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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): July 26, 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 July 26, 2018 regarding earnings for the three and six months ended June 30, 2018, is attached as Exhibit 99.1. Also, certain supplemental information not included in the press release is attached as Exhibit 99.2. This information is being furnished pursuant to Item 7.01 and Item 2.02 of Form 8-K. This information is not deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934 and is not incorporated by reference into any Securities Act registration statements.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
99.1	Press release issued July 26, 2018 regarding earnings for the three and six months ended June 30, 2018
99.2	Certain supplemental information not included in the press release

SIGNATURES

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

WASHINGTON REAL ESTATE INVESTMENT TRUST

(Registrant)

By: /s/ W. Drew Hammond

(Signature)

W. Drew Hammond

Vice President, Chief Accounting Officer

July 26, 2018

(Date)

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July 26, 2018**WASHINGTON REAL ESTATE INVESTMENT TRUST ANNOUNCES SECOND QUARTER FINANCIAL AND OPERATING RESULTS AND QUARTERLY DIVIDEND**

Washington Real Estate Investment Trust ("Washington REIT" or the "Company") (NYSE: WRE), a leading owner and operator of commercial and multifamily properties in the Washington, DC area, reported financial and operating results today for the quarter ended June 30, 2018:

Second Quarter 2018 Highlights

Net income attributable to controlling interests was \$10.8 million, or \$0.13 per diluted share, compared to \$7.9 million, or \$0.10 per diluted share in the second quarter of 2017 primarily due to the recognition of a gain related to the sale of 2445 M Street. NAREIT Funds from Operations (FFO) was \$38.1 million, or \$0.48 per diluted share, compared to \$37.1 million, or \$0.48 per diluted share, in the second quarter of 2017. Additional highlights are as below:

Operations:

- Reported Core FFO⁽¹⁾ of \$0.48 per diluted share, compared to \$0.46 per diluted share in first quarter 2018
- Grew same-store⁽²⁾ Net Operating Income (NOI)⁽³⁾ by 2.1% and cash NOI⁽³⁾ by 2.4% over second quarter 2017
- Grew same-store office NOI by 3.6% and cash NOI by 4.1% over second quarter 2017
- Increased same-store office average occupancy by 100 basis points over second quarter 2017 to 92.5%
- Increased same-store office ending occupancy by 170 basis points over second quarter 2017 to 92.7%

Investment Activity and Balance Sheet:

- Completed the sale of 2445 M Street in Washington, DC for \$101.6 million, having successfully advanced the timing of the sale from September to June 2018 to accelerate the continued strengthening of the Company's balance sheet
- Ended the quarter with a net debt to adjusted EBITDA ratio of 6.06x on an annualized basis and 6.43x on a trailing twelve month basis

2018 Guidance and Assumptions:

- Maintained the mid-point of 2018 Core FFO guidance and tightened the range by \$0.02 per fully diluted share to \$1.83 to \$1.89 from \$1.82 to \$1.90 per fully diluted share
- Raised full-year multifamily same-store NOI growth assumptions for the second time this year to a range of 3.25% to 4.0% from a range of 2.5% to 3.5%
- Lowered full-year retail same-store NOI growth assumptions to a range of 0.25% to 1.0% from a range of 1.0% to 2.0% due to some lease commencement delays

"We delivered a stable second quarter with Core FFO per diluted share exceeding our expectations due to better-than-expected office and multifamily same-store NOI growth," said Paul T. McDermott, President, Chief Executive Officer and Chairman of the Board. "Looking ahead, with only approximately 2% of our commercial rentable square feet expiring in the rest of 2018, we are focused on our 2019 lease expirations and look forward to converting our growing pipeline of office and retail leasing activity into signed leases over the coming quarters."

Operating Results

Overall portfolio:

The Company's overall portfolio NOI was \$57.1 million for the quarter ended June 30, 2018, compared to \$54.8 million in the corresponding prior year period due to same-store office and multifamily NOI growth and the acquisitions of Watergate 600 and Arlington Tower more than offsetting the sales of Walker House, Braddock Metro Center and 2445 M Street.

Same-store portfolio:

Same-store portfolio NOI for the second quarter increased by 2.1%, compared to the corresponding prior year period, primarily due to average occupancy gains in the office same-store portfolio and rental rate growth in the multifamily same-store portfolio.

Same-store portfolio by sector:

- **Office: 44% of Same-Store NOI** - Same-store NOI increased by 3.6% compared to the corresponding prior year period primarily due to 100 basis points of average occupancy gains driven by new lease commencements across multiple assets within the office portfolio. As a result, same-store office revenue growth more than offset lower lease termination fee income and higher operating expenses than in the second quarter of 2017. The same-store office portfolio was 92.7% occupied and 93.9% leased at quarter end.
- **Multifamily: 31% of Same-Store NOI** - Same-store NOI increased by 1.8% compared to the corresponding prior year period, primarily driven by rental rate growth and a 10 basis point increase in average occupancy. Rental rates grew 210 basis points in the second quarter of 2018. Same-store effective new lease rent trade-outs increased by 3.8% and same-store effective renewal rent trade-outs increased by 4.2% during the quarter. The same-store multifamily portfolio was 95.2% occupied on a unit basis and 98.2% leased at quarter end.
- **Retail: 25% of Same-Store NOI** - Same-store NOI was flat compared to the corresponding prior year period as higher rental income and lease termination fees as well as lower provisions for bad debt offset 110 basis points of year-over-year average occupancy declines that were largely driven by movements in temporary specialty leasing agreements. The same-store retail portfolio was 91.1% occupied and 91.7% leased at quarter end.

Leasing Activity

During the second quarter, Washington REIT signed commercial leases totaling 229,000 square feet, including 28,000 square feet of new leases and 201,000 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	20,000	8.9	9.0	\$ 37.78	3.8%	\$ 62.67	\$ 18.12
Retail	8,000	9.9	0.9	33.34	7.0%	9.57	12.02
Total	28,000	9.2	7.0	36.53	4.6%	47.80	16.41
Renewal:							
Office	10,000	5.4	2.5	\$ 43.44	1.8%	\$ 45.72	\$ 10.08
Retail	191,000	4.9	—	9.74	1.8%	0.05	0.22
Total	201,000	4.9	0.5	11.51	1.8%	2.46	0.74

Commercial New Leases:

- Tenant improvements of \$7.04 per foot per year of term are the lowest achieved for new office leasing in the last four quarters.

- With only 2.19% of its rentable commercial square feet left to expire in 2018, Washington REIT remains focused on leasing its 2019 lease expirations and expects leasing volumes to be uneven as it delivers on key future leasing opportunities. The Company will provide an update on these opportunities during its conference call.

Commercial Renewal Leases:

- The tenant retention rates for the first two quarters of 2018 for the office and retail portfolios were approximately 64% and 100% respectively.
- The majority of the Company's retail renewals in the second quarter were driven by tenants exercising early renewal options.
- Retail renewal rates were impacted by the early renewal of approximately 150,000 square feet of leases that exercised legacy renewal options at broadly flat rental rates.

Disposition Activity

On June 28, 2018, Washington REIT completed the sale of 2445 M Street, a 292,000 square foot office building in DC for \$101.6 million and recognized a \$2.5 million gain related to this sale.

Earnings Guidance

Management is maintaining the mid-point of its 2018 Core FFO guidance and is tightening the range by \$0.02 per fully diluted share to \$1.83 to \$1.89 from \$1.82 to \$1.90 per fully diluted share. The mid-point of the guidance range has been maintained although 2445 M Street is contributing approximately \$0.02 per share less as it was sold a quarter earlier than assumed in the original guidance. The following GAAP assumptions underpin 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 raised for the second time this year and is projected to range from 3.25% to 4.0%, up from the previous range of 2.5% to 3.5%
- Same-store retail NOI growth has been lowered to a range of 0.25% to 1.0% from a range of 1.0% to 2.0% as some leases are now expected to commence in 2019 rather than 2018. As previously communicated, the Company expects to sign leases for the former hhgregg vacancies during this year with lease commencement expected in 2019
- Dispositions are projected to range from \$180 million to \$240 million including the completed sales of Braddock Metro Center and 2445 M Street. No acquisitions other than the purchase of Arlington Tower are included in guidance
- General and administrative expense is projected to be approximately \$20.75 to \$21.5 million
- Interest expense is projected to be approximately \$51.25 to \$52.0 million
- Non same-store office NOI is projected to range between \$35.5 to \$36.5 million, increased from \$34.5 to \$36.0 million previously

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

Washington REIT's 2018 Core FFO guidance is based on a number of factors, many of which are outside the Company's control and all of which are subject to change. Washington REIT may change the guidance provided 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 ^(a)	\$	0.31	\$ 0.37
Gain on sale of depreciable real estate ^(a)		(0.03)	(0.03)
Real estate impairment		0.02	0.02
Real estate depreciation and amortization ^(a)		1.52	1.52
NAREIT FFO per diluted share		1.82	1.88
Core adjustments		0.01	0.01
Core FFO per diluted share	\$	1.83	\$ 1.89

^(a) Does not include any impact from future acquisitions and dispositions during the year.

Dividends

On June 29, 2018, Washington REIT paid a quarterly dividend of \$0.30 per share.

Washington REIT announced today that its Board of Trustees has declared a quarterly dividend of \$0.30 per share to be paid on September 28, 2018 to shareholders of record on September 14, 2018.

Conference Call Information

The Conference Call for Second Quarter Earnings is scheduled for Friday, July 27, 2018 at 11:00 A.M. Eastern Time. Conference Call access information is as follows:

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

The instant replay of the Conference Call will be available until Friday, August 10, 2018 at 11:59 P.M. Eastern Time. Instant replay access information is as follows:

USA Toll Free Number: 1-877-481-4010
International Toll Number: 1-919-882-2331
Conference ID: 21306

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. Online playback of the webcast will be available for two weeks following the Conference Call.

About Washington REIT

Washington REIT owns and operates uniquely positioned real estate assets in the Washington D.C. market. The Company's portfolio of 48 properties consists of approximately 6.1 million square feet of commercial space and 4,268 multifamily apartment units. These 48 properties consist of 19 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 website at www.washreit.com or by contacting Investor Relations at (202) 774-3200.

Certain statements in our earnings release and on our conference call are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements in this earnings release preceded by, followed by or that include the words "believe," "expect," "intend," "anticipate," "potential," "project," "will" and other similar expressions. Such statements involve known and unknown risks, uncertainties, and other factors that may cause actual results to differ materially. Such risks, uncertainties and other factors include, but

are not limited to, 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 2017 Form 10-K and subsequent Quarterly Reports on Form 10-Q. We assume no obligation to update or supplement forward-looking statements that become untrue because of subsequent events.

