estate	24,915	—	24,915	101,704
Real estate operating income	13,962	17,183	66,555	171,502
<b>Other income (expense):</b>				
Interest expense	(11,900)	(11,773)	(47,534)	(53,126)
Other income	298	92	507	297
Income tax (expense) benefit	(23)	(76)	84	615
	(11,625)	(11,757)	(46,943)	(52,214)
<b>Net income</b>	<b>2,337</b>	<b>5,426</b>	<b>19,612</b>	<b>119,288</b>
Less: Net loss attributable to noncontrolling interests in subsidiaries	—	19	56	51
<b>Net income attributable to the controlling interests</b>	<b>\$ 2,337</b>	<b>\$ 5,445</b>	<b>\$ 19,668</b>	<b>\$ 119,339</b>
<b>Net income</b>	<b>\$ 2,337</b>	<b>\$ 5,426</b>	<b>\$ 19,612</b>	<b>\$ 119,288</b>
Depreciation and amortization	28,785	26,302	112,056	108,406
Real estate impairment	28,152	—	33,152	—
Gain on sale of depreciable real estate	(23,838)	—	(23,838)	(101,704)
<b>NAREIT funds from operations<sup>(1)</sup></b>	<b>\$ 35,436</b>	<b>\$ 31,728</b>	<b>\$ 140,982</b>	<b>\$ 125,990</b>
Tenant improvements and leasing incentives	(7,788)	(4,822)	(18,182)	(18,893)
External and internal leasing commissions capitalized	(1,741)	(3,403)	(7,405)	(9,019)
Recurring capital improvements	(4,455)	(1,660)	(6,838)	(4,951)
Straight-line rents, net	(1,238)	(603)	(4,380)	(2,848)
Non-cash fair value interest expense	(221)	47	(970)	179
Non real estate depreciation & amortization of debt costs	943	873	3,537	3,545
Amortization of lease intangibles, net	436	900	2,431	3,594
Amortization and expensing of restricted share and unit compensation	1,211	737	4,772	3,398
<b>Funds available for distribution<sup>(4)</sup></b>	<b>\$ 22,583</b>	<b>\$ 23,797</b>	<b>\$ 113,947</b>	<b>\$ 100,995</b>

Per share data:		Quarter Ended December 31,		Year Ended December 31,	
		2017	2016	2017	2016
Net income attributable to the controlling interests	(Basic)	\$ 0.03	\$ 0.07	\$ 0.25	\$ 1.65
	(Diluted)	\$ 0.03	\$ 0.07	\$ 0.25	\$ 1.65
NAREIT funds from operations	(Basic)	\$ 0.45	\$ 0.42	\$ 1.83	\$ 1.74
	(Diluted)	\$ 0.45	\$ 0.42	\$ 1.83	\$ 1.74
Dividends declared		\$ 0.30	\$ 0.30	\$ 1.20	\$ 1.20
Weighted average shares outstanding - basic		78,386	74,592	76,820	72,163
Fully diluted weighted average shares outstanding		78,478	74,779	76,935	72,339

---

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

	December 31,	
	2017	2016
<b>Assets</b>		
Land	\$ 588,025	\$ 573,315
Income producing property	2,113,977	2,112,088
	<u>2,702,002</u>	<u>2,685,403</u>
Accumulated depreciation and amortization	(683,692)	(657,425)
Net income producing property	2,018,310	2,027,978
Properties under development or held for future development	54,422	40,232
Total real estate held for investment, net	<u>2,072,732</u>	<u>2,068,210</u>
Investment in real estate sold or held for sale, net	68,534	—
Cash and cash equivalents	9,847	11,305
Restricted cash	2,776	6,317
Rents and other receivables, net of allowance for doubtful accounts of \$2,426 and \$2,377 respectively	69,766	64,319
Prepaid expenses and other assets	125,087	103,468
Other assets related to properties sold or held for sale	10,684	—
Total assets	<u>\$ 2,359,426</u>	<u>\$ 2,253,619</u>
<b>Liabilities</b>		
Notes payable, net	\$ 894,358	\$ 843,084
Mortgage notes payable, net	95,141	148,540
Lines of credit	166,000	120,000
Accounts payable and other liabilities	61,565	46,967
Dividend payable	23,581	22,414
Advance rents	12,487	11,750
Tenant security deposits	9,149	8,802
Other liabilities related to properties sold or held for sale	1,809	—
Total liabilities	<u>1,264,090</u>	<u>1,201,557</u>
<b>Equity</b>		
Shareholders' equity		
Preferred shares; \$0.01 par value; 10,000 shares authorized; no shares issued or outstanding	—	—
Shares of beneficial interest, \$0.01 par value; 100,000 shares authorized; 78,510 and 74,606 shares issued and outstanding, respectively	785	746
Additional paid-in capital	1,483,980	1,368,636
Distributions in excess of net income	(399,213)	(326,047)
Accumulated other comprehensive income	9,419	7,611
Total shareholders' equity	<u>1,094,971</u>	<u>1,050,946</u>
Noncontrolling interests in subsidiaries	365	1,116
Total equity	<u>1,095,336</u>	<u>1,052,062</u>
Total liabilities and equity	<u>\$ 2,359,426</u>	<u>\$ 2,253,619</u>

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

Quarter Ended December 31, 2017	Multifamily	Office	Retail	Total
Same-store net operating income <sup>(3)</sup>	\$ 10,745	\$ 20,930	\$ 11,530	\$ 43,205
Add: Net operating income from non-same-store properties <sup>(3)</sup>	3,568	5,079	—	8,647
Total net operating income <sup>(2)</sup>	\$ 14,313	\$ 26,009	\$ 11,530	\$ 51,852
Add/(deduct):				
Other income				298
Interest expense				(11,900)
Depreciation and amortization				(28,785)
General and administrative expenses				(5,868)
Income tax expense				(23)
Gain on sale of real estate				24,915
Real estate impairment				(28,152)
Net income				2,337
Less: Net loss attributable to noncontrolling interests in subsidiaries				—
Net income attributable to the controlling interests				\$ 2,337

Quarter Ended December 31, 2016	Multifamily	Office	Retail	Total
Same-store net operating income <sup>(3)</sup>	\$ 10,300	\$ 20,420	\$ 11,502	\$ 42,222
Add: Net operating income from non-same-store properties <sup>(3)</sup>	3,374	2,416	—	5,790
Total net operating income <sup>(2)</sup>	\$ 13,674	\$ 22,836	\$ 11,502	\$ 48,012
Add/(deduct):				
Other income				92
Interest expense				(11,773)
Depreciation and amortization				(26,302)
General and administrative expenses				(4,527)
Income tax expense				(76)
Net income				5,426
Less: Net loss attributable to noncontrolling interests in subsidiaries				19
Net income attributable to the controlling interests				\$ 5,445

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

Year Ended December 31, 2017	Multifamily	Office	Retail	Total
Same-store net operating income <sup>(3)</sup>	\$ 43,000	\$ 85,686	\$ 47,204	\$ 175,890
Add: Net operating income from non-same-store properties <sup>(3)</sup>	14,610	18,928	—	33,538
Total net operating income <sup>(2)</sup>	\$ 57,610	\$ 104,614	\$ 47,204	\$ 209,428
Add/(deduct):				
Other income				507
Interest expense				(47,534)
Depreciation and amortization				(112,056)
General and administrative expenses				(22,580)
Income tax benefit				84
Real estate impairment				(33,152)
Gain on sale of real estate				24,915
Net income				19,612
Less: Net loss attributable to noncontrolling interests in subsidiaries				56
Net income attributable to the controlling interests				\$ 19,668

Year Ended December 31, 2016	Multifamily	Office	Retail	Total
Same-store net operating income <sup>(3)</sup>	\$ 41,519	\$ 78,656	\$ 45,706	\$ 165,881
Add: Net operating income from non-same-store properties <sup>(3)</sup>	9,497	22,873	—	32,370
Total net operating income <sup>(2)</sup>	\$ 51,016	\$ 101,529	\$ 45,706	\$ 198,251
Add/(deduct):				
Other income				297
Acquisition costs				(1,178)
Interest expense				(53,126)
Depreciation and amortization				(108,406)
General and administrative expenses				(19,545)
Income tax benefit				615
Gain on sale of real estate				101,704
Casualty gain				676
Net income				119,288
Less: Net loss attributable to noncontrolling interests in subsidiaries				51
Net income attributable to the controlling interests				\$ 119,339

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

	Quarter Ended December 31,		Year Ended December 31,	
	2017	2016	2017	2016
Net income	\$ 2,337	\$ 5,426	\$ 19,612	\$ 119,288
Add/(deduct):				
Real estate depreciation and amortization	28,785	26,302	112,056	108,406
Gain on sale of depreciable real estate	(23,838)	—	(23,838)	(101,704)
Real estate impairment	28,152	—	33,152	—
NAREIT funds from operations <sup>(1)</sup>	35,436	31,728	140,982	125,990
Add/(deduct):				
Casualty gain	—	—	—	(676)
Gain on sale of non-depreciable real estate, net	(1,077)	—	(1,077)	—
Severance expense	—	—	—	828
Relocation expense	—	—	—	16
Acquisition costs and structuring expense	—	118	319	1,521
Core funds from operations <sup>(1)</sup>	\$ 34,359	\$ 31,846	\$ 140,224	\$ 127,679

Per share data:		Quarter Ended December 31,		Year Ended December 31,	
		2017	2016	2017	2016
NAREIT FFO	(Basic)	\$ 0.45	\$ 0.42	\$ 1.83	\$ 1.74
	(Diluted)	\$ 0.45	\$ 0.42	\$ 1.83	\$ 1.74
Core FFO	(Basic)	\$ 0.44	\$ 0.43	\$ 1.82	\$ 1.77
	(Diluted)	\$ 0.44	\$ 0.43	\$ 1.82	\$ 1.76
Weighted average shares outstanding - basic		78,386	74,592	76,820	72,163
Fully diluted weighted average shares outstanding		78,478	74,779	76,935	72,339