⁽¹⁾ Funds From Operations ("FFO") - NAREIT FFO is a widely used measure of operating performance for real estate companies. We provide NAREIT FFO as a supplemental measure to net income calculated in accordance with GAAP. Although NAREIT FFO is a widely used measure of operating performance for REITs, NAREIT FFO does not represent net income calculated in accordance with GAAP. As such, it should not be considered an alternative to net income as an indication of our operating performance. In addition, NAREIT FFO does not represent cash generated from operating activities in accordance with GAAP, nor does it represent cash available to pay distributions and should not be considered as an alternative to cash flow from operating activities, determined in accordance with GAAP, as a measure of our liquidity. In its April, 2002 White Paper, the National Association of Real Estate Investment Trusts, Inc. ("NAREIT") defines NAREIT FFO as net income (computed in accordance with GAAP) excluding gains (or losses) associated with sales of properties, impairments of depreciable real estate, and real estate depreciation and amortization. We consider NAREIT FFO to be a standard supplemental measure for REITs because it facilitates an understanding of the operating performance of our properties without giving effect to real estate depreciation and amortization, which historically assumes that the value of real estate assets diminishes predictably over time. Since real estate values have instead historically risen or fallen with market conditions, we believe that NAREIT FFO more accurately provides investors an indication of our ability to incur and service debt, make capital expenditures and fund other needs. Our NAREIT FFO may not be comparable to FFO reported by other REITs. These other REITs may not define the term in accordance with the current NAREIT definition or may interpret the current NAREIT definition differently.

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

⁽²⁾ 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.

⁽³⁾ 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 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. NOI [and cash NOI] excludes certain components from net income in order to provide results more closely related to a property's results of operations. For example, interest expense is not necessarily linked to the operating performance of a real estate asset. In addition, depreciation and amortization, because of historical cost accounting and useful life estimates, may distort operating performance at the property level. As a result of the foregoing, we provide 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.

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

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

⁽⁶⁾ 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.

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

Segment	Ending Occupancy			
	Same-Store Properties		All Properties	
	2nd QTR 2018	2nd QTR 2017	2nd QTR 2018	2nd QTR 2017
Multifamily (calculated on a unit basis)	95.2%	95.1%	95.2%	95.1%
Multifamily	95.2%	94.9%	95.2%	94.9%
Office	92.7%	91.0%	93.1%	92.9%
Retail	91.1%	91.4%	91.1%	91.4%
Overall Portfolio	93.3%	92.7%	93.4%	93.4%

⁽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 Q2 2018 and Q2 2017, same-store properties exclude:

Acquisitions:

Office - Arlington Tower and Watergate 600

Sold properties:

Multifamily - Walker House

Office - Braddock Metro Center and 2445 M Street

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

OPERATING RESULTS	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Revenue				
Real estate rental revenue	\$ 86,606	\$ 83,456	\$ 171,487	\$ 160,957
Expenses				
Real estate expenses	29,503	28,691	59,404	56,554
Depreciation and amortization	29,878	29,261	59,847	55,330
General and administrative	5,649	5,759	11,470	11,385
Real estate impairment	—	—	1,886	—
	<u>65,030</u>	<u>63,711</u>	<u>132,607</u>	<u>123,269</u>
Other operating income				
Gain on sale of real estate	2,495	—	2,495	—
Real estate operating income	<u>24,071</u>	<u>19,745</u>	<u>41,375</u>	<u>37,688</u>
Other income (expense):				
Interest expense	(13,321)	(12,053)	(26,148)	(23,458)
Loss on extinguishment of debt	—	—	(1,178)	—
Other income	—	48	—	125
Income tax benefit	—	107	—	107
	<u>(13,321)</u>	<u>(11,898)</u>	<u>(27,326)</u>	<u>(23,226)</u>
Net income	10,750	7,847	14,049	14,462
Less: Net loss attributable to noncontrolling interests in subsidiaries	—	17	—	36
Net income attributable to the controlling interests	<u>\$ 10,750</u>	<u>\$ 7,864</u>	<u>\$ 14,049</u>	<u>\$ 14,498</u>
Net income	10,750	7,847	14,049	14,462
Depreciation and amortization	29,878	29,261	59,847	55,330
Real estate impairment	—	—	1,886	—
Gain on sale of depreciable real estate	(2,495)	—	(2,495)	—
NAREIT funds from operations ⁽¹⁾	<u>\$ 38,133</u>	<u>\$ 37,108</u>	<u>\$ 73,287</u>	<u>\$ 69,792</u>
Non-cash loss on extinguishment of debt	—	—	1,178	—
Tenant improvements and incentives	(2,330)	(2,630)	(6,997)	(8,572)
External and internal leasing commissions capitalized	(896)	(1,414)	(1,343)	(3,937)
Recurring capital improvements	(469)	(663)	(1,092)	(1,068)
Straight-line rents, net	(1,123)	(1,106)	(2,326)	(1,955)
Non-cash fair value interest expense	(217)	(224)	(436)	(526)
Non real estate depreciation & amortization of debt costs	945	815	1,901	1,714
Amortization of lease intangibles, net	420	585	1,040	1,435
Amortization and expensing of restricted share and unit compensation	1,830	1,186	3,370	2,316
Funds available for distribution ⁽⁴⁾	<u>\$ 36,293</u>	<u>\$ 33,657</u>	<u>\$ 68,582</u>	<u>\$ 59,199</u>

Per share data:		Three Months Ended June 30,		Six Months Ended June 30,	
		2018	2017	2018	2017
Net income attributable to the controlling interests	(Basic)	\$ 0.14	\$ 0.10	\$ 0.18	\$ 0.19
	(Diluted)	\$ 0.13	\$ 0.10	\$ 0.18	\$ 0.19
NAREIT funds from operations	(Basic)	\$ 0.48	\$ 0.48	\$ 0.93	\$ 0.92
	(Diluted)	\$ 0.48	\$ 0.48	\$ 0.93	\$ 0.92
Dividends paid		\$ 0.30	\$ 0.30	\$ 0.60	\$ 0.60
Weighted average shares outstanding - basic		78,520	76,705	78,501	75,785
Weighted average shares outstanding - diluted		78,616	76,830	78,582	75,903

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

	June 30, 2018 (unaudited)	December 31, 2017
Assets		
Land	\$ 614,659	\$ 588,025
Income producing property	2,220,819	2,113,977
	2,835,478	2,702,002
Accumulated depreciation and amortization	(722,423)	(683,692)
Net income producing property	2,113,055	2,018,310
Properties under development or held for future development	71,522	54,422
Total real estate held for investment, net	2,184,577	2,072,732
Investment in real estate held for sale, net	—	68,534
Cash and cash equivalents	5,952	9,847
Restricted cash	2,301	2,776
Rents and other receivables, net of allowance for doubtful accounts of \$2,692 and \$2,426, respectively	73,650	69,766
Prepaid expenses and other assets	142,648	125,087
Other assets related to properties sold or held for sale	—	10,684
Total assets	<u>\$ 2,409,128</u>	<u>\$ 2,359,426</u>
Liabilities		
Notes payable	\$ 994,778	\$ 894,358
Mortgage notes payable	93,071	95,141
Lines of credit	169,000	166,000
Accounts payable and other liabilities	57,983	61,565
Dividend payable	—	23,581
Advance rents	12,020	12,487
Tenant security deposits	9,643	9,149
Liabilities related to properties sold or held for sale	—	1,809
Total liabilities	<u>1,336,495</u>	<u>1,264,090</u>
Equity		
Shareholders' equity		
Preferred shares; \$0.01 par value; 10,000 shares authorized; no shares issued and outstanding	—	—
Shares of beneficial interest, \$0.01 par value; 100,000 shares authorized; 78,661 and 78,510 shares issued and outstanding, respectively	787	785
Additional paid-in capital	1,488,366	1,483,980
Distributions in excess of net income	(432,585)	(399,213)
Accumulated other comprehensive loss	15,707	9,419
Total shareholders' equity	<u>1,072,275</u>	<u>1,094,971</u>
Noncontrolling interests in subsidiaries	358	365
Total equity	<u>1,072,633</u>	<u>1,095,336</u>
Total liabilities and equity	<u>\$ 2,409,128</u>	<u>\$ 2,359,426</u>

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

Three months ended June 30, 2018	Multifamily	Office	Retail	Total
Same-store net operating income ⁽²⁾	\$ 14,340	\$ 20,549	\$ 11,915	\$ 46,804
Add: Net operating (loss) income from non-same-store properties ⁽²⁾	(64)	10,363	—	10,299
Total net operating income ⁽³⁾	\$ 14,276	\$ 30,912	\$ 11,915	\$ 57,103
Add/(deduct):				
Interest expense				(13,321)
Depreciation and amortization				(29,878)
General and administrative expenses				(5,649)
Gain on sale of real estate				2,495
Net income				10,750
Less: Net loss attributable to noncontrolling interests in subsidiaries				—
Net income attributable to the controlling interests				\$ 10,750

Three months ended June 30, 2017	Multifamily	Office	Retail	Total
Same-store net operating income ⁽²⁾	\$ 14,082	\$ 19,838	\$ 11,915	\$ 45,835
Add: Net operating income from non-same-store properties ⁽²⁾	512	8,418	—	8,930
Total net operating income ⁽³⁾	\$ 14,594	\$ 28,256	\$ 11,915	\$ 54,765
Add/(deduct):				
Other income				48
Interest expense				(12,053)
Depreciation and amortization				(29,261)
General and administrative expenses				(5,759)
Income tax benefit				107
Net income				7,847
Less: Net loss attributable to noncontrolling interests in subsidiaries				17
Net income attributable to the controlling interests				\$ 7,864

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

Six months ended June 30, 2018	Multifamily	Office	Retail	Total
Same-store net operating income ⁽²⁾	\$ 28,585	\$ 40,263	\$ 23,426	\$ 92,274
Add: Net operating (loss) income from non-same-store properties ⁽²⁾	(85)	19,894	—	19,809
Total net operating income ⁽³⁾	\$ 28,500	\$ 60,157	\$ 23,426	\$ 112,083
Add/(deduct):				
Interest expense				(26,148)
Depreciation and amortization				(59,847)
General and administrative expenses				(11,470)
Real estate impairment				(1,886)
Loss on extinguishment of debt				(1,178)
Gain on sale of real estate				2,495
Net income				14,049
Less: Net loss attributable to noncontrolling interests in subsidiaries				—
Net income attributable to the controlling interests				\$ 14,049
Six months ended June 30, 2017	Multifamily	Office	Retail	Total
Same-store net operating income ⁽²⁾	\$ 27,819	\$ 38,647	\$ 23,757	\$ 90,223
Add: Net operating income from non-same-store properties ⁽²⁾	958	13,222	—	14,180
Total net operating income ⁽³⁾	\$ 28,777	\$ 51,869	\$ 23,757	\$ 104,403
Add/(deduct):				
Other income				125
Interest expense				(23,458)
Depreciation and amortization				(55,330)
General and administrative expenses				(11,385)
Income tax benefit				107
Net income				14,462
Less: Net loss attributable to noncontrolling interests in subsidiaries				36
Net income attributable to the controlling interests				\$ 14,498

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net income	\$ 10,750	\$ 7,847	\$ 14,049	\$ 14,462
Add/(deduct):				
Real estate depreciation and amortization	29,878	29,261	59,847	55,330
Gain on sale of depreciable real estate	(2,495)	—	(2,495)	—
Real estate impairment	—	—	1,886	—
NAREIT funds from operations ⁽¹⁾	38,133	37,108	73,287	69,792
Add/(deduct):				
Structuring expenses	—	104	—	319
Loss on extinguishment of debt	—	—	1,178	—
Core funds from operations ⁽¹⁾	\$ 38,133	\$ 37,212	\$ 74,465	\$ 70,111

Per share data:		Three Months Ended June 30,		Six Months Ended June 30,	
		2018	2017	2018	2017
NAREIT FFO	(Basic)	\$ 0.48	\$ 0.48	\$ 0.93	\$ 0.92
	(Diluted)	\$ 0.48	\$ 0.48	\$ 0.93	\$ 0.92
Core FFO	(Basic)	\$ 0.48	\$ 0.48	\$ 0.94	\$ 0.92
	(Diluted)	\$ 0.48	\$ 0.48	\$ 0.94	\$ 0.92
Weighted average shares outstanding - basic		78,520	76,705	78,501	75,785
Weighted average shares outstanding - diluted		78,616	76,830	78,582	75,903

Silverline Center atrium

Supplemental Operating and Financial Data

Second Quarter 2018

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WASH★REIT

Company Background and Highlights

Second Quarter 2018

Washington Real Estate Investment Trust ("Washington REIT") owns and operates uniquely positioned real estate assets in the Washington D.C. market. As of June 30, 2018, Washington REIT owned a diversified portfolio of 48 properties, totaling approximately 6.1 million square feet of commercial space and 4,268 multifamily units, and land held for development. These 48 properties consist of 19 office properties, 16 retail centers and 13 multifamily properties. Washington REIT shares are publicly traded on the New York Stock Exchange (NYSE:WRE)

FINANCIAL STRENGTH

YTD 2018 CORE FAD
PAYOUT RATIO

69.0%

DEBT SERVICE
COVERAGE RATIO

3.7x

TARGET NET DEBT TO
ADJ EBITDA MID
TO LOW

6s

INVESTMENT GRADE
CREDIT RATING

Baa2 STABLE
BBB STABLE

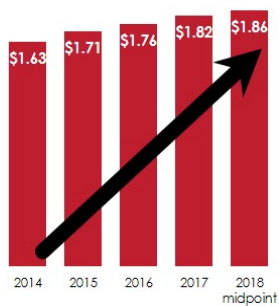
SECURED DEBT TO
TOTAL ASSETS

3.1%

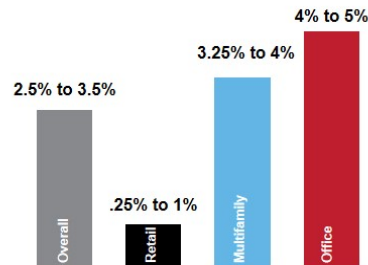
Q2 SAME-STORE
NOI GROWTH

2.1%

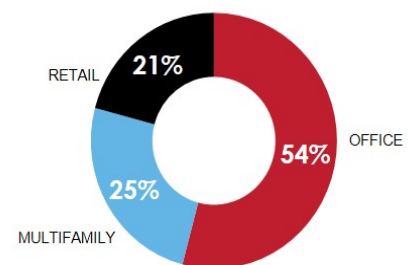
CORE FFO GROWTH TRAJECTORY



FY 2018 SAME-STORE NOI GROWTH GUIDANCE



Q2 2018 NOI BY ASSET CLASS



Supplemental Financial and Operating Data

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

	Six Months Ended		Three Months Ended				
	6/30/2018	6/30/2017	6/30/2018	3/31/2018	12/31/2017	9/30/2017	6/30/2017
OPERATING RESULTS							
Real estate rental revenue	\$ 171,487	\$ 160,957	\$ 86,606	\$ 84,881	\$ 81,302	\$ 82,819	\$ 83,456
Real estate expenses	(59,404)	(56,554)	(29,503)	(29,901)	(29,450)	(29,646)	(28,691)
	112,083	104,403	57,103	54,980	51,852	53,173	54,765
Real estate depreciation and amortization	(59,847)	(55,330)	(29,878)	(29,969)	(28,785)	(27,941)	(29,261)
Income from real estate	52,236	49,073	27,225	25,011	23,067	25,232	25,504
Interest expense	(26,148)	(23,458)	(13,321)	(12,827)	(11,900)	(12,176)	(12,053)
Other income	—	125	—	—	298	84	48
Gain on sale of real estate	2,495	—	2,495	—	24,915	—	—
Loss on extinguishment of debt	(1,178)	—	—	(1,178)	—	—	—
Real estate impairment	(1,886)	—	—	(1,886)	(28,152)	(5,000)	—
General and administrative expenses	(11,470)	(11,385)	(5,649)	(5,821)	(5,868)	(5,327)	(5,759)
Income tax benefit (expense)	—	107	—	—	(23)	—	107
Net income	14,049	14,462	10,750	3,299	2,337	2,813	7,847
Less: Net loss from noncontrolling interests	—	36	—	—	—	20	17
Net income attributable to the controlling interests	\$ 14,049	\$ 14,498	\$ 10,750	\$ 3,299	\$ 2,337	\$ 2,833	\$ 7,864
Per Share Data:							
Net income attributable to the controlling interests	\$ 0.18	\$ 0.19	\$ 0.13	\$ 0.04	\$ 0.03	\$ 0.04	\$ 0.10
Fully diluted weighted average shares outstanding	78,582	75,903	78,616	78,547	78,478	77,423	76,830
Percentage of Revenues:							
Real estate expenses	34.6%	35.1%	34.1%	35.2%	36.2%	35.8%	34.4%
General and administrative	6.7%	7.1%	6.5%	6.9%	7.2%	6.4%	6.9%
Ratios:							
Adjusted EBITDA / Interest expense	3.9x	4.0x	3.9x	3.9x	3.9x	4.0x	4.1x
Net income attributable to the controlling interests / Real estate rental revenue	8.2%	9.0%	12.4%	3.9%	2.9%	3.4%	9.4%

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

	<u>6/30/2018</u>	<u>3/31/2018</u>	<u>12/31/2017</u>	<u>9/30/2017</u>	<u>6/30/2017</u>
Assets					
Land	\$ 614,659	\$ 614,659	\$ 588,025	\$ 615,280	\$ 616,444
Income producing property	2,220,819	2,211,529	2,113,977	2,214,864	2,201,846
	<u>2,835,478</u>	<u>2,826,188</u>	<u>2,702,002</u>	<u>2,830,144</u>	<u>2,818,290</u>
Accumulated depreciation and amortization	(722,423)	(698,450)	(683,692)	(715,228)	(691,515)
Net income producing property	2,113,055	2,127,738	2,018,310	2,114,916	2,126,775
Development in progress, including land held for development	71,522	61,712	54,422	49,065	46,154
Total real estate held for investment, net	<u>2,184,577</u>	<u>2,189,450</u>	<u>2,072,732</u>	<u>2,163,981</u>	<u>2,172,929</u>
Investment in real estate held for sale, net	—	93,048	68,534	7,011	6,983
Cash and cash equivalents	5,952	11,510	9,847	11,326	13,237
Restricted cash	2,301	2,469	2,776	1,442	1,506
Rents and other receivables, net of allowance for doubtful accounts	73,650	71,499	69,766	73,545	72,149
Prepaid expenses and other assets	142,648	148,088	125,087	126,589	121,005
Other assets related to properties sold or held for sale	—	2,231	10,684	400	303
Total assets	<u>\$ 2,409,128</u>	<u>\$ 2,518,295</u>	<u>\$ 2,359,426</u>	<u>\$ 2,384,294</u>	<u>\$ 2,388,112</u>
Liabilities					
Notes payable	\$ 994,778	\$ 994,425	\$ 894,358	\$ 894,103	\$ 893,763
Mortgage notes payable	93,071	93,991	95,141	96,045	96,934
Lines of credit	169,000	260,000	166,000	189,000	228,000
Accounts payable and other liabilities	57,983	64,823	61,565	66,393	60,165
Dividend payable	—	—	23,581	—	—
Advance rents	12,020	12,441	12,487	10,723	11,956
Tenant security deposits	9,643	9,466	9,149	9,528	9,263
Liabilities related to properties sold or held for sale	—	2,385	1,809	311	322
Total liabilities	<u>1,336,495</u>	<u>1,437,531</u>	<u>1,264,090</u>	<u>1,266,103</u>	<u>1,300,403</u>
Equity					
Preferred shares; \$0.01 par value; 10,000 shares authorized	—	—	—	—	—
Shares of beneficial interest, \$0.01 par value; 100,000 shares authorized	787	786	785	785	769
Additional paid-in capital	1,488,366	1,485,765	1,483,980	1,487,157	1,435,994
Distributions in excess of net income	(432,585)	(419,633)	(399,213)	(377,968)	(357,308)
Accumulated other comprehensive loss	15,707	13,484	9,419	6,848	6,857
Total shareholders' equity	<u>1,072,275</u>	<u>1,080,402</u>	<u>1,094,971</u>	<u>1,116,822</u>	<u>1,086,312</u>
Noncontrolling interests in subsidiaries	358	362	365	1,369	1,397
Total equity	<u>1,072,633</u>	<u>1,080,764</u>	<u>1,095,336</u>	<u>1,118,191</u>	<u>1,087,709</u>
Total liabilities and equity	<u>\$ 2,409,128</u>	<u>\$ 2,518,295</u>	<u>\$ 2,359,426</u>	<u>\$ 2,384,294</u>	<u>\$ 2,388,112</u>