**Washington Real Estate Investment Trust  
Fourth Quarter 2017**



View from Arlington Tower  
Rosslyn, VA

**Supplemental Operating and Financial Data**

Contact:  
Tejal R. Engman  
Vice President, Investor  
Relations  
E-mail: [tengman@washreit.com](mailto:tengman@washreit.com)

1775 Eye Street, NW  
Suite 1000  
Washington, DC 20006  
(202) 774-3200  
(301) 984-9610 fax

## Company Background and Highlights

### Fourth 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.

### Full Year and Fourth Quarter 2017 Financial Results and Highlights

Net income attributable to controlling interests was \$19.7 million, or \$0.25 per diluted share, for the year, compared to \$119.3 million, or \$1.65 per diluted share, in 2016. Net income attributable to controlling interests was \$2.3 million, or \$0.03 per diluted share, for the fourth quarter, compared to \$5.4 million, or \$0.07 per diluted share, for the fourth quarter 2016. Additional results and highlights are reported as below:

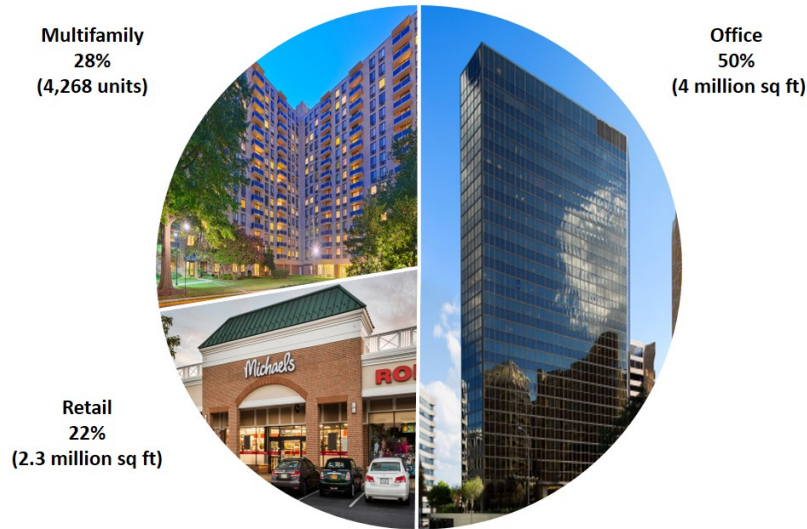
- NAREIT Funds from Operations (FFO)<sup>(1)</sup> of \$141.0 million, or \$1.83 per diluted share, for the year, compared to \$126.0 million, or \$1.74 per diluted share, in 2016
- NAREIT FFO of \$35.4 million, or \$0.45 per diluted share, for the fourth quarter, compared to \$31.7 million, or \$0.42 per diluted share, in fourth quarter 2016
- Core FFO of \$1.82 per diluted share for the year, compared to \$1.76 per diluted share in 2016
- Core FFO of \$0.44 per diluted share for the fourth quarter, compared to \$0.43 per diluted share in fourth quarter 2016
- Same-store Net Operating Income (NOI)<sup>(2)</sup> growth of 6.0% for the year
- Same-store NOI growth of 2.3% in fourth quarter 2017 over fourth quarter 2016
- Sold Walker House Apartments in Gaithersburg, MD for \$32.2 million
- Subsequent to quarter-end:
  - Purchased Arlington Tower in Arlington, VA for \$250 million
  - Sold Braddock Metro Center in Alexandria, VA for approximately \$79 million
  - Entered into an agreement to sell 2445 M Street in Washington, DC for approximately \$100 million

Of the 93,000 square feet of commercial leases signed, there were 33,000 square feet of new leases and 60,000 square feet of renewal leases. New leases had an average rental rate increase of 15.3% over expiring lease rates and a weighted average lease term of 5.4 years. Commercial tenant improvement costs were \$43.69 per square foot and leasing commissions were \$11.93 per square foot for new leases. Renewal leases had an average rental rate increase of 2.4% from expiring lease rates and a weighted average lease term of 5.0 years. Commercial tenant improvement costs were \$11.36 per square foot and leasing commissions were \$5.65 per square foot for renewal leases.

On October 23, 2017, the Company completed the sale of Walker House Apartments, 212-unit, mid-rise multifamily asset in Gaithersburg, MD for \$32.2 million dollars. On January 18, 2018 Washington REIT completed the purchase of Arlington Tower, a 398,000 square foot, Class A office building located in the heart of the Rosslyn submarket in Arlington, VA, for approximately \$250 million dollars. On January 19, 2018, Washington REIT completed the sale of Braddock Metro Center, a 356,000 square foot office asset in Alexandria, VA, for approximately \$79 million dollars. Subsequent to quarter-end, the Company entered into a definitive agreement to sell 2445 M Street, a 292,000 square foot office building in DC for approximately \$100 million and expects to complete this transaction in September 2018.

As of December 31, 2017, Washington REIT owned a diversified portfolio of 49 properties, totaling approximately 6.4 million square feet of commercial space and 4,268 multifamily units, and land held for development. These 49 properties consist of 20 office properties, 16 retail centers and 13 multifamily properties. Washington REIT shares are publicly traded on the New York Stock Exchange (NYSE:WRE)

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



Certain statements in our earnings release and on our conference call, including with respect to the potential sale of 2445 M Street, 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.

## Supplemental Financial and Operating Data

### Table of Contents December 31, 2017

Schedule	Page
<u>Key Financial Data</u>	
Consolidated Statements of Operations	<a href="#">4</a>
Consolidated Balance Sheets	<a href="#">5</a>
Funds From Operations	<a href="#">6</a>
Funds Available for Distribution	<a href="#">7</a>
Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (Adjusted EBITDA)	<a href="#">8</a>
<u>Capital Analysis</u>	
Long Term Debt Analysis	<a href="#">9</a>
Long Term Debt Maturities	<a href="#">10</a>
Debt Covenant Compliance	<a href="#">11</a>
Capital Analysis	<a href="#">12</a>
<u>Portfolio Analysis</u>	
Same-Store Portfolio Net Operating Income (NOI) Growth	<a href="#">13</a>
Same-Store Portfolio Net Operating Income (NOI) Quarter Detail	<a href="#">14- 15</a>
Same-Store Portfolio Net Operating Income (NOI) Year-to-Date Detail	<a href="#">16- 17</a>
Net Operating Income (NOI) by Region	<a href="#">18</a>
Same-Store Portfolio & Overall Ending Occupancy Levels by Sector	<a href="#">19</a>
Same-Store Portfolio & Overall Average Occupancy Levels by Sector	<a href="#">20</a>
<u>Growth and Strategy</u>	
Acquisition and Disposition Summary	<a href="#">21</a>
Development/Redevelopment Summary	<a href="#">22</a>
<u>Tenant Analysis</u>	
Multifamily Rental Rate Growth	<a href="#">23</a>
Commercial Leasing Summary- New Leases	<a href="#">24</a>
Commercial Leasing Summary- Renewal Leases	<a href="#">25</a>
10 Largest Tenants - Based on Annualized Base Rent	<a href="#">26</a>
Industry Diversification	<a href="#">27- 28</a>
Lease Expirations	<a href="#">29</a>
<u>Appendix</u>	
Schedule of Properties	<a href="#">30- 32</a>
Supplemental Definitions	<a href="#">33</a>

---

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

	Twelve Months Ended		Three Months Ended				
	12/31/2017	12/31/2016	12/31/2017	9/30/2017	6/30/2017	3/31/2017	12/31/2016
<b>OPERATING RESULTS</b>							
Real estate rental revenue	\$ 325,078	\$ 313,264	\$ 81,302	\$ 82,819	\$ 83,456	\$ 77,501	\$ 76,952
Real estate expenses	(115,650)	(115,013)	(29,450)	(29,646)	(28,691)	(27,863)	(28,940)
	209,428	198,251	51,852	53,173	54,765	49,638	48,012
Real estate depreciation and amortization	(112,056)	(108,406)	(28,785)	(27,941)	(29,261)	(26,069)	(26,302)
Income from real estate	97,372	89,845	23,067	25,232	25,504	23,569	21,710
General and administrative expenses	(22,580)	(19,545)	(5,868)	(5,327)	(5,759)	(5,626)	(4,527)
Real estate impairment (loss) and casualty gain, net	(33,152)	676	(28,152)	(5,000)	—	—	—
Acquisition costs	—	(1,178)	—	—	—	—	—
Interest expense	(47,534)	(53,126)	(11,900)	(12,176)	(12,053)	(11,405)	(11,773)
Other income	507	297	298	84	48	77	92
Gain on sale of real estate	24,915	101,704	24,915	—	—	—	—
Income tax benefit (expense)	84	615	(23)	—	107	—	(76)
Net income	19,612	119,288	2,337	2,813	7,847	6,615	5,426
Less: Net loss attributable to noncontrolling interests	56	51	—	20	17	19	19
Net income attributable to the controlling interests	\$ 19,668	\$ 119,339	\$ 2,337	\$ 2,833	\$ 7,864	\$ 6,634	\$ 5,445
<b>Per Share Data:</b>							
Net income attributable to the controlling interests	\$ 0.25	\$ 1.65	\$ 0.03	\$ 0.04	\$ 0.10	\$ 0.09	\$ 0.07
Fully diluted weighted average shares outstanding	76,935	72,339	78,478	77,423	76,830	74,966	74,779
<b>Percentage of Revenues:</b>							
Real estate expenses	35.6%	36.7%	36.2%	35.8%	34.4%	36.0%	37.6%
General and administrative expenses	6.9%	6.2%	7.2%	6.4%	6.9%	7.3%	5.9%
<b>Ratios:</b>							
Adjusted EBITDA / Interest expense	4.0x	3.4x	3.9x	4.0x	4.1x	3.9x	3.7x
Net income attributable to the controlling interest/Total real estate revenue	6.1%	38.1%	2.9%	3.4%	9.4%	8.6%	7.1%