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

	Six Months Ended		Three Months Ended				
	6/30/2018	6/30/2017	6/30/2018	3/31/2018	12/31/2017	9/30/2017	6/30/2017
Funds from operations⁽¹⁾							
Net income	\$ 14,049	\$ 14,462	\$ 10,750	\$ 3,299	\$ 2,337	\$ 2,813	\$ 7,847
Real estate depreciation and amortization	59,847	55,330	29,878	29,969	28,785	27,941	29,261
Gain on sale of depreciable real estate	(2,495)	—	(2,495)	—	(23,838)	—	—
Real estate impairment	1,886	—	—	1,886	28,152	5,000	—
NAREIT funds from operations (FFO)	73,287	69,792	38,133	35,154	35,436	35,754	37,108
Loss on extinguishment of debt	1,178	—	—	1,178	—	—	—
Gain on sale of non depreciable real estate	—	—	—	—	(1,077)	—	—
Structuring expenses	—	319	—	—	—	—	104
Core FFO ⁽¹⁾	\$ 74,465	\$ 70,111	\$ 38,133	\$ 36,332	\$ 34,359	\$ 35,754	\$ 37,212
Allocation to participating securities ⁽²⁾	(289)	(184)	(144)	(144)	(71)	(107)	(107)
NAREIT FFO per share - basic	\$ 0.93	\$ 0.92	\$ 0.48	\$ 0.45	\$ 0.45	\$ 0.46	\$ 0.48
NAREIT FFO per share - fully diluted	\$ 0.93	\$ 0.92	\$ 0.48	\$ 0.45	\$ 0.45	\$ 0.46	\$ 0.48
Core FFO per share - fully diluted	\$ 0.94	\$ 0.92	\$ 0.48	\$ 0.46	\$ 0.44	\$ 0.46	\$ 0.48
Common dividend per share	\$ 0.60	\$ 0.60	\$ 0.30	\$ 0.30	\$ 0.30	\$ 0.30	\$ 0.30
Average shares - basic	78,501	75,785	78,520	78,483	78,386	77,291	76,705
Average shares - fully diluted	78,582	75,903	78,616	78,547	78,478	77,423	76,830

⁽¹⁾ See "Supplemental Definitions" on page 33 of this supplemental for the definitions of FFO and Core FFO.⁽²⁾ Adjustment to the numerators for FFO and Core FFO per share calculations when applying the two-class method for calculating EPS.

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

	Six Months Ended		Three Months Ended				
	6/30/2018	6/30/2017	6/30/2018	3/31/2018	12/31/2017	9/30/2017	6/30/2017
Funds available for distribution (FAD)⁽¹⁾							
NAREIT FFO	\$ 73,287	\$ 69,792	\$ 38,133	\$ 35,154	\$ 35,436	\$ 35,754	\$ 37,108
Non-cash loss on extinguishment of debt	1,178	—	—	1,178	—	—	—
Tenant improvements and incentives	(6,997)	(8,572)	(2,330)	(4,667)	(7,788)	(1,822)	(2,630)
External and internal leasing commissions	(1,343)	(3,937)	(896)	(447)	(1,741)	(1,727)	(1,414)
Recurring capital improvements	(1,092)	(1,068)	(469)	(623)	(4,455)	(1,315)	(663)
Straight-line rent, net	(2,326)	(1,955)	(1,123)	(1,203)	(1,238)	(1,187)	(1,106)
Non-cash fair value interest expense	(436)	(526)	(217)	(219)	(221)	(223)	(224)
Non-real estate depreciation and amortization of debt costs	1,901	1,714	945	956	943	880	815
Amortization of lease intangibles, net	1,040	1,435	420	620	436	560	585
Amortization and expensing of restricted share and unit compensation	3,370	2,316	1,830	1,540	1,211	1,245	1,186
FAD	68,582	59,199	36,293	32,289	22,583	32,165	33,657
Gain on sale of non-depreciable real estate	—	—	—	—	(1,077)	—	—
Structuring expenses	—	319	—	—	—	—	104
Core FAD⁽¹⁾	\$ 68,582	\$ 59,518	\$ 36,293	\$ 32,289	\$ 21,506	\$ 32,165	\$ 33,761

⁽¹⁾ 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)

	Six Months Ended		Three Months Ended				
	6/30/2018	6/30/2017	6/30/2018	3/31/2018	12/31/2017	9/30/2017	6/30/2017
Adjusted EBITDA ⁽¹⁾							
Net income	\$ 14,049	\$ 14,462	\$ 10,750	\$ 3,299	\$ 2,337	\$ 2,813	\$ 7,847
Add:							
Interest expense	26,148	23,458	13,321	12,827	11,900	12,176	12,053
Real estate depreciation and amortization	59,847	55,330	29,878	29,969	28,785	27,941	29,261
Income tax (benefit) expense	—	(107)	—	—	23	—	(107)
Real estate impairment	1,886	—	—	1,886	28,152	5,000	—
Non-real estate depreciation	446	236	191	255	243	178	120
Structuring expenses	—	319	—	—	—	—	104
Less:							
Gain on sale of real estate	(2,495)	—	(2,495)	—	(24,915)	—	—
Loss on extinguishment of debt	1,178	—	—	1,178	—	—	—
Adjusted EBITDA	\$ 101,059	\$ 93,698	\$ 51,645	\$ 49,414	\$ 46,525	\$ 48,108	\$ 49,278

⁽¹⁾ Adjusted EBITDA is earnings before interest expense, taxes, depreciation, amortization, gain/loss 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>6/30/2018</u>	<u>3/31/2018</u>	<u>12/31/2017</u>	<u>9/30/2017</u>	<u>6/30/2017</u>
Balances Outstanding					
Secured					
Mortgage note payable, net	\$ 93,071	\$ 93,991	\$ 95,141	\$ 96,045	\$ 96,934
Unsecured					
Fixed rate bonds	596,467	596,219	595,972	595,809	595,562
Term loans	398,311	398,206	298,386	298,294	298,201
Credit facility	169,000	260,000	166,000	189,000	228,000
Unsecured total	<u>1,163,778</u>	<u>1,254,425</u>	<u>1,060,358</u>	<u>1,083,103</u>	<u>1,121,763</u>
Total	<u>\$ 1,256,849</u>	<u>\$ 1,348,416</u>	<u>\$ 1,155,499</u>	<u>\$ 1,179,148</u>	<u>\$ 1,218,697</u>

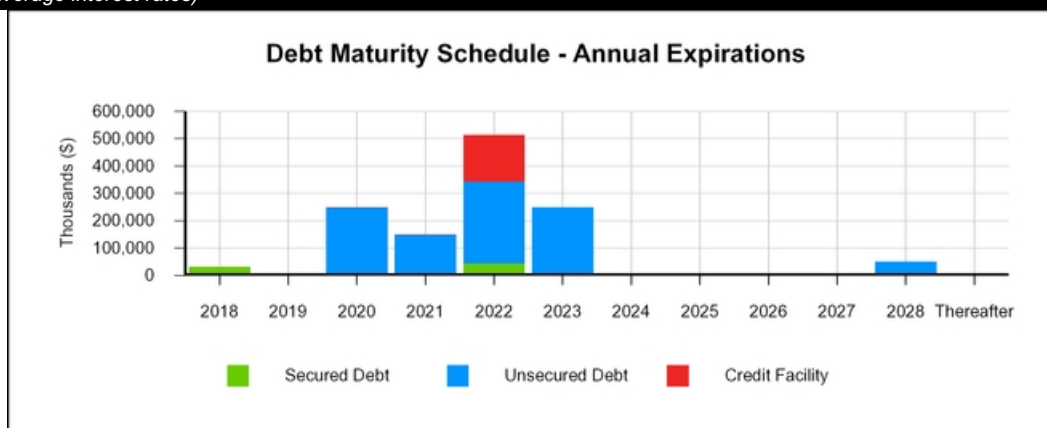
Weighted Average Interest Rates

Secured					
Mortgage note payable, net	4.5%	4.5%	4.5%	4.5%	4.5%
Unsecured					
Fixed rate bonds	4.7%	4.7%	4.7%	4.7%	4.7%
Term loans ⁽¹⁾	2.8%	2.6%	2.8%	2.8%	2.8%
Credit facility	3.0%	2.9%	2.5%	2.2%	2.2%
Unsecured total	<u>3.8%</u>	<u>3.7%</u>	<u>3.8%</u>	<u>3.8%</u>	<u>3.7%</u>
Weighted Average	<u>3.9%</u>	<u>3.7%</u>	<u>3.9%</u>	<u>3.8%</u>	<u>3.8%</u>

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

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

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



Future Maturities of Debt

Year	Secured Debt	Unsecured Debt	Credit Facility	Total Debt	Avg Interest Rate
2018	\$ 31,674	\$ —	\$ —	\$ 31,674	5.4%
2019	—	—	—	—	—
2020	—	250,000	—	250,000	5.1%
2021	—	150,000 ⁽²⁾	—	150,000	2.7%
2022	44,517	300,000	169,000 ⁽¹⁾	513,517	3.7%
2023	—	250,000 ⁽³⁾	—	250,000	2.9%
2024	—	—	—	—	—
2025	—	—	—	—	—
2026	—	—	—	—	—
2027	—	—	—	—	—
2028	—	50,000	—	50,000	7.4%
Thereafter	—	—	—	—	—
Scheduled principal payments	\$ 76,191	\$ 1,000,000	\$ 169,000	\$ 1,245,191	3.9%
Scheduled amortization payments	14,177	—	—	14,177	4.9%
Net discounts/premiums	2,949	(1,384)	—	1,565	—
Loan costs, net of amortization	(246)	(3,838)	—	(4,084)	—
Total maturities	\$ 93,071	\$ 994,778	\$ 169,000	\$ 1,256,849	3.9%

Weighted average maturity = 3.9 years

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

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

⁽³⁾ Washington REIT entered into interest rate swaps to effectively fix a LIBOR plus 110 basis points floating interest rate to a 2.31% all-in fixed interest rate commencing March 29, 2017 for a \$150.0 million portion of the term loan. For the remaining \$100.0 million portion of the term loan, Washington REIT entered into interest rate swaps to effectively fix a LIBOR plus 100 basis points floating interest rate to a 3.71% all-in fixed interest rate commencing June 29, 2018.

Debt Covenant Compliance

	Unsecured Notes Payable		Unsecured Line of Credit and Term Loans	
	Quarter Ended June 30, 2018	Covenant	Quarter Ended June 30, 2018	Covenant
% of Total Indebtedness to Total Assets ⁽¹⁾	41.1%	≤ 65.0%	N/A	N/A
Ratio of Income Available for Debt Service to Annual Debt Service	4.2	≥ 1.5	N/A	N/A
% of Secured Indebtedness to Total Assets ⁽¹⁾	3.0%	≤ 40.0%	N/A	N/A
Ratio of Total Unencumbered Assets ⁽²⁾ to Total Unsecured Indebtedness	2.5	≥ 1.5	N/A	N/A
% of Net Consolidated Total Indebtedness to Consolidated Total Asset Value ⁽³⁾	N/A	N/A	34.2%	≤ 60.0%
Ratio of Consolidated Adjusted EBITDA ⁽⁴⁾ to Consolidated Fixed Charges ⁽⁵⁾	N/A	N/A	3.73	≥ 1.50
% of Consolidated Secured Indebtedness to Consolidated Total Asset Value ⁽³⁾	N/A	N/A	2.5%	≤ 40.0%
% of Consolidated Unsecured Indebtedness to Unencumbered Pool Value ⁽⁶⁾	N/A	N/A	33.5%	≤ 60.0%
Ratio of Unencumbered Adjusted Net Operating Income to Consolidated Unsecured Interest Expense	N/A	N/A	4.30	≥ 1.75

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

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

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

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

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

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

Capital Analysis
(In thousands, except per share amounts)

	Three Months Ended				
	6/30/2018	3/31/2018	12/31/2017	9/30/2017	6/30/2017
Market Data					
Shares Outstanding	\$ 78,661	\$ 78,636	\$ 78,510	\$ 78,464	\$ 76,926
Market Price per Share	30.33	27.30	31.12	32.76	31.90
Equity Market Capitalization	\$ 2,385,788	\$ 2,146,763	\$ 2,443,231	\$ 2,570,481	\$ 2,453,939
Total Debt	\$ 1,256,849	\$ 1,348,416	\$ 1,155,499	\$ 1,179,148	\$ 1,218,697
Total Market Capitalization	\$ 3,642,637	\$ 3,495,179	\$ 3,598,730	\$ 3,749,629	\$ 3,672,636
Total Debt to Market Capitalization	0.35:1	0.39:1	0.32:1	0.31:1	0.33:1
Earnings to Fixed Charges ⁽¹⁾	1.8x	1.2x	1.2x	1.2x	1.6x
Debt Service Coverage Ratio ⁽²⁾	3.7x	3.6x	3.7x	3.7x	3.9x

	Six Months Ended		Three Months Ended				
	6/30/2018	6/30/2017	6/30/2018	3/31/2018	12/31/2017	9/30/2017	6/30/2017
Total Dividends Declared	\$ 47,421	\$ 45,759	\$ 23,702	\$ 23,719	\$ 23,581	\$ 23,493	\$ 23,152
Common Dividend Declared per Share	\$ 0.60	\$ 0.60	\$ 0.30	\$ 0.30	\$ 0.30	\$ 0.30	\$ 0.30
Payout Ratio (Core FFO basis)	63.8%	65.2%	62.5%	65.2%	68.2%	65.2%	62.5%
Payout Ratio (Core FAD basis)	69.0%	76.9%					

⁽¹⁾ The ratio of earnings to fixed charges is computed by dividing earnings by fixed charges. For this purpose, earnings consist of income from continuing operations attributable to the controlling interests plus fixed charges, less capitalized interest. Fixed charges consist of interest expense, including amortized costs of debt issuance, plus interest costs capitalized. The earnings to fixed charges ratio for the three months ended June 30, 2018 and December 31, 2017 include gains on the sale of real estate of \$2.5M and \$24.9 million respectively.

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

Same-Store Portfolio Net Operating Income (NOI) Growth
2018 vs. 2017

	Six Months Ended June 30,			Three Months Ended June 30,		
	2018	2017	% Change	2018	2017	% Change
Cash Basis:						
Multifamily	\$ 28,589	\$ 27,824	2.7 %	\$ 14,342	\$ 14,084	1.8 %
Office	40,550	38,752	4.6 %	20,696	19,889	4.1 %
Retail	22,997	23,202	(0.9)%	11,707	11,694	0.1 %
Overall Same-Store Portfolio ⁽¹⁾	\$ 92,136	\$ 89,778	2.6 %	\$ 46,745	\$ 45,667	2.4 %
GAAP Basis:						
Multifamily	\$ 28,585	\$ 27,819	2.8 %	\$ 14,340	\$ 14,082	1.8 %
Office	40,263	38,647	4.2 %	20,549	19,838	3.6 %
Retail	23,426	23,757	(1.4)%	11,915	11,915	—%
Overall Same-Store Portfolio ⁽¹⁾	\$ 92,274	\$ 90,223	2.3 %	\$ 46,804	\$ 45,835	2.1 %

⁽¹⁾ Non same-store properties were:

Acquisitions:

Office - Watergate 600 and Arlington Tower

Sold properties:

Office - Braddock Metro Center and 2445 M Street

Multifamily - Walker House Apartments

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

	Three Months Ended June 30, 2018				
	Multifamily	Office	Retail	Corporate and Other	Total
Real estate rental revenue					
Same-store portfolio	\$ 23,552	\$ 32,455	\$ 15,781	\$ —	\$ 71,788
Non same-store ⁽¹⁾	—	14,818	—	—	14,818
Total	23,552	47,273	15,781	—	86,606
Real estate expenses					
Same-store portfolio	9,212	11,906	3,866	—	24,984
Non same-store ⁽¹⁾	64	4,455	—	—	4,519
Total	9,276	16,361	3,866	—	29,503
Net Operating Income (NOI)					
Same-store portfolio	14,340	20,549	11,915	—	46,804
Non same-store ⁽¹⁾	(64)	10,363	—	—	10,299
Total	<u>\$ 14,276</u>	<u>\$ 30,912</u>	<u>\$ 11,915</u>	<u>\$ —</u>	<u>\$ 57,103</u>
Same-store portfolio NOI (from above)	\$ 14,340	\$ 20,549	\$ 11,915	\$ —	\$ 46,804
Straight-line revenue, net for same-store properties	1	(643)	(90)	—	(732)
FAS 141 Min Rent	1	131	(170)	—	(38)
Amortization of lease intangibles for same-store properties	—	659	52	—	711
Same-store portfolio cash NOI	<u>\$ 14,342</u>	<u>\$ 20,696</u>	<u>\$ 11,707</u>	<u>\$ —</u>	<u>\$ 46,745</u>
Reconciliation of NOI to net income					
Total NOI	\$ 14,276	\$ 30,912	\$ 11,915	\$ —	\$ 57,103
Depreciation and amortization	(7,889)	(18,267)	(3,537)	(185)	(29,878)
General and administrative	—	—	—	(5,649)	(5,649)
Interest expense	(962)	(301)	(164)	(11,894)	(13,321)
Gain on sale of real estate	—	—	—	2,495	2,495
Net income (loss)	5,425	12,344	8,214	(15,233)	10,750
Net loss attributable to noncontrolling interests	—	—	—	—	—
Net income (loss) attributable to the controlling interests	<u>\$ 5,425</u>	<u>\$ 12,344</u>	<u>\$ 8,214</u>	<u>\$ (15,233)</u>	<u>\$ 10,750</u>

⁽¹⁾ 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 June 30, 2017				
	Multifamily	Office	Retail	Corporate and Other	Total
Real estate rental revenue					
Same-store portfolio	\$ 22,970	\$ 31,490	\$ 15,512	\$ —	\$ 69,972
Non same-store ⁽¹⁾	865	12,619	—	—	13,484
Total	23,835	44,109	15,512	—	83,456
Real estate expenses					
Same-store portfolio	8,888	11,652	3,597	—	24,137
Non same-store ⁽¹⁾	353	4,201	—	—	4,554
Total	9,241	15,853	3,597	—	28,691
Net Operating Income (NOI)					
Same-store portfolio	14,082	19,838	11,915	—	45,835
Non same-store ⁽¹⁾	512	8,418	—	—	8,930
Total	\$ 14,594	\$ 28,256	\$ 11,915	\$ —	\$ 54,765
Same-store portfolio NOI (from above)	\$ 14,082	\$ 19,838	\$ 11,915	\$ —	\$ 45,835
Straight-line revenue, net for same-store properties	1	(877)	(52)	—	(928)
FAS 141 Min Rent	1	227	(220)	—	8
Amortization of lease intangibles for same-store properties	—	701	51	—	752
Same-store portfolio cash NOI	\$ 14,084	\$ 19,889	\$ 11,694	\$ —	\$ 45,667
Reconciliation of NOI to net income					
Total NOI	\$ 14,594	\$ 28,256	\$ 11,915	\$ —	\$ 54,765
Depreciation and amortization	(7,799)	(16,949)	(4,305)	(208)	(29,261)
General and administrative	—	—	—	(5,759)	(5,759)
Interest expense	(980)	(288)	(188)	(10,597)	(12,053)
Other income	—	—	—	48	48
Income tax benefit	—	—	—	107	107
Net income (loss)	5,815	11,019	7,422	(16,409)	7,847
Net income attributable to noncontrolling interests	—	—	—	17	17
Net income (loss) attributable to the controlling interests	\$ 5,815	\$ 11,019	\$ 7,422	\$ (16,392)	\$ 7,864

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

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

	Six Months Ended June 30, 2018				
	Multifamily	Office	Retail	Corporate and Other	Total
Real estate rental revenue					
Same-store portfolio	\$ 47,215	\$ 64,051	\$ 31,452	\$ —	\$ 142,718
Non same-store ⁽¹⁾	—	28,769	—	—	28,769
Total	47,215	92,820	31,452	—	171,487
Real estate expenses					
Same-store portfolio	18,630	23,788	8,026	—	50,444
Non same-store (1)	85	8,875	—	—	8,960
Total	18,715	32,663	8,026	—	59,404
Net Operating Income (NOI)					
Same-store portfolio	28,585	40,263	23,426	—	92,274
Non same-store (1)	(85)	19,894	—	—	19,809
Total	<u>\$ 28,500</u>	<u>\$ 60,157</u>	<u>\$ 23,426</u>	<u>\$ —</u>	<u>\$ 112,083</u>
Same-store portfolio NOI (from above)	\$ 28,585	\$ 40,263	\$ 23,426	\$ —	\$ 92,274
Straight-line revenue, net for same-store properties	2	(1,388)	(190)	—	(1,576)
FAS 141 Min Rent	2	362	(339)	—	25
Amortization of lease intangibles for same-store properties	—	1,313	100	—	1,413
Same-store portfolio cash NOI	<u>\$ 28,589</u>	<u>\$ 40,550</u>	<u>\$ 22,997</u>	<u>\$ —</u>	<u>\$ 92,136</u>
Reconciliation of NOI to net income					
Total NOI	\$ 28,500	\$ 60,157	\$ 23,426	\$ —	\$ 112,083
Depreciation and amortization	(15,773)	(36,648)	(7,052)	(374)	(59,847)
General and administrative	—	—	—	(11,470)	(11,470)
Interest expense	(1,927)	(599)	(334)	(23,288)	(26,148)
Gain on sale of real estate	—	—	—	2,495	2,495
Loss on extinguishment of debt	—	—	—	(1,178)	(1,178)
Real estate impairment	—	—	—	(1,886)	(1,886)
Net income (loss)	10,800	22,910	16,040	(35,701)	14,049
Net loss attributable to noncontrolling interests	—	—	—	—	—
Net income (loss) attributable to the controlling interests	<u>\$ 10,800</u>	<u>\$ 22,910</u>	<u>\$ 16,040</u>	<u>\$ (35,701)</u>	<u>\$ 14,049</u>