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

	<u>12/31/2017</u>	<u>9/30/2017</u>	<u>6/30/2017</u>	<u>3/31/2017</u>	<u>12/31/2016</u>
<b>Assets</b>					
Land	\$ 588,025	\$ 615,280	\$ 616,444	\$ 573,315	\$ 573,315
Income producing property	2,113,977	2,214,864	2,201,846	2,123,807	2,112,088
	<u>2,702,002</u>	<u>2,830,144</u>	<u>2,818,290</u>	<u>2,697,122</u>	<u>2,685,403</u>
Accumulated depreciation and amortization	(683,692)	(715,228)	(691,515)	(680,231)	(657,425)
Net income producing property	2,018,310	2,114,916	2,126,775	2,016,891	2,027,978
Development in progress, including land held for development	54,422	49,065	46,154	42,914	40,232
Total real estate held for investment, net	<u>2,072,732</u>	<u>2,163,981</u>	<u>2,172,929</u>	<u>2,059,805</u>	<u>2,068,210</u>
Investment in real estate held for sale, net	68,534	7,011	6,983	—	—
Cash and cash equivalents	9,847	11,326	13,237	15,214	11,305
Restricted cash	2,776	1,442	1,506	1,430	6,317
Rents and other receivables, net of allowance for doubtful accounts	69,766	73,545	72,149	69,038	64,319
Prepaid expenses and other assets	125,087	126,589	121,005	108,622	103,468
Other assets related to properties sold or held for sale	10,684	400	303	—	—
Total assets	<u>\$ 2,359,426</u>	<u>\$ 2,384,294</u>	<u>\$ 2,388,112</u>	<u>\$ 2,254,109</u>	<u>\$ 2,253,619</u>
<b>Liabilities</b>					
Notes payable	\$ 894,358	\$ 894,103	\$ 893,763	\$ 893,424	\$ 843,084
Mortgage notes payable, net	95,141	96,045	96,934	97,814	148,540
Lines of credit/short-term note payable	166,000	189,000	228,000	123,000	120,000
Accounts payable and other liabilities	61,565	66,393	60,165	50,684	46,967
Dividend payable	23,581	—	—	—	22,414
Advance rents	12,487	10,723	11,956	11,948	11,750
Tenant security deposits	9,149	9,528	9,263	9,002	8,802
Other liabilities related to properties sold or held for sale	1,809	311	322	—	—
Total liabilities	<u>1,264,090</u>	<u>1,266,103</u>	<u>1,300,403</u>	<u>1,185,872</u>	<u>1,201,557</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	785	785	769	757	746
Additional paid-in capital	1,483,980	1,487,157	1,435,994	1,400,093	1,368,636
Distributions in excess of net income	(399,213)	(377,968)	(357,308)	(342,020)	(326,047)
Accumulated other comprehensive loss	9,419	6,848	6,857	8,346	7,611
Total shareholders' equity	<u>1,094,971</u>	<u>1,116,822</u>	<u>1,086,312</u>	<u>1,067,176</u>	<u>1,050,946</u>
Noncontrolling interests in subsidiaries	365	1,369	1,397	1,061	1,116
Total equity	<u>1,095,336</u>	<u>1,118,191</u>	<u>1,087,709</u>	<u>1,068,237</u>	<u>1,052,062</u>
Total liabilities and equity	<u>\$ 2,359,426</u>	<u>\$ 2,384,294</u>	<u>\$ 2,388,112</u>	<u>\$ 2,254,109</u>	<u>\$ 2,253,619</u>

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

	Twelve Months Ended		Three Months Ended				
	12/31/2017	12/31/2016	12/31/2017	9/30/2017	6/30/2017	3/31/2017	12/31/2016
<b>Funds from operations (FFO)<sup>(1)</sup></b>							
<b>Net income</b>	\$ 19,612	\$ 119,288	\$ 2,337	\$ 2,813	\$ 7,847	\$ 6,615	\$ 5,426
Real estate depreciation and amortization	112,056	108,406	28,785	27,941	29,261	26,069	26,302
Gain on sale of depreciable real estate	(23,838)	(101,704)	(23,838)	—	—	—	—
Real estate impairment	33,152	—	28,152	5,000	—	—	—
<b>NAREIT funds from operations (FFO)</b>	\$ 140,982	\$ 125,990	\$ 35,436	\$ 35,754	\$ 37,108	\$ 32,684	\$ 31,728
Casualty gain	—	(676)	—	—	—	—	—
Gain on sale of non depreciable real estate	(1,077)	—	(1,077)	—	—	—	—
Severance expense	—	828	—	—	—	—	—
Relocation expense	—	16	—	—	—	—	—
Acquisition and structuring expenses	319	1,521	—	—	104	215	118
<b>Core FFO<sup>(1)</sup></b>	\$ 140,224	\$ 127,679	\$ 34,359	\$ 35,754	\$ 37,212	\$ 32,899	\$ 31,846
Allocation to participating securities <sup>(2)</sup>	\$ (362)	\$ (310)	\$ (71)	\$ (107)	\$ (107)	\$ (78)	\$ (32)
FFO per share - basic	\$ 1.83	\$ 1.74	\$ 0.45	\$ 0.46	\$ 0.48	\$ 0.44	\$ 0.42
FFO per share - fully diluted	\$ 1.83	\$ 1.74	\$ 0.45	\$ 0.46	\$ 0.48	\$ 0.43	\$ 0.42
Core FFO per share - fully diluted	\$ 1.82	\$ 1.76	\$ 0.44	\$ 0.46	\$ 0.48	\$ 0.44	\$ 0.43
Common dividend declared per share	\$ 1.20	\$ 1.20	\$ 0.30	\$ 0.30	\$ 0.30	\$ 0.30	\$ 0.30
Average shares - basic	76,820	72,163	78,386	77,291	76,705	74,854	74,592
Average shares - fully diluted	76,935	72,339	78,478	77,423	76,830	74,966	74,779

<sup>(1)</sup> See "Supplemental Definitions" on page 33 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)  
(Unaudited)

	Twelve Months Ended		Three Months Ended				
	12/31/2017	12/31/2016	12/31/2017	9/30/2017	6/30/2017	3/31/2017	12/31/2016
<b>Funds available for distribution (FAD)<sup>(1)</sup></b>							
<b>NAREIT FFO</b>	\$ 140,982	\$ 125,990	\$ 35,436	\$ 35,754	\$ 37,108	\$ 32,684	\$ 31,728
Tenant improvements and incentives	(18,182)	(18,893)	(7,788)	(1,822)	(2,630)	(5,942)	(4,822)
External and internal leasing commissions	(7,405)	(9,019)	(1,741)	(1,727)	(1,414)	(2,523)	(3,403)
Recurring capital improvements	(6,838)	(4,951)	(4,455)	(1,315)	(663)	(405)	(1,660)
Straight-line rent, net	(4,380)	(2,848)	(1,238)	(1,187)	(1,106)	(849)	(603)
Non-cash fair value interest expense	(970)	179	(221)	(223)	(224)	(302)	47
Non-real estate depreciation and amortization of debt costs	3,537	3,545	943	880	815	899	873
Amortization of lease intangibles, net	2,431	3,594	436	560	585	850	900
Amortization and expensing of restricted share and unit compensation	4,772	3,398	1,211	1,245	1,186	1,130	737
<b>Funds available for distribution (FAD)</b>	<b>\$ 113,947</b>	<b>\$ 100,995</b>	<b>\$ 22,583</b>	<b>\$ 32,165</b>	<b>\$ 33,657</b>	<b>\$ 25,542</b>	<b>\$ 23,797</b>
Gain on sale of real estate, non depreciable assets	(1,077)	—	(1,077)	—	—	—	—
Non-share-based severance expense	—	407	—	—	—	—	—
Relocation expense	—	16	—	—	—	—	—
Acquisition and structuring expenses	319	1,521	—	—	104	215	118
Casualty gain	—	(676)	—	—	—	—	—
<b>Core FAD <sup>(1)</sup></b>	<b>\$ 113,189</b>	<b>\$ 102,263</b>	<b>\$ 21,506</b>	<b>\$ 32,165</b>	<b>\$ 33,761</b>	<b>\$ 25,757</b>	<b>\$ 23,915</b>

<sup>(1)</sup> See "Supplemental Definitions" on page 33 of this supplemental for the definitions of FAD and Core FAD.



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

	Twelve Months Ended		Three Months Ended				
	12/31/2017	12/31/2016	12/31/2017	9/30/2017	6/30/2017	3/31/2017	12/31/2016
<b>Adjusted EBITDA<sup>(1)</sup></b>							
Net income	\$ 19,612	\$ 119,288	\$ 2,337	\$ 2,813	\$ 7,847	\$ 6,615	\$ 5,426
Add:							
Interest expense	47,534	53,126	11,900	12,176	12,053	11,405	11,773
Real estate depreciation and amortization	112,056	108,406	28,785	27,941	29,261	26,069	26,302
Income tax (benefit) expense	(84)	(615)	23	—	(107)	—	76
Real estate impairment loss and casualty (gain), net	33,152	(676)	28,152	5,000	—	—	—
Non-real estate depreciation	657	524	243	178	120	116	119
Severance expense	—	828	—	—	—	—	—
Relocation expense	—	16	—	—	—	—	—
Acquisition and structuring expenses	319	1,521	—	—	104	215	118
Less:							
Gain on sale of real estate	(24,915)	(101,704)	(24,915)	—	—	—	—
Adjusted EBITDA	<u>\$ 188,331</u>	<u>\$ 180,714</u>	<u>\$ 46,525</u>	<u>\$ 48,108</u>	<u>\$ 49,278</u>	<u>\$ 44,420</u>	<u>\$ 43,814</u>

<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.

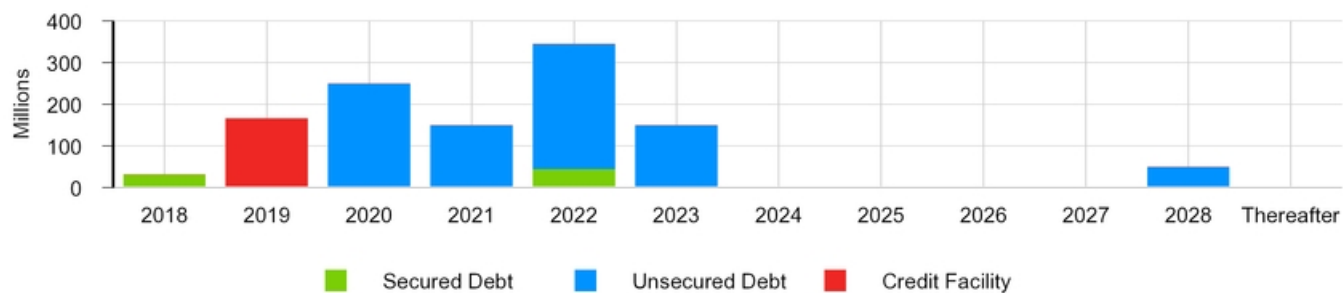
**Long Term Debt Analysis**  
(\$'s in thousands)

	<u>12/31/2017</u>	<u>9/30/2017</u>	<u>6/30/2017</u>	<u>3/31/2017</u>	<u>12/31/2016</u>
<b>Balances Outstanding</b>					
<b>Secured</b>					
Mortgage note payable, net	\$ 95,141	\$ 96,045	\$ 96,934	\$ 97,814	\$ 148,540
<b>Unsecured</b>					
Fixed rate bonds and notes	595,972	595,809	595,562	595,315	595,067
Term loans	298,386	298,294	298,201	298,109	248,017
Credit facilities	166,000	189,000	228,000	123,000	120,000
Unsecured total	<u>1,060,358</u>	<u>1,083,103</u>	<u>1,121,763</u>	<u>1,016,424</u>	<u>963,084</u>
Total	<u>\$ 1,155,499</u>	<u>\$ 1,179,148</u>	<u>\$ 1,218,697</u>	<u>\$ 1,114,238</u>	<u>\$ 1,111,624</u>
<b>Weighted Average Interest Rates</b>					
<b>Secured</b>					
Mortgage note payable, net	4.5%	4.5%	4.5%	4.5%	4.0%
<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%	2.8%	2.8%	2.6%
Credit facilities	2.5%	2.2%	2.2%	2.0%	1.6%
Unsecured total	<u>3.8%</u>	<u>3.8%</u>	<u>3.7%</u>	<u>3.8%</u>	<u>3.8%</u>
Weighted Average	<u>3.9%</u>	<u>3.8%</u>	<u>3.8%</u>	<u>3.9%</u>	<u>3.8%</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 0 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)

**Debt Maturity Schedule - Annual Expirations**



**Future Maturities of Debt**

Year	Secured Debt	Unsecured Debt	Credit Facility	Total Debt	Average Interest Rate
2018	\$ 31,674	\$ —	\$ —	\$ 31,674	5.4%
2019	—	—	166,000 <sup>(1)</sup>	166,000	2.5%
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	—	—	—	—	
2028	—	50,000	—	50,000	7.4%
Thereafter	—	—	—	—	
Scheduled principal payments	\$ 76,191	\$ 900,000	\$ 166,000	\$ 1,142,191	3.9%
Scheduled amortization payments	15,723	—	—	15,723	4.8%
Net discounts/premiums	3,385	(1,580)	—	1,805	
Loan costs, net of amortization	(158)	(4,062)	—	(4,220)	
Total maturities	<u>\$ 95,141</u>	<u>\$ 894,358</u>	<u>\$ 166,000</u>	<u>\$ 1,155,499</u>	3.9%

Weighted average maturity = 3.9 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 interest rate swaps to effectively fix a LIBOR plus 110 basis points floating interest rate at 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 December 31, 2017	Covenant	Quarter Ended December 31, 2017	Covenant
% of Total Indebtedness to Total Assets <sup>(1)</sup>	38.5%	≤ 65.0%	N/A	N/A
Ratio of Income Available for Debt Service to Annual Debt Service	4.3	≥ 1.5	N/A	N/A
% of Secured Indebtedness to Total Assets <sup>(1)</sup>	3.2%	≤ 40.0%	N/A	N/A
Ratio of Total Unencumbered Assets <sup>(2)</sup> to Total Unsecured Indebtedness	2.7	≥ 1.5	N/A	N/A
% of Net Consolidated Total Indebtedness to Consolidated Total Asset Value <sup>(3)</sup>	N/A	N/A	35.4%	≤ 60.0%
Ratio of Consolidated Adjusted EBITDA <sup>(4)</sup> to Consolidated Fixed Charges <sup>(5)</sup>	N/A	N/A	3.76	≥ 1.50
% of Consolidated Secured Indebtedness to Gross Total Asset Value <sup>(3)</sup>	N/A	N/A	2.9%	≤ 40.0%
% of Consolidated Unsecured Indebtedness to Unencumbered Pool Value <sup>(6)</sup>	N/A	N/A	34.4%	≤ 60.0%
Ratio of Unencumbered Adjusted Net Operating Income to Consolidated Unsecured Interest Expense	N/A	N/A	4.69	≥ 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)

	12/31/2017	9/30/2017	6/30/2017	3/31/2017	12/31/2016
<b>Market Data</b>					
Shares Outstanding	78,510	78,464	76,926	75,702	74,606
Market Price per Share	\$ 31.12	\$ 32.76	\$ 31.90	\$ 31.28	\$ 32.69
Equity Market Capitalization	\$ 2,443,231	\$ 2,570,481	\$ 2,453,939	\$ 2,367,959	\$ 2,438,870
Total Debt	\$ 1,155,499	\$ 1,179,148	\$ 1,218,697	\$ 1,114,238	\$ 1,111,624
Total Market Capitalization	\$ 3,598,730	\$ 3,749,629	\$ 3,672,636	\$ 3,482,197	\$ 3,550,494
Total Debt to Market Capitalization	0.32:1	0.31:1	0.33:1	0.32:1	0.31:1
Earnings to Fixed Charges <sup>(1)</sup>	1.2x	1.2x	1.6x	1.6x	1.4x
Debt Service Coverage Ratio <sup>(2)</sup>	3.7x	3.7x	3.9x	3.6x	3.4x

## Dividend Data

	Twelve Months Ended		Three Months Ended				
	12/31/2017	12/31/2016	12/31/2017	9/30/2017	6/30/2017	3/31/2017	12/31/2016
Total Dividends Declared	\$ 92,833	\$ 87,570	\$ 23,581	\$ 23,493	\$ 23,152	\$ 22,607	\$ 22,414
Common Dividend Declared per Share	\$ 1.20	\$ 1.20	\$ 0.30	\$ 0.30	\$ 0.30	\$ 0.30	\$ 0.30
Payout Ratio (Core FFO per share basis)	65.9%	68.2%	68.2%	65.2%	62.5%	68.2%	69.8%
Payout Ratio (Core FAD per share basis)	81.6%	85.1%					

<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 ratio for the three months ended December 31, 2017 include gains on the sale of real estate of \$25.0 million.

<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**  
2017 vs. 2016

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2017	2016	% Change	2017	2016	% Change
<b>Cash Basis:</b>						
Multifamily	\$ 10,753	\$ 10,407	3.3 %	\$ 43,015	\$ 41,640	3.3%
Office	20,955	20,660	1.4 %	85,910	79,573	8.0%
Retail	11,245	11,249	— %	46,156	44,421	3.9%
<b>Overall Same-Store Portfolio <sup>(1)</sup></b>	<u>\$ 42,953</u>	<u>\$ 42,316</u>	1.5 %	<u>\$ 175,081</u>	<u>\$ 165,634</u>	5.7%
<b>GAAP Basis:</b>						
Multifamily	\$ 10,745	\$ 10,300	4.3 %	\$ 43,000	\$ 41,519	3.6%
Office	20,930	20,420	2.5 %	85,686	78,656	8.9%
Retail	11,530	11,502	0.2 %	47,204	45,706	3.3%
<b>Overall Same-Store Portfolio <sup>(1)</sup></b>	<u>\$ 43,205</u>	<u>\$ 42,222</u>	2.3 %	<u>\$ 175,890</u>	<u>\$ 165,881</u>	6.0%

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

Acquisitions:

- Multifamily - Riverside Apartments
- Office - Watergate 600

Development/Redevelopment:

- Office - The Army Navy Building

Held for sale:

- Office - Braddock Metro Center

Sold properties:

- Multifamily - Walker House Apartments
- 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 December 31, 2017				
	Multifamily	Office	Retail	Corporate and Other	Total
Real estate rental revenue					
Same-store portfolio	\$ 17,495	\$ 34,158	\$ 15,569	\$ —	\$ 67,222
Non same-store - acquired and in development <sup>(1)</sup>	5,918	8,162	—	—	14,080
Total	23,413	42,320	15,569	—	81,302
Real estate expenses					
Same-store portfolio	6,750	13,228	4,039	—	24,017
Non same-store - acquired and in development <sup>(1)</sup>	2,350	3,083	—	—	5,433
Total	9,100	16,311	4,039	—	29,450
Net Operating Income (NOI)					
Same-store portfolio	10,745	20,930	11,530	—	43,205
Non same-store - acquired and in development <sup>(1)</sup>	3,568	5,079	—	—	8,647
Total	\$ 14,313	\$ 26,009	\$ 11,530	\$ —	\$ 51,852
Same-store portfolio NOI GAAP basis (from above)	\$ 10,745	\$ 20,930	\$ 11,530	\$ —	\$ 43,205
Straight-line revenue, net for same-store properties	7	(660)	(146)	—	(799)
FAS 141 Min Rent	1	27	(187)	—	(159)
Amortization of lease intangibles for same-store properties	—	658	48	—	706
Same-store portfolio NOI, cash basis	\$ 10,753	\$ 20,955	\$ 11,245	\$ —	\$ 42,953
Reconciliation of NOI to net income:					
Total NOI	\$ 14,313	\$ 26,009	\$ 11,530	\$ —	\$ 51,852
Depreciation and amortization	(7,811)	(16,953)	(3,818)	(203)	(28,785)
General and administrative expenses	—	—	—	(5,868)	(5,868)
Real estate impairment	—	—	—	(28,152)	(28,152)
Interest expense	(977)	(305)	(176)	(10,442)	(11,900)
Other income	—	—	—	298	298
Income tax expense	—	—	—	(23)	(23)
Gain on sale of real estate	—	—	—	24,915	24,915
Net Income	5,525	8,751	7,536	(19,475)	2,337
Net loss attributable to noncontrolling interests	—	—	—	—	—
Net income attributable to the controlling interests	\$ 5,525	\$ 8,751	\$ 7,536	\$ (19,475)	\$ 2,337