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

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

	Six Months Ended June 30, 2017				
	Multifamily	Office	Retail	Corporate and Other	Total
Real estate rental revenue					
Same-store portfolio	45,897	\$ 61,958	\$ 31,217	\$ —	\$ 139,072
Non same-store ⁽¹⁾	1,707	20,178	—	—	21,885
Total	47,604	82,136	31,217	—	160,957
Real estate expenses					
Same-store portfolio	18,078	23,311	7,460	—	48,849
Non same-store ⁽¹⁾	749	6,956	—	—	7,705
Total	18,827	30,267	7,460	—	56,554
Net Operating Income (NOI)					
Same-store portfolio	27,819	38,647	23,757	—	90,223
Non same-store ⁽¹⁾	958	13,222	—	—	14,180
Total	\$ 28,777	\$ 51,869	\$ 23,757	\$ —	\$ 104,403
Same-store portfolio NOI (from above)	\$ 27,819	\$ 38,647	\$ 23,757	\$ —	\$ 90,223
Straight-line revenue, net for same-store properties	3	(1,782)	(208)	—	(1,987)
FAS 141 Min Rent	2	452	(447)	—	7
Amortization of lease intangibles for same-store properties	—	1,435	100	—	1,535
Same-store portfolio cash NOI	\$ 27,824	\$ 38,752	\$ 23,202	\$ —	\$ 89,778
Reconciliation of NOI to net income					
Total NOI	\$ 28,777	\$ 51,869	\$ 23,757	\$ —	\$ 104,403
Depreciation and amortization	(15,289)	(31,621)	(8,012)	(408)	(55,330)
General and administrative	—	—	—	(11,385)	(11,385)
Interest expense	(1,958)	(436)	(382)	(20,682)	(23,458)
Other income	—	—	—	125	125
Income tax benefit	—	—	—	107	107
Net income (loss)	11,530	19,812	15,363	(32,243)	14,462
Net loss attributable to noncontrolling interests	—	—	—	36	36
Net income (loss) attributable to the controlling interests	\$ 11,530	\$ 19,812	\$ 15,363	\$ (32,207)	\$ 14,498

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

Net Operating Income (NOI) by Region

	Percentage of NOI	
	Q2 2018	YTD 2018
DC		
Multifamily	5.1 %	5.2 %
Office	29.4 %	29.2 %
Retail	1.8 %	1.7 %
	36.3 %	36.1 %
Maryland		
Multifamily	1.4 %	1.4 %
Retail	12.4 %	12.4 %
	13.8 %	13.8 %
Virginia		
Multifamily	18.4 %	18.8 %
Office	24.8 %	24.6 %
Retail	6.7 %	6.7 %
	49.9 %	50.1 %
Total Portfolio	100.0 %	100.0 %

Same-Store Portfolio and Overall Ending Occupancy Levels by Sector

Sector	Ending Occupancy - Same-Store Properties ^{(1), (2)}				
	6/30/2018	3/31/2018	12/31/2017	9/30/2017	6/30/2017
Multifamily (calculated on a unit basis)	95.2%	95.2%	95.0%	94.8%	95.1%
Multifamily	95.2%	95.4%	94.1%	94.5%	94.9%
Office	92.7%	92.6%	92.0%	91.7%	91.0%
Retail	91.1%	91.1%	91.2%	93.5%	91.4%
Overall Portfolio	93.3%	93.3%	92.6%	93.3%	92.7%

Sector	Ending Occupancy - All Properties ⁽²⁾				
	6/30/2018	3/31/2018	12/31/2017	9/30/2017	6/30/2017
Multifamily (calculated on a unit basis)	95.2%	95.2%	95.0%	94.7%	95.1%
Multifamily	95.2%	95.4%	94.1%	94.5%	94.9%
Office	93.1%	92.8%	90.1%	93.2%	92.9%
Retail	91.1%	91.1%	91.2%	93.5%	91.4%
Overall Portfolio	93.4%	93.3%	91.8%	93.8%	93.4%

⁽¹⁾ Non same-store properties were:

Acquisitions:

Office - Watergate 600 and Arlington Tower

Sold properties:

Office - Braddock Metro Center and 2445 M Street

Multifamily - Walker House Apartments

⁽²⁾ Ending occupancy is calculated as occupied square footage as a percentage of total square footage as of the last day of that period, except for the rows labeled "Multifamily (calculated on a unit basis)," on which ending occupancy is calculated as occupied units as a percentage of total available units as of the last day of that period. 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 ^{(1) (2)}				
	6/30/2018	3/31/2018	12/31/2017	9/30/2017	6/30/2017
Multifamily (calculated on a unit basis)	94.8%	95.4%	94.8%	95.3%	94.7%
Multifamily	94.9%	95.4%	94.8%	95.4%	94.8%
Office	92.5%	92.5%	91.6%	91.4%	91.5%
Retail	91.1%	91.1%	92.2%	93.2%	92.2%
Overall Portfolio	93.1%	93.3%	93.0%	93.4%	93.0%

Sector	Average Occupancy - All Properties ⁽²⁾				
	6/30/2018	3/31/2018	12/31/2017	9/30/2017	6/30/2017
Multifamily (calculated on a unit basis)	94.8%	95.4%	94.8%	95.3%	94.8%
Multifamily	94.9%	95.4%	94.8%	95.4%	94.9%
Office	93.0%	93.0%	89.8%	93.0%	93.2%
Retail	91.1%	91.1%	92.2%	93.2%	92.2%
Overall Portfolio	93.2%	93.4%	92.2%	93.9%	93.6%

⁽¹⁾ Non same-store properties were:

Acquisitions:

Office - Watergate 600 and Arlington Tower

Sold properties:

Office - Braddock Metro Center and 2445 M Street

Multifamily - Walker House Apartments

⁽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>June 30, 2018 Leased Percentage</u>	<u>Contract Purchase Price (in thousands)</u>
Arlington Tower	Arlington, Virginia	January 18, 2018	Office	396,000	94%	\$ 250,000

Dispositions

	<u>Location</u>	<u>Disposition Date</u>	<u>Property Type</u>	<u>Square Feet</u>	<u>Contract Sales Price (in thousands)</u>	<u>GAAP Gain on Sale (in thousands)</u>
Braddock Metro Center	Alexandria, Virginia	January 19, 2018	Office	356,000	\$ 93,000	\$ —
2445 M Street	Washington, DC	June 28, 2018	Office	292,000	101,600	2,495
				<u>648,000</u>	<u>\$ 194,600</u>	<u>\$ 2,495</u>

Development/Redevelopment Summary

June 30, 2018

Property and Location	Total Rentable Square Feet or # of Units	Anticipated Total Cash Cost ⁽¹⁾ (in thousands)	Cash Cost to Date ⁽¹⁾ (in thousands)	Anticipated Construction Completion Date	Leased %
Development					
Trove (Wellington land parcel), Arlington, VA	401 units	\$ 122,252	\$ 38,060	Phase I - third quarter 2019 ⁽²⁾ Phase II - third quarter 2020 ⁽²⁾	N/A
Redevelopment					
Spring Valley Village, Washington DC	14,000 additional square feet	\$ 5,705	\$ 4,709	third quarter 2018 ⁽³⁾	N/A

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

⁽²⁾ 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.

⁽³⁾ Substantial completion of the new building and site work at Spring Valley Village anticipated in July 2018.

Multifamily Rental Rate Growth

Year over Year Rental Rate Growth ⁽¹⁾	2nd Quarter 2018	1st Quarter 2018	4th Quarter 2017	3rd Quarter 2017	2nd Quarter 2017
Overall	2.1%	2.0%	2.2%	2.1%	1.8%

Average Monthly Rent per Unit	2nd Quarter 2018	2nd Quarter 2017	% Change
Class A	2,309	2,278	1.4%
Class B	1,637	1,601	2.2%
Overall	1,744	1,708	2.1%

⁽¹⁾ Calculates the change in rental rates for properties owned in both comparative periods.