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

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

	Three Months Ended December 31, 2016				
	Multifamily	Office	Retail	Corporate and Other	Total
Real estate rental revenue					
Same-store portfolio	\$ 17,460	\$ 33,562	\$ 15,702	\$ —	\$ 66,724
Non same-store - acquired and in development <sup>(1)</sup>	6,057	4,171	—	—	10,228
Total	23,517	37,733	15,702	—	76,952
Real estate expenses					
Same-store portfolio	7,160	13,142	4,200	—	24,502
Non same-store - acquired and in development <sup>(1)</sup>	2,683	1,755	—	—	4,438
Total	9,843	14,897	4,200	—	28,940
Net Operating Income (NOI)					
Same-store portfolio	10,300	20,420	11,502	—	42,222
Non same-store - acquired and in development <sup>(1)</sup>	3,374	2,416	—	—	5,790
Total	\$ 13,674	\$ 22,836	\$ 11,502	\$ —	\$ 48,012
Same-store portfolio NOI GAAP basis (from above)	\$ 10,300	\$ 20,420	\$ 11,502	\$ —	\$ 42,222
Straight-line revenue, net for same-store properties	106	(596)	(70)	—	(560)
FAS 141 Min Rent	1	153	(232)	—	(78)
Amortization of lease intangibles for same-store properties	—	683	49	—	732
Same-store portfolio NOI, cash basis	\$ 10,407	\$ 20,660	\$ 11,249	\$ —	\$ 42,316
Reconciliation of NOI to net income:					
Total NOI	\$ 13,674	\$ 22,836	\$ 11,502	\$ —	\$ 48,012
Depreciation and amortization	(7,546)	(14,657)	(3,897)	(202)	(26,302)
General and administrative expense	—	—	—	(4,527)	(4,527)
Interest expense	(992)	(834)	(200)	(9,747)	(11,773)
Other income	—	—	—	92	92
Income tax expense	—	—	—	(76)	(76)
Net income	5,136	7,345	7,405	(14,460)	5,426
Net loss attributable to noncontrolling interests	—	—	—	19	19
Net income attributable to the controlling interests	\$ 5,136	\$ 7,345	\$ 7,405	\$ (14,441)	\$ 5,445

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



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

	Twelve Months Ended December 31, 2017				
	Multifamily	Office	Retail	Corporate and Other	Total
Real estate rental revenue					
Same-store portfolio	\$ 70,203	\$ 137,447	\$ 62,390	\$ —	\$ 270,040
Non same-store - acquired and in development <sup>(1)</sup>	25,047	29,991	—	—	55,038
Total	95,250	167,438	62,390	—	325,078
Real estate expenses					
Same-store portfolio	27,203	51,761	15,186	—	94,150
Non same-store - acquired and in development <sup>(1)</sup>	10,437	11,063	—	—	21,500
Total	37,640	62,824	15,186	—	115,650
Net Operating Income (NOI)					
Same-store portfolio	43,000	85,686	47,204	—	175,890
Non same-store - acquired and in development <sup>(1)</sup>	14,610	18,928	—	—	33,538
Total	\$ 57,610	\$ 104,614	\$ 47,204	\$ —	\$ 209,428
Same-store portfolio NOI GAAP basis (from above)	\$ 43,000	\$ 85,686	\$ 47,204	\$ —	\$ 175,890
Straight-line revenue, net for same-store properties	11	(2,703)	(407)	—	(3,099)
FAS 141 Min Rent	4	139	(838)	—	(695)
Amortization of lease intangibles for same-store properties	—	2,788	197	—	2,985
Same-store portfolio NOI, cash basis	\$ 43,015	\$ 85,910	\$ 46,156	\$ —	\$ 175,081
Reconciliation of NOI to net income:					
Total NOI	\$ 57,610	\$ 104,614	\$ 47,204	\$ —	\$ 209,428
Depreciation and amortization	(30,820)	(65,023)	(15,396)	(817)	(112,056)
General and administrative expenses	—	—	—	(22,580)	(22,580)
Real estate impairment	—	—	—	(33,152)	(33,152)
Interest expense	(3,916)	(1,046)	(740)	(41,832)	(47,534)
Other income	—	—	—	507	507
Gain on sale of real estate	—	—	—	24,915	24,915
Income tax benefit	—	—	—	84	84
Net Income	22,874	38,545	31,068	(72,875)	19,612
Net loss attributable to noncontrolling interests	—	—	—	56	56
Net income attributable to the controlling interests	\$ 22,874	\$ 38,545	\$ 31,068	\$ (72,819)	\$ 19,668

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

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

	Twelve Months Ended December 31, 2016				
	Multifamily	Office	Retail	Corporate and Other	Total
Real estate rental revenue					
Same-store portfolio	\$ 69,174	\$ 128,815	\$ 61,566	\$ —	\$ 259,555
Non same-store - acquired and in development <sup>(1)</sup>	16,590	37,119	—	—	53,709
Total	85,764	165,934	61,566	—	313,264
Real estate expenses					
Same-store portfolio	27,655	50,159	15,860	—	93,674
Non same-store - acquired and in development <sup>(1)</sup>	7,093	14,246	—	—	21,339
Total	34,748	64,405	15,860	—	115,013
Net Operating Income (NOI)					
Same-store portfolio	41,519	78,656	45,706	—	165,881
Non same-store - acquired and in development <sup>(1)</sup>	9,497	22,873	—	—	32,370
Total	\$ 51,016	\$ 101,529	\$ 45,706	\$ —	\$ 198,251
Same-store portfolio NOI GAAP basis (from above)	\$ 41,519	\$ 78,656	\$ 45,706	\$ —	\$ 165,881
Straight-line revenue, net for same-store properties	117	(2,191)	(508)	—	(2,582)
FAS 141 Min Rent	4	588	(974)	—	(382)
Amortization of lease intangibles for same-store properties	—	2,520	197	—	2,717
Same-store portfolio NOI, cash basis	\$ 41,640	\$ 79,573	\$ 44,421	\$ —	\$ 165,634
Reconciliation of NOI to Net Income					
Total NOI	\$ 51,016	\$ 101,529	\$ 45,706	\$ —	\$ 198,251
Depreciation and amortization	(31,501)	(61,181)	(14,797)	(927)	(108,406)
General and administrative expenses	—	—	—	(19,545)	(19,545)
Casualty gain	—	—	—	676	676
Acquisition costs	—	—	—	(1,178)	(1,178)
Interest expense	(6,040)	(7,783)	(831)	(38,472)	(53,126)
Other income	—	—	—	297	297
Gain on sale of real estate	—	—	—	101,704	101,704
Income tax benefit	—	—	—	615	615
Net income	13,475	32,565	30,078	43,170	119,288
Net loss attributable to noncontrolling interests	—	—	—	51	51
Net income attributable to the controlling interests	\$ 13,475	\$ 32,565	\$ 30,078	\$ 43,221	\$ 119,339

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

**Net Operating Income (NOI) by Region**

**Washington REIT Portfolio  
Maryland/Virginia/DC**

	<b>Percentage of Q4 2017 NOI</b>	<b>Percentage of YTD 2017 NOI</b>
<b>DC</b>		
Multifamily	5.6 %	5.6 %
Office	29.8 %	28.1 %
Retail	1.7 %	1.8 %
	<b>37.1 %</b>	<b>35.5 %</b>
<b>Maryland</b>		
Multifamily	1.6 %	2.1 %
Retail	13.5 %	13.7 %
	<b>15.1 %</b>	<b>15.8 %</b>
<b>Virginia</b>		
Multifamily	20.4 %	19.8 %
Office	20.4 %	21.9 %
Retail	7.0 %	7.0 %
	<b>47.8 %</b>	<b>48.7 %</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>				
	12/31/2017	9/30/2017	6/30/2017	3/31/2017	12/31/2016
Multifamily (calculated on a unit basis)	94.8%	94.9%	95.4%	94.6%	95.8%
Multifamily	93.6%	94.5%	95.0%	94.0%	95.3%
Office	93.1%	93.4%	93.0%	93.1%	91.7%
Retail	91.2%	93.5%	91.4%	93.8%	95.7%
<b>Overall Portfolio</b>	<b>92.7%</b>	<b>93.8%</b>	<b>93.2%</b>	<b>93.6%</b>	<b>94.0%</b>

Sector	Ending Occupancy - All Properties				
	12/31/2017	9/30/2017	6/30/2017	3/31/2017	12/31/2016
Multifamily (calculated on a unit basis)	95.0%	94.7%	95.1%	94.6%	94.7%
Multifamily	94.1%	94.5%	94.9%	94.2%	94.5%
Office	90.1%	93.2%	92.9%	92.4%	91.1%
Retail	91.2%	93.5%	91.4%	93.8%	95.7%
<b>Overall Portfolio</b>	<b>91.8%</b>	<b>93.8%</b>	<b>93.4%</b>	<b>93.5%</b>	<b>93.5%</b>

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

Acquisition:

Multifamily - Riverside Apartments

Office - Watergate 600

Development/Redevelopment:

Office - The Army Navy Building

Held for sale:

Office - Braddock Metro Center

Sold properties:

Multifamily - Walker House Apartments

Office - Dulles Station II, Maryland Office Portfolio: Transaction I (6110 Executive Boulevard, 600 Jefferson Plaza, West Gude and Wayne Plaza) and Transaction II (51 Monroe 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)," which is calculated as occupied units as a percentage of total available units as of the last day of the that period. The occupied square footage for office and retail properties includes temporary lease agreements.

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

Sector	Average Occupancy - Same-Store Properties <sup>(1) (2)</sup>				
	12/31/2017	9/30/2017	6/30/2017	3/31/2017	12/31/2016
Multifamily (calculated on a unit basis)	94.6%	95.3%	95.0%	95.1%	95.4%
Multifamily	94.7%	95.4%	95.1%	95.1%	95.3%
Office	93.1%	93.2%	93.5%	92.6%	91.5%
Retail	92.2%	93.2%	92.2%	94.1%	95.8%
<b>Overall Portfolio</b>	<b>93.3%</b>	<b>93.9%</b>	<b>93.6%</b>	<b>93.8%</b>	<b>93.9%</b>

Sector	Average Occupancy - All Properties				
	12/31/2017	9/30/2017	6/30/2017	3/31/2017	12/31/2016
Multifamily (calculated on a unit basis)	94.8%	95.3%	94.8%	94.2%	94.4%
Multifamily	94.8%	95.4%	94.9%	94.3%	94.4%
Office	89.8%	93.0%	93.2%	92.0%	90.9%
Retail	92.2%	93.2%	92.2%	94.1%	95.8%
<b>Overall Portfolio</b>	<b>92.2%</b>	<b>93.9%</b>	<b>93.6%</b>	<b>93.3%</b>	<b>93.4%</b>

(1) Non same-store properties were:

Acquisitions:

Multifamily - Riverside Apartments

Office - Watergate 600

Development/Redevelopment:

Office - The Army Navy Building

Held for sale:

Office - Braddock Metro Center

Sold properties:

Multifamily - Walker House Apartments

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

(2) Average occupancy is based on monthly occupied net rentable square footage as a percentage of total net rentable square footage, except for the rows labeled "Multifamily (calculated on a unit basis)," on which average occupancy is based on average monthly occupied units as a percentage of total units. The square footage for multifamily properties only includes residential space. The occupied square footage for office and retail properties includes temporary lease agreements.

## Acquisition and Disposition Summary

### Acquisition

	<u>Location</u>	<u>Acquisition Date</u>	<u>Property type</u>	<u>Square Feet</u>	<u>12/31/2017 Leased Percentage</u>	<u>Investment (in thousands)</u>
Watergate 600	Washington, DC	April 4, 2017	Office	293,000	100%	\$ 135,000

### Disposition

	<u>Location</u>	<u>Disposition Date</u>	<u>Property Type</u>	<u>Units</u>	<u>Contract Sales Price</u>	<u>GAAP Gain</u>
Walker House	Gaithersburg, MD	October 23, 2017	Multifamily	212	\$ 32,200	\$ 23,838

## Development/Redevelopment Summary

Property and Location	Total Rentable Square Feet or # of Units	Anticipated Total Cash Cost <sup>(1)</sup> (in thousands)	Cash Cost to Date <sup>(1)</sup> (in thousands)	Anticipated Construction Completion Date	Leased %
<b>Development</b>					
Trove (Wellington land parcel), Arlington, VA	401 units	\$ 122,252	\$ 27,897	Phase I - third quarter 2019 <sup>(2)</sup> Phase II - third quarter 2020 <sup>(2)</sup>	N/A
<b>Redevelopment</b>					
Spring Valley Village, Washington DC	14,000 additional square feet	\$ 5,593	\$ 2,604	first quarter 2018 <sup>(3)</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 deliver first units in third quarter 2020.

<sup>(3)</sup> Substantial completion of the new building at Spring Valley Village anticipated in first quarter 2018, with completion of the site work anticipated in second quarter 2018.

## Multifamily Rental Rate Growth

<b>Year over Year Rental Rate Growth</b>	<b>4th Quarter 2017</b>	<b>3rd Quarter 2017</b>	<b>2nd Quarter 2017</b>	<b>1st Quarter 2017</b>	<b>4th Quarter 2016</b>
Same-store	1.8%	2.0%	1.8%	1.3%	1.0%
Riverside	4.6%	2.5%	N/A	N/A	N/A
<b>Overall</b>	<b>2.2%</b>	<b>2.1%</b>	<b>1.8%</b>	<b>1.2%</b>	<b>0.9%</b>

<b>Average Monthly Rent per Unit</b>	<b>4th Quarter 2017</b>	<b>4th Quarter 2016</b>	<b>% Change</b>
Class A	2,297	2,269	1.2%
Class B	1,626	1,586	2.5%
<b>Overall</b>	<b>1,732</b>	<b>1,695</b>	<b>2.2%</b>

See Supplemental Definitions on page [33](#) for definition of same-store portfolio properties.



## Commercial Leasing Summary - New Leases

	4th Quarter 2017		3rd Quarter 2017		2nd Quarter 2017		1st Quarter 2017		4th Quarter 2016	
<b>Gross Leasing Square Footage</b>										
Office	21,729		45,318		192,352		36,102		39,047	
Retail	11,061		6,961		35,582		8,355		10,362	
<b>Total</b>	<b>32,790</b>		<b>52,279</b>		<b>227,934</b>		<b>44,457</b>		<b>49,409</b>	
<b>Weighted Average Term (years)</b>										
Office	5.4		8.9		11.7		8.5		4.9	
Retail	5.3		6.6		11.6		6.2		9.2	
<b>Total</b>	<b>5.4</b>		<b>8.6</b>		<b>11.7</b>		<b>8.1</b>		<b>5.8</b>	
<b>Weighted Average Free Rent Period (months)</b>										
Office Buildings	3.7		7.2		12.5		9.1		3.0	
Retail Centers	2.5		2.2		6.9		2.7		1.0	
<b>Total</b>	<b>3.4</b>		<b>6.8</b>		<b>11.6</b>		<b>8.0</b>		<b>2.5</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	\$ 44.80	\$ 47.40	\$ 51.09	\$ 52.17	\$ 36.32	\$ 38.30	\$ 32.50	\$ 33.83	\$ 40.36	\$ 42.92
Retail	25.39	25.27	30.95	31.18	21.80	21.06	37.15	35.16	38.26	38.99
<b>Total</b>	<b>\$ 38.25</b>	<b>\$ 39.94</b>	<b>\$ 48.41</b>	<b>\$ 49.37</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>Rate on new leases</b>										
Office	\$ 52.58	\$ 50.19	\$ 61.14	\$ 55.43	\$ 31.14	\$ 30.63	\$ 43.20	\$ 38.67	\$ 42.64	\$ 39.96
Retail	27.45	26.46	35.91	34.48	36.28	33.14	36.39	34.46	44.14	40.37
<b>Total</b>	<b>\$ 44.11</b>	<b>\$ 42.19</b>	<b>\$ 57.78</b>	<b>\$ 52.64</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>Percentage Increase</b>										
Office	17.4 %	5.9 %	19.7 %	6.3 %	(14.2)%	(20.0)%	33.0 %	14.3 %	5.7 %	(6.9)%
Retail	8.1 %	4.7 %	16.0 %	10.6 %	66.4 %	57.4 %	(2.1)%	(2.0)%	15.4 %	3.5 %
<b>Total</b>	<b>15.3 %</b>	<b>5.6 %</b>	<b>19.4 %</b>	<b>6.6 %</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>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	\$ 1,378,204	\$ 63.43	\$ 3,740,775	\$ 82.55	\$ 11,732,915	\$ 61.00	\$ 2,333,378	\$ 64.63	\$ 1,244,745	\$ 31.88
Retail Centers	54,410	4.92	244,213	35.08	1,923,540	54.06	60,030	7.18	307,953	29.72
<b>Subtotal</b>	<b>\$ 1,432,614</b>	<b>\$ 43.69</b>	<b>\$ 3,984,988</b>	<b>\$ 76.23</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>Leasing Commissions</b>										
Office Buildings	\$ 312,397	\$ 14.38	\$ 1,299,136	\$ 28.67	\$ 3,263,054	\$ 16.96	\$ 688,811	\$ 19.08	\$ 424,951	\$ 10.88
Retail Centers	78,751	7.12	79,597	11.43	620,605	17.44	98,930	11.84	212,162	20.48
<b>Subtotal</b>	<b>\$ 391,148</b>	<b>\$ 11.93</b>	<b>\$ 1,378,733</b>	<b>\$ 26.37</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>Tenant Improvements and Leasing Commissions</b>										
Office Buildings	\$ 1,690,601	\$ 77.81	\$ 5,039,911	\$ 111.22	\$ 14,995,969	\$ 77.96	\$ 3,022,189	\$ 83.71	\$ 1,669,696	\$ 42.76
Retail Centers	133,161	12.04	323,810	46.51	2,544,145	71.50	158,960	19.02	520,115	50.20
<b>Total</b>	<b>\$ 1,823,762</b>	<b>\$ 55.62</b>	<b>\$ 5,363,721</b>	<b>\$ 102.60</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>