Commercial Leasing Summary - New Leases

	2nd Quarter 2018		1st Quarter 2018		4th Quarter 2017		3rd Quarter 2017		2nd Quarter 2017	
Gross Leasing Square Footage										
Office Buildings	19,709		26,975		21,729		45,318		192,352	
Retail Centers	7,664		5,737		11,061		6,961		35,582	
Total	27,373		32,712		32,790		52,279		227,934	
Weighted Average Term (years)										
Office Buildings	8.9		3.7		5.4		8.9		11.7	
Retail Centers	9.9		9.0		5.3		6.6		11.6	
Total	9.2		4.6		5.4		8.6		11.7	
Weighted Average Free Rent Period (months)										
Office Buildings	9.0		3.6		3.7		7.2		12.5	
Retail Centers	0.9		0.6		2.5		2.2		6.9	
Total	7.0		3.1		3.4		6.8		11.6	
Rental Rate Increases:	GAAP	CASH	GAAP	CASH	GAAP	CASH	GAAP	CASH	GAAP	CASH
Rate on expiring leases										
Office Buildings	\$ 36.39	\$ 34.19	\$ 45.79	\$ 47.35	\$ 44.80	\$ 47.40	\$ 51.09	\$ 52.17	\$ 36.32	\$ 38.30
Retail Centers	31.17	28.67	52.65	48.87	25.39	25.27	30.95	31.18	21.80	21.06
Total	\$ 34.92	\$ 32.64	\$ 46.99	\$ 47.61	\$ 38.25	\$ 39.94	\$ 48.41	\$ 49.37	\$ 34.13	\$ 35.69
Rate on new leases										
Office Buildings	\$ 37.78	\$ 34.13	\$ 50.14	\$ 48.38	\$ 52.58	\$ 50.19	\$ 61.14	\$ 55.43	\$ 31.14	\$ 30.63
Retail Centers	33.34	29.35	50.03	44.20	27.45	26.46	35.91	34.48	36.28	33.14
Total	\$ 36.53	\$ 32.79	\$ 50.12	\$ 47.65	\$ 44.11	\$ 42.19	\$ 57.78	\$ 52.64	\$ 31.92	\$ 31.01
Percentage Increase										
Office Buildings	3.8%	(0.2)%	9.5%	2.2%	17.4%	5.9%	19.7%	6.3%	(14.2)%	(20.0)%
Retail Centers	7.0%	2.4%	(5.0)%	(9.6)%	8.1%	4.7%	16.0%	10.6%	66.4%	57.4%
Total	4.6%	0.4%	6.7%	0.1%	15.3%	5.6%	19.4%	6.6%	(6.5)%	(13.1)%
	Total Dollars	\$ per Sq Ft	Total Dollars	\$ per Sq Ft	Total Dollars	\$ per Sq Ft	Total Dollars	\$ per Sq Ft	Total Dollars	\$ per Sq Ft
Tenant Improvements										
Office Buildings	\$ 1,235,164	\$ 62.67	\$ 792,950	\$ 29.40	\$ 1,378,204	\$ 63.43	\$ 3,740,775	\$ 82.55	\$ 11,732,915	\$ 61.00
Retail Centers	73,320	9.57	393,000	68.50	54,410	4.92	244,213	35.08	1,923,540	54.06
Subtotal	\$ 1,308,484	\$ 47.80	\$ 1,185,950	\$ 36.25	\$ 1,432,614	\$ 43.69	\$ 3,984,988	\$ 76.23	\$ 13,656,455	\$ 59.91
Leasing Commissions										
Office Buildings	\$ 357,109	\$ 18.12	\$ 256,226	\$ 9.49	\$ 312,397	\$ 14.38	\$ 1,299,136	\$ 28.67	\$ 3,263,054	\$ 16.96
Retail Centers	92,092	12.02	163,272	28.46	78,751	7.12	79,597	11.43	620,605	17.44
Subtotal	\$ 449,201	\$ 16.41	\$ 419,498	\$ 12.83	\$ 391,148	\$ 11.93	\$ 1,378,733	\$ 26.37	\$ 3,883,659	\$ 17.04
Tenant Improvements and Leasing Commissions										
Office Buildings	\$ 1,592,273	\$ 80.79	\$ 1,049,176	\$ 38.89	\$ 1,690,601	\$ 77.81	\$ 5,039,911	\$ 111.22	\$ 14,995,969	\$ 77.96
Retail Centers	165,412	21.59	556,272	96.96	133,161	12.04	323,810	46.51	2,544,145	71.50
Total	\$ 1,757,685	\$ 64.21	\$ 1,605,448	\$ 49.08	\$ 1,823,762	\$ 55.62	\$ 5,363,721	\$ 102.60	\$ 17,540,114	\$ 76.95

Commercial Leasing Summary - Renewal Leases

	2nd Quarter 2018		1st Quarter 2018		4th Quarter 2017		3rd Quarter 2017		2nd Quarter 2017	
Gross Leasing Square Footage										
Office Buildings	10,603		69,593		49,090		10,531		22,026	
Retail Centers	190,763		44,759		11,481		40,780		116,740	
Total	201,366		114,352		60,571		51,311		138,766	
Weighted Average Term (years)										
Office Buildings	5.4		4.1		4.4		5.9		6.5	
Retail Centers	4.9		5.5		7.7		4.4		5.0	
Total	4.9		4.7		5.0		4.7		5.3	
Weighted Average Free Rent Period (months)										
Office Buildings	2.5		4.0		0.3		2.2		3.0	
Retail Centers	—		—		1.5		—		—	
Total	0.5		2.9		0.6		0.8		0.9	
Rental Rate Increases:										
	GAAP	CASH	GAAP	CASH	GAAP	CASH	GAAP	CASH	GAAP	CASH
Rate on expiring leases										
Office Buildings	\$ 42.67	\$ 42.74	\$ 41.34	\$ 41.73	\$ 34.21	\$ 37.14	\$ 47.80	\$ 48.03	\$ 50.64	\$ 51.78
Retail Centers	9.56	9.70	21.00	21.73	32.21	32.49	25.80	26.09	21.10	21.35
Total	\$ 11.31	\$ 11.44	\$ 33.38	\$ 33.90	\$ 33.86	\$ 36.34	\$ 30.32	\$ 30.59	\$ 25.79	\$ 26.18
Rate on new leases										
Office Buildings	\$ 43.44	\$ 41.08	\$ 43.51	\$ 41.32	\$ 34.14	\$ 32.60	\$ 56.91	\$ 55.80	\$ 58.15	\$ 55.54
Retail Centers	9.74	9.65	23.61	22.55	37.18	36.07	26.49	26.28	23.43	23.21
Total	\$ 11.51	\$ 11.31	\$ 35.72	\$ 33.97	\$ 34.67	\$ 33.20	\$ 32.74	\$ 32.34	\$ 28.94	\$ 28.34
Percentage Increase										
Office Buildings	1.8%	(3.9)%	5.3%	(1.0)%	(0.2)%	(12.2)%	19.1%	16.2%	14.8%	7.3%
Retail Centers	1.8%	(0.5)%	12.4%	3.8%	15.4%	11.0%	2.7%	0.7%	11.1%	8.7%
Total	1.8%	(1.2)%	7.0%	0.2%	2.4%	(8.6)%	8.0%	5.7%	12.2%	8.3%
	Total Dollars	\$ per Sq Ft	Total Dollars	\$ per Sq Ft	Total Dollars	\$ per Sq Ft	Total Dollars	\$ per Sq Ft	Total Dollars	\$ per Sq Ft
Tenant Improvements										
Office Buildings	\$ 484,793	\$ 45.72	\$ 1,085,517	\$ 15.60	\$ 687,818	\$ 14.01	\$ 126,994	\$ 12.06	\$ 279,990	\$ 12.71
Retail Centers	10,000	0.05	100,000	2.23	—	—	—	—	22,800	0.20
Subtotal	\$ 494,793	\$ 2.46	\$ 1,185,517	\$ 10.37	\$ 687,818	\$ 11.36	\$ 126,994	\$ 2.47	\$ 302,790	\$ 2.18
Leasing Commissions										
Office Buildings	\$ 106,904	\$ 10.08	\$ 591,590	\$ 8.50	\$ 303,570	\$ 6.18	\$ 89,452	\$ 8.49	\$ 196,926	\$ 8.94
Retail Centers	41,781	0.22	34,609	0.78	38,753	3.38	32,754	0.80	59,431	0.51
Subtotal	\$ 148,685	\$ 0.74	\$ 626,199	\$ 5.47	\$ 342,323	\$ 5.65	\$ 122,206	\$ 2.38	\$ 256,357	\$ 1.85
Tenant Improvements and Leasing Commissions										
Office Buildings	\$ 591,697	\$ 55.80	\$ 1,677,107	\$ 24.10	\$ 991,388	\$ 20.19	\$ 216,446	\$ 20.55	\$ 476,916	\$ 21.65
Retail Centers	51,781	0.27	134,609	3.01	38,753	3.38	32,754	0.80	82,231	0.71
Total	\$ 643,478	\$ 3.20	\$ 1,811,716	\$ 15.84	\$ 1,030,141	\$ 17.01	\$ 249,200	\$ 4.85	\$ 559,147	\$ 4.03

10 Largest Tenants - Based on Annualized Commercial Income

June 30, 2018

Tenant	Number of Buildings	Weighted Average Remaining Lease Term in Months	Percentage of Aggregate Portfolio Annualized Commercial Income	Aggregate Rentable Square Feet	Percentage of Aggregate Occupied Square Feet
World Bank	1	30	5.7 %	210,354	3.8 %
Atlantic Media, Inc.	1	112	3.6 %	134,084	2.4 %
Capital One	5	46	3.0 %	148,742	2.7 %
Booz Allen Hamilton, Inc.	1	91	2.4 %	222,989	4.0 %
Blank Rome LLP (1)	1	18	2.1 %	67,843	1.2 %
Hughes Hubbard & Reed LLP	1	120	1.7 %	59,154	1.1 %
FBR Capital Markets & Company	1	54	1.4 %	55,105	1.0 %
Epstein, Becker & Green, P.C.	1	127	1.4 %	55,318	1.0 %
Promontory Interfinancial Network, LLC	1	101	1.1 %	36,867	0.7 %
Morgan Stanley Smith Barney Financing	1	32	1.1 %	49,395	0.9 %
Total/Weighted Average		69	23.5 %	1,039,851	18.8 %

Note: This table excludes short-term leases.

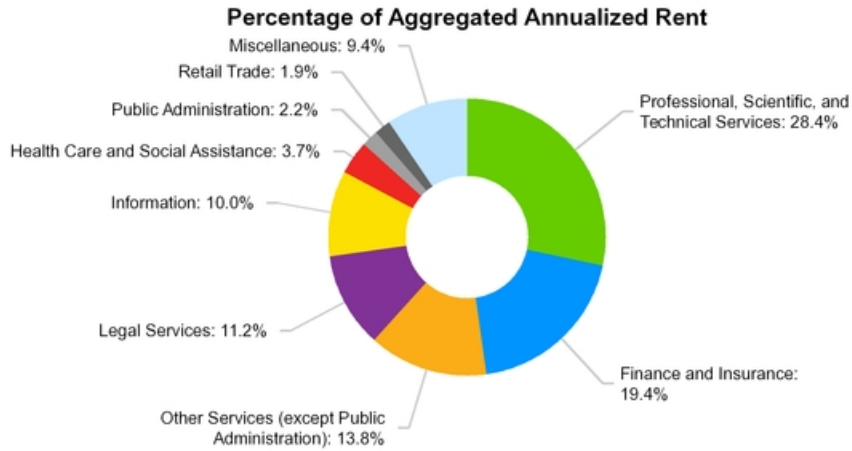
(1) The weighted average remaining lease term for Blank Rome LLP's space includes the effect of a master lease agreement, under which another tenant will assume the majority of Blank Rome LLP's space for an additional 12 months.