## Commercial Leasing Summary - Renewal Leases

	4th Quarter 2017		3rd Quarter 2017		2nd Quarter 2017		1st Quarter 2017		4th Quarter 2016	
<b>Gross Leasing Square Footage</b>										
Office Buildings	49,090		10,531		22,026		104,283		64,956	
Retail Centers	11,481		40,780		116,740		47,279		65,934	
<b>Total</b>	<b>60,571</b>		<b>51,311</b>		<b>138,766</b>		<b>151,562</b>		<b>130,890</b>	
<b>Weighted Average Term (years)</b>										
Office Buildings	4.4		5.9		6.5		11.8		4.9	
Retail Centers	7.7		4.4		5.0		5.7		4.9	
<b>Total</b>	<b>5.0</b>		<b>4.7</b>		<b>5.3</b>		<b>9.9</b>		<b>4.9</b>	
<b>Weighted Average Free Rent Period (months)</b>										
Office Buildings	0.3		2.2		3.0		12.1		3.1	
Retail Centers	1.5		—		—		—		—	
<b>Total</b>	<b>0.6</b>		<b>0.8</b>		<b>0.9</b>		<b>9.1</b>		<b>1.8</b>	
<b>Rental Rate Increases:</b>										
	<b>GAAP</b>	<b>CASH</b>	<b>GAAP</b>	<b>CASH</b>	<b>GAAP</b>	<b>CASH</b>	<b>GAAP</b>	<b>CASH</b>	<b>GAAP</b>	<b>CASH</b>
<b>Rate on expiring leases</b>										
Office Buildings \$	34.21	\$ 37.14	\$ 47.80	\$ 48.03	\$ 50.64	\$ 51.78	\$ 46.52	\$ 50.00	\$ 43.31	\$ 43.62
Retail Centers	32.21	32.49	25.80	26.09	21.10	21.35	32.13	33.61	27.52	27.66
<b>Total</b>	<b>\$ 33.86</b>	<b>\$ 36.34</b>	<b>\$ 30.32</b>	<b>\$ 30.59</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>Rate on new leases</b>										
Office Buildings \$	34.14	\$ 32.60	\$ 56.91	\$ 55.80	\$ 58.15	\$ 55.54	\$ 58.13	\$ 50.05	\$ 46.84	\$ 44.18
Retail Centers	37.18	36.07	26.49	26.28	23.43	23.21	37.10	35.64	30.27	29.81
<b>Total</b>	<b>\$ 34.67</b>	<b>\$ 33.20</b>	<b>\$ 32.74</b>	<b>\$ 32.34</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>Percentage Increase</b>										
Office Buildings	(0.2)%	(12.2)%	19.1%	16.2%	14.8%	7.3%	25.0%	0.1%	8.1%	1.3%
Retail Centers	15.4%	11.0%	2.7%	0.7%	11.1%	8.7%	15.5%	6.0%	10.0%	7.8%
<b>Total</b>	<b>2.4%</b>	<b>(8.6)%</b>	<b>8.0%</b>	<b>5.7%</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>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 \$	687,818	\$ 14.01	\$ 126,994	\$ 12.06	\$ 279,990	\$ 12.71	\$ 9,703,224	\$ 93.05	\$ 1,068,629	\$ 16.45
Retail Centers	—	—	—	—	22,800	0.20	111,925	2.37	56,940	0.86
<b>Subtotal</b>	<b>\$ 687,818</b>	<b>\$ 11.36</b>	<b>\$ 126,994</b>	<b>\$ 2.47</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>Leasing Commissions</b>										
Office Buildings \$	303,570	\$ 6.18	\$ 89,452	\$ 8.49	\$ 196,926	\$ 8.94	\$ 2,981,750	\$ 28.59	\$ 735,713	\$ 11.33
Retail Centers	38,753	3.38	32,754	0.80	59,431	0.51	137,765	2.91	120,858	1.83
<b>Subtotal</b>	<b>\$ 342,323</b>	<b>\$ 5.65</b>	<b>\$ 122,206</b>	<b>\$ 2.38</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>Tenant Improvements and Leasing Commissions</b>										
Office Buildings \$	991,388	\$ 20.19	\$ 216,446	\$ 20.55	\$ 476,916	\$ 21.65	\$ 12,684,974	\$ 121.64	\$ 1,804,342	\$ 27.78
Retail Centers	38,753	3.38	32,754	0.80	82,231	0.71	249,690	5.28	177,798	2.69
<b>Total</b>	<b>\$ 1,030,141</b>	<b>\$ 17.01</b>	<b>\$ 249,200</b>	<b>\$ 4.85</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>

**10 Largest Tenants - Based on Annualized Commercial Income**  
 December 31, 2017

Tenant	Number of Buildings	Weighted Average Remaining Lease Term in Months	Percentage of Aggregate Portfolio Annualized Rent	Aggregate Rentable Square Feet	Percentage of Aggregate Occupied Square Feet
Advisory Board Company	2	17	5.8%	310,668	5.5%
World Bank	1	36	5.7%	210,354	3.7%
Atlantic Media, Inc.	1	118	3.9%	140,208	2.5%
Capital One	5	52	3.1%	148,742	2.6%
Booz Allen Hamilton, Inc.	1	97	2.4%	222,989	3.9%
Blank Rome LLP <sup>(1)</sup>	1	24	2.4%	67,843	1.2%
Hughes Hubbard & Reed LLP	1	162	1.7%	54,154	1.0%
Epstein, Becker & Green, P.C.	1	132	1.4%	55,318	1.0%
Alexandria City School Board	1	137	1.3%	84,693	1.5%
Ankura Consulting Group, LLC	1	44	1.1%	41,474	0.7%
<b>Total/Weighted Average</b>		67	<b>28.8%</b>	<b>1,336,443</b>	<b>23.6%</b>

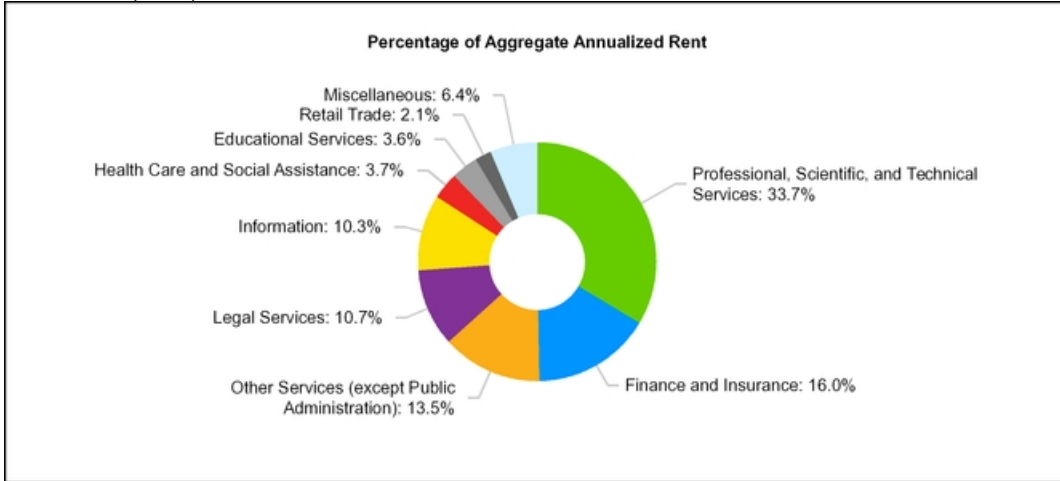
<sup>(1)</sup> The weighted average remaining lease term for Blank Rome LLP's space includes the effect of a master lease agreement, under which another tenant will assume the majority of Blank Rome LLP's space for an additional 12 months.

**Industry Diversification - Office**

December 31, 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	\$ 49,495,293	33.72%	1,412,661	39.40%
Finance and Insurance	23,512,782	16.02%	498,975	13.91%
Other Services (except Public Administration)	19,871,044	13.54%	451,687	12.59%
Legal Services	15,721,716	10.71%	310,064	8.65%
Information	15,099,310	10.29%	304,520	8.49%
Health Care and Social Assistance	5,407,879	3.68%	151,173	4.21%
Educational Services	5,271,953	3.59%	159,714	4.45%
Retail Trade	3,143,534	2.14%	63,836	1.78%
Miscellaneous:				
Public Administration	2,922,802	1.99%	66,172	1.84%
Accommodation and Food Services	1,813,729	1.24%	47,977	1.34%
Real Estate and Rental and Leasing	1,524,225	1.04%	39,567	1.10%
Construction	917,414	0.63%	25,507	0.71%
Other	2,065,688	1.41%	54,746	1.53%
<b>Total</b>	<b>\$ 146,767,369</b>	<b>100.00%</b>	<b>3,586,599</b>	<b>100.00%</b>

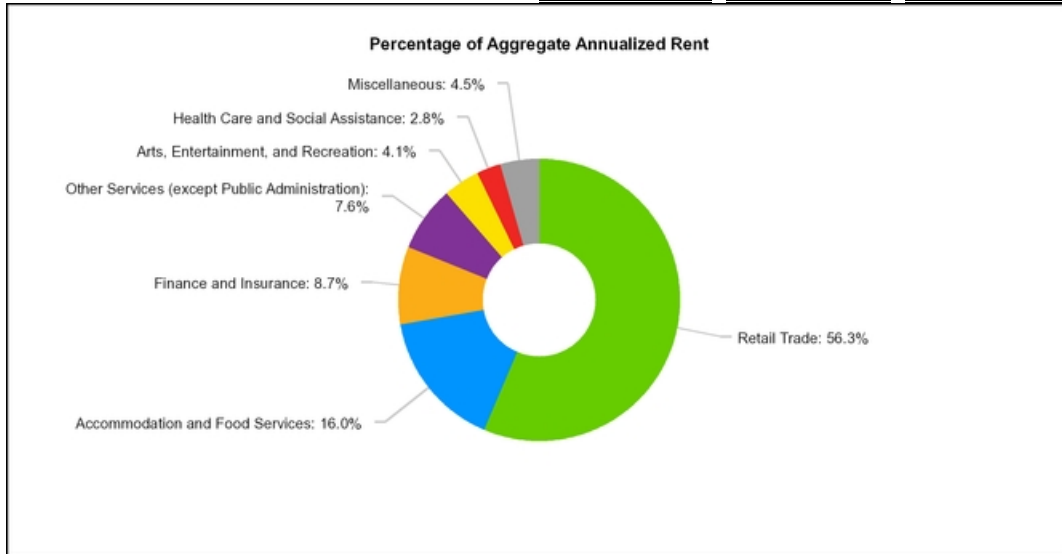
Note: Federal government tenants comprise up to 1.3% of annualized base rental revenue.



**Industry Diversification - Retail**

December 31, 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>				
Retail Trade	\$ 26,727,527	56.32%	1,425,179	69.64%
Accommodation and Food Services	7,586,971	15.99%	226,449	11.06%
Finance and Insurance	4,112,381	8.67%	53,876	2.63%
Other Services (except Public Administration)	3,588,762	7.56%	113,936	5.57%
Arts, Entertainment, and Recreation	1,938,368	4.08%	126,838	6.20%
Health Care and Social Assistance	1,307,738	2.76%	36,151	1.77%
<b>Miscellaneous:</b>				
Information	756,440	1.59%	17,047	0.83%
Wholesale Trade	463,936	0.98%	13,736	0.67%
Educational Services	295,070	0.62%	9,184	0.45%
Other	678,218	1.43%	24,239	1.18%
<b>Total</b>	<b>\$ 47,455,411</b>	<b>100.00%</b>	<b>2,046,635</b>	<b>100.00%</b>



## Lease Expirations

December 31, 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>						
2018	46	213,500	5.74%	\$ 8,508,470	\$ 39.85	4.95%
2019	62	636,587	17.11%	28,560,581	44.87	16.60%
2020	49	428,210	11.51%	20,481,933	47.83	11.91%
2021	62	444,032	11.94%	19,074,283	42.96	11.09%
2022	37	370,262	9.95%	16,758,484	45.26	9.74%
2023 and thereafter	163	1,627,580	43.75%	78,629,597	48.31	45.71%
	<u>419</u>	<u>3,720,171</u>	<u>100.00%</u>	<u>\$ 172,013,348</u>	<u>46.24</u>	<u>100.00%</u>
<b>Retail:</b>						
2018	26	236,324	11.41%	\$ 2,740,956	\$ 11.60	5.23%
2019	31	118,833	5.74%	3,664,977	30.84	6.99%
2020	40	385,014	18.59%	7,163,444	18.61	13.66%
2021	23	218,039	10.53%	3,891,705	17.85	7.42%
2022	45	298,518	14.41%	8,170,226	27.37	15.58%
2023 and thereafter	117	814,354	39.32%	26,808,399	32.92	51.12%
	<u>282</u>	<u>2,071,082</u>	<u>100.00%</u>	<u>\$ 52,439,707</u>	<u>25.32</u>	<u>100.00%</u>
<b>Total:</b>						
2018	72	449,824	7.77%	\$ 11,249,426	\$ 25.01	5.01%
2019	93	755,420	13.04%	32,225,558	42.66	14.36%
2020	89	813,224	14.04%	27,645,377	33.99	12.32%
2021	85	662,071	11.43%	22,965,988	34.69	10.23%
2022	82	668,780	11.55%	24,928,710	37.27	11.11%
2023 and thereafter	280	2,441,934	42.17%	105,437,996	43.18	46.97%
	<u>701</u>	<u>5,791,253</u>	<u>100.00%</u>	<u>\$ 224,453,055</u>	<u>38.76</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**

December 31, 2017

<u>Properties</u>	<u>Location</u>	<u>Year Acquired</u>	<u>Year Constructed</u>	<u>Net Rentable Square Feet</u>	<u>Leased % <sup>(1)</sup></u>	<u>Ending Occupancy</u>
<u>Office Buildings</u>						
515 King Street	Alexandria, VA	1992	1966	75,000	94%	94%
Courthouse Square	Alexandria, VA	2000	1979	118,000	93%	91%
Braddock Metro Center	Alexandria, VA	2011	1985	356,000	97%	60%
1600 Wilson Boulevard	Arlington, VA	1997	1973	170,000	100%	98%
Fairgate at Ballston	Arlington, VA	2012	1988	146,000	94%	92%
Monument II	Herndon, VA	2007	2000	208,000	88%	84%
925 Corporate Drive	Stafford, VA	2010	2007	135,000	68%	69%
1000 Corporate Drive	Stafford, VA	2010	2009	136,000	63%	63%
Silverline Center	Tysons, VA	1997	1972/1986/1999/2015	549,000	97%	96%
John Marshall II	Tysons, VA	2011	1996/2010	223,000	100%	100%
1901 Pennsylvania Avenue	Washington, DC	1977	1960	100,000	97%	87%
1220 19th Street	Washington, DC	1995	1976	105,000	99%	97%
1776 G Street	Washington, DC	2003	1979	264,000	100%	100%
2000 M Street	Washington, DC	2007	1971	233,000	100%	99%
2445 M Street	Washington, DC	2008	1986	292,000	100%	99%
1140 Connecticut Avenue	Washington, DC	2011	1966	184,000	92%	91%
1227 25th Street	Washington, DC	2011	1988	137,000	95%	94%
Army Navy Building	Washington, DC	2014	1912/1987	109,000	91%	79%
1775 Eye Street, NW	Washington, DC	2014	1964	188,000	100%	99%
Watergate 600	Washington, DC	2017	1972/1997	293,000	100%	98%
Subtotal				4,021,000	95%	90%

<sup>(1)</sup> The leased square footage for office and retail properties includes temporary lease agreements.

**Schedule of Properties**

December 31, 2017

<u>Properties</u>	<u>Location</u>	<u>Year Acquired</u>	<u>Year Constructed</u>	<u>Net Rentable Square Feet</u>	<u>Leased % <sup>(1)</sup></u>	<u>Ending Occupancy</u>
<u>Retail Centers</u>						
Bradlee Shopping Center	Alexandria, VA	1984	1955	172,000	96%	97%
Shoppes of Foxchase	Alexandria, VA	1994	1960/2006	134,000	98%	97%
800 S. Washington Street	Alexandria, VA	1998/2003	1955/1959	46,000	93%	93%
Concord Centre	Springfield, VA	1973	1960	75,000	77%	77%
Gateway Overlook	Columbia, MD	2010	2007	220,000	100%	98%
Frederick County Square	Frederick, MD	1995	1973	228,000	93%	93%
Frederick Crossing	Frederick, MD	2005	1999/2003	295,000	89%	89%
Centre at Hagerstown	Hagerstown, MD	2002	2000	333,000	95%	86%
Olney Village Center	Olney, MD	2011	1979/2003	198,000	99%	95%
Randolph Shopping Center	Rockville, MD	2006	1972	83,000	88%	67%
Montrose Shopping Center	Rockville, MD	2006	1970	147,000	97%	97%
Takoma Park	Takoma Park, MD	1963	1962	51,000	100%	100%
Westminster	Westminster, MD	1972	1969	150,000	98%	95%
Wheaton Park	Wheaton, MD	1977	1967	74,000	92%	92%
Chevy Chase Metro Plaza	Washington, DC	1985	1975	49,000	88%	89%
Spring Valley Village	Washington, DC	2014	1941/1950	78,000	86%	82%
Subtotal				<u>2,333,000</u>	94%	91%

(1) The leased square footage for office and retail properties includes temporary lease agreements.



**Schedule of Properties**

December 31, 2017

<u>Properties</u>	<u>Location</u>	<u>Year Acquired</u>	<u>Year Constructed</u>	<u>Net Rentable Square Feet</u>	<u>Leased % <sup>(1)</sup></u>	<u>Ending Occupancy <sup>(1)</sup></u>
<u>Multifamily Buildings / # units</u>						
Clayborne / 74	Alexandria, VA	2008	2008	60,000	93%	95%
Riverside Apartments / 1,222	Alexandria, VA	2016	1971	1,001,000	97%	96%
Park Adams / 200	Arlington, VA	1969	1959	173,000	96%	94%
Bennett Park / 224	Arlington, VA	2007	2007	215,000	96%	96%
The Paramount /135	Arlington, VA	2013	1984	141,000	95%	96%
The Maxwell / 163	Arlington, VA	2014	2014	116,000	98%	98%
The Wellington / 711	Arlington, VA	2015	1960	600,000	97%	95%
Roosevelt Towers / 191	Falls Church, VA	1965	1964	170,000	95%	94%
The Ashby at McLean / 256	McLean, VA	1996	1982	274,000	95%	96%
Bethesda Hill Apartments /195	Bethesda, MD	1997	1986	225,000	95%	95%
3801 Connecticut Avenue / 307	Washington, DC	1963	1951	178,000	97%	94%
Kenmore Apartments / 374	Washington, DC	2008	1948	268,000	95%	92%
Yale West / 216	Washington, DC	2014	2011	173,000	97%	96%
Subtotal (4,268 units)				<u>3,594,000</u>	96%	95%
<b>TOTAL</b>				<b><u>9,948,000</u></b>		

(1) Leased percentage and ending occupancy calculations are based on units for multifamily buildings.

## Supplemental Definitions

December 31, 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.

**Average occupancy** is based on monthly occupied net rentable square footage as a percentage of total net rentable square footage, except for the rows labeled "Multifamily (calculated on a unit basis)," on which average occupancy is based on average monthly occupied units as a percentage of total units. The square footage for multifamily properties only includes residential space. The occupied square footage for office and retail properties includes temporary lease agreements.

**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.

**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. Our FFO may not be comparable to FFO reported by other real estate investment trusts. These other REITs may not define the term in accordance with the current NAREIT definition or may interpret the current NAREIT definition differently. 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 properties that were owned for the entirety of the years being compared, and exclude properties under redevelopment or development and properties acquired, sold or classified as held for sale during the years being compared. We define development properties as those for which we have planned or ongoing major construction activities on existing or acquired land pursuant to an authorized development plan. We consider a property's development activities to be complete when the property is ready for its intended use. The property is categorized as same-store when it has been ready for its intended use for the entirety of the years being compared. We define redevelopment properties as those for which have planned or ongoing significant development and construction activities on existing or acquired buildings pursuant to an authorized plan, which has an impact on current operating results, occupancy and the ability to lease space with the intended result of a higher economic return on the property. We categorize a redevelopment property as same-store when redevelopment activities have been complete for the majority of each year being compared.

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