Industry Diversification - Office

June 30, 2018

Industry Classification (NAICS)	Annualized Base Rental Revenue	Percentage of Aggregate Annualized Rent	Aggregate Rentable Square Feet	Percentage of Aggregate Square Feet
Office:				
Professional, Scientific, and Technical Services	\$ 42,494,986	28.39%	1,167,434	34.08%
Finance and Insurance	29,089,705	19.43%	595,302	17.38%
Other Services (except Public Administration)	20,652,148	13.80%	437,562	12.78%
Legal Services	16,764,948	11.20%	320,401	9.35%
Information	14,966,858	10.00%	298,396	8.71%
Health Care and Social Assistance	5,568,947	3.72%	151,665	4.43%
Public Administration	3,247,033	2.17%	72,890	2.13%
Retail Trade	2,903,950	1.94%	54,497	1.59%
Miscellaneous:				
Construction	2,614,526	1.75%	51,797	1.51%
Educational Services	2,503,913	1.67%	67,660	1.98%
Manufacturing	2,084,695	1.39%	33,815	0.99%
Accommodation and Food Services	1,848,509	1.23%	49,815	1.45%
Other	4,952,053	3.31%	123,856	3.62%
Total	\$ 149,692,271	100.00%	3,425,090	100.00%

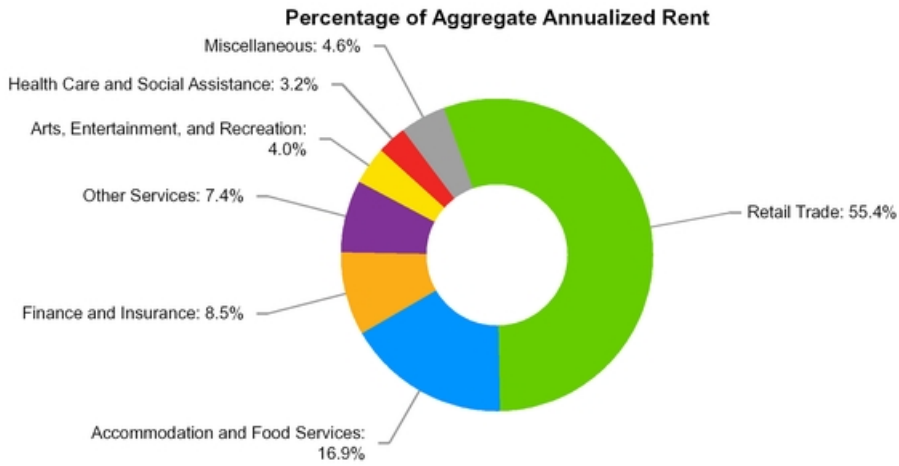
Note: Federal government tenants comprise up to 1.4% of annualized base rental revenue.



Industry Diversification - Retail

June 30, 2018

Industry Classification (NAICS)	Annualized Base Rental Revenue	Percentage of Aggregate Annualized Rent	Aggregate Rentable Square Feet	Percentage of Aggregate Square Feet
Retail:				
Retail Trade	\$ 27,188,834	55.38%	1,431,279	69.44%
Accommodation and Food Services	8,296,211	16.90%	240,576	11.67%
Finance and Insurance	4,190,643	8.54%	53,876	2.61%
Other Services (except Public Administration)	3,621,893	7.38%	113,936	5.53%
Arts, Entertainment, and Recreation	1,962,003	4.00%	111,886	5.43%
Health Care and Social Assistance	1,547,428	3.15%	41,147	2.00%
Miscellaneous:				
Information	762,466	1.55%	17,047	0.83%
Wholesale Trade	466,126	0.95%	13,736	0.67%
Educational Services	354,056	0.72%	10,713	0.52%
Other	703,482	1.43%	26,859	1.30%
Total	\$ 49,093,142	100.00%	2,061,055	100.00%



Lease Expirations

June 30, 2018

Year	Number of Leases	Rentable Square Feet	Percent of Rentable Square Feet	Annualized Rent ⁽¹⁾	Average Rental Rate	Percent of Annualized Rent ⁽¹⁾
Office:						
2018	25	103,219	2.97%	\$ 4,179,871	\$ 40.50	2.46%
2019	64	463,782	13.36%	21,293,764	45.91	12.55%
2020	50	430,773	12.41%	20,741,009	48.15	12.22%
2021	62	391,317	11.28%	16,736,847	42.77	9.86%
2022	46	437,122	12.60%	20,550,106	47.01	12.11%
2023 and thereafter	187	1,644,310	47.38%	86,202,124	52.42	50.80%
	<u>434</u>	<u>3,470,523</u>	<u>100.00%</u>	<u>\$ 169,703,721</u>	<u>48.90</u>	<u>100.00%</u>
Retail:						
2018	8	16,352	0.82%	\$ 509,060	\$ 31.13	0.94%
2019	31	94,964	4.78%	3,281,021	34.55	6.07%
2020	41	386,990	19.46%	7,254,577	18.75	13.41%
2021	26	228,235	11.48%	4,170,452	18.27	7.71%
2022	47	306,663	15.42%	8,448,351	27.55	15.62%
2023 and thereafter	134	955,210	48.04%	30,422,700	31.85	56.25%
	<u>287</u>	<u>1,988,414</u>	<u>100.00%</u>	<u>\$ 54,086,161</u>	<u>27.20</u>	<u>100.00%</u>
Total:						
2018	33	119,571	2.19%	\$ 4,688,931	\$ 39.21	2.10%
2019	95	558,746	10.24%	24,574,785	43.98	10.98%
2020	91	817,763	14.98%	27,995,586	34.23	12.51%
2021	88	619,552	11.35%	20,907,299	33.75	9.34%
2022	93	743,785	13.63%	28,998,457	38.99	12.96%
2023 and thereafter	321	2,599,520	47.61%	116,624,824	44.86	52.11%
	<u>721</u>	<u>5,458,937</u>	<u>100.00%</u>	<u>\$ 223,789,882</u>	<u>41.00</u>	<u>100.00%</u>

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

Schedule of Properties

June 30, 2018

PROPERTIES	LOCATION	YEAR ACQUIRED	YEAR CONSTRUCTED	NET RENTABLE SQUARE FEET	LEASED % ⁽¹⁾	ENDING OCCUPANCY ⁽¹⁾
<u>Office Buildings</u>						
515 King Street	Alexandria, VA	1992	1966	75,000	96%	96%
Courthouse Square	Alexandria, VA	2000	1979	118,000	92%	89%
1600 Wilson Boulevard	Arlington, VA	1997	1973	170,000	97%	97%
Fairgate at Ballston	Arlington, VA	2012	1988	146,000	94%	87%
Arlington Tower	Arlington, VA	2018	1980/2014	396,000	94%	94%
Monument II	Herndon, VA	2007	2000	209,000	94%	87%
925 Corporate Drive	Stafford, VA	2010	2007	135,000	69%	69%
1000 Corporate Drive	Stafford, VA	2010	2009	137,000	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	95%	95%
1220 19th Street	Washington, DC	1995	1976	102,000	99%	99%
1776 G Street	Washington, DC	2003	1979	264,000	100%	100%
2000 M Street	Washington, DC	2007	1971	231,000	98%	98%
1140 Connecticut Avenue	Washington, DC	2011	1966	183,000	93%	93%
1227 25th Street	Washington, DC	2011	1988	135,000	100%	100%
Army Navy Building	Washington, DC	2014	1912/1987/2017	108,000	88%	84%
1775 Eye Street, NW	Washington, DC	2014	1964	186,000	100%	100%
Watergate 600	Washington, DC	2017	1972/1997	294,000	97%	97%
Subtotal				3,761,000	94%	93%

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

Schedule of Properties (continued)

June 30, 2018

PROPERTIES	LOCATION	YEAR ACQUIRED	YEAR CONSTRUCTED	NET RENTABLE SQUARE FEET	LEASED % ⁽¹⁾	ENDING OCCUPANCY ⁽¹⁾
Retail Centers						
Bradlee Shopping Center	Alexandria, VA	1984	1955	172,000	97%	97%
Shoppes of Foxchase	Alexandria, VA	1994	1960/2006	134,000	100%	98%
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	95%	95%
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	87%	86%
Olney Village Center	Olney, MD	2011	1979/2003	199,000	94%	94%
Randolph Shopping Center	Rockville, MD	2006	1972	83,000	67%	65%
Montrose Shopping Center	Rockville, MD	2006	1970	147,000	100%	97%
Takoma Park	Takoma Park, MD	1963	1962	51,000	100%	100%
Westminster	Westminster, MD	1972	1969	150,000	95%	95%
Wheaton Park	Wheaton, MD	1977	1967	74,000	94%	91%
Chevy Chase Metro Plaza	Washington, DC	1985	1975	49,000	89%	89%
Spring Valley Village	Washington, DC	2014	1941/1950	78,000	91%	91%
Subtotal				2,334,000	92%	91%

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

Schedule of Properties (continued)

June 30, 2018

<u>PROPERTIES</u>	<u>LOCATION</u>	<u>YEAR ACQUIRED</u>	<u>YEAR CONSTRUCTED</u>	<u>NET RENTABLE SQUARE FEET</u>	<u>LEASED % ⁽¹⁾</u>	<u>ENDING OCCUPANCY ⁽¹⁾</u>
<u>Multifamily Buildings / # units</u>						
Clayborne / 74	Alexandria, VA	2008	2008	60,000	99%	95%
Riverside Apartments / 1,222	Alexandria, VA	2016	1971	1,001,000	98%	93%
Park Adams / 200	Arlington, VA	1969	1959	173,000	100%	96%
Bennett Park / 224	Arlington, VA	2007	2007	215,000	99%	98%
The Paramount / 135	Arlington, VA	2013	1984	141,000	97%	96%
The Maxwell / 163	Arlington, VA	2014	2014	116,000	100%	98%
The Wellington / 711	Arlington, VA	2015	1960	600,000	99%	97%
Roosevelt Towers / 191	Falls Church, VA	1965	1964	170,000	97%	96%
The Ashby at McLean / 256	McLean, VA	1996	1982	274,000	98%	95%
Bethesda Hill Apartments / 195	Bethesda, MD	1997	1986	225,000	98%	95%
3801 Connecticut Avenue / 307	Washington, DC	1963	1951	178,000	98%	95%
Kenmore Apartments / 374	Washington, DC	2008	1948	268,000	97%	95%
Yale West / 216	Washington, DC	2014	2011	173,000	99%	97%
Subtotal (4,268 units)				<u>3,594,000</u>	98%	95%
TOTAL PORTFOLIO				<u>9,689,000</u>		

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

Supplemental Definitions

June 30, 2018

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/loss 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.

Certain statements in our supplemental and on our conference call are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements in this earnings release preceded by, followed by or that include the words "believe," "expect," "intend," "anticipate," "potential," "project," "will" and other similar expressions. Such statements involve known and unknown risks, uncertainties, and other factors that may cause actual results to differ materially. Such risks, uncertainties and other factors include, but are not limited to, changes in general and local economic and real estate market conditions, the potential for federal government budget reductions, the risk of failure to complete contemplated acquisitions and dispositions, the timing and pricing of lease transactions, the availability and cost of capital, fluctuations in interest rates, tenants' financial conditions, levels of competition, the effect of government regulation, and other risks and uncertainties detailed from time to time in our filings with the SEC, including our 2017 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.