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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): February 13, 2020

**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))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Shares of Beneficial Interest	WRE	NYSE

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

Emerging growth company

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

Item 2.02 Results of Operations and Financial Condition

and

Item 7.01 Regulation FD Disclosure.

A press release issued by the Registrant on February 13, 2020 regarding earnings for the three and twelve months ended December 31, 2019, 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 February 13, 2020 regarding earnings for the three and twelve months ended December 31, 2019
99.2	Certain supplemental information not included in the press release
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURES

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

WASHINGTON REAL ESTATE INVESTMENT TRUST

(Registrant)

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

W. Drew Hammond
Vice President, Chief Accounting Officer

February 13, 2020

(Date)



FOR IMMEDIATE RELEASE

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February 13, 2020

WASHINGTON REAL ESTATE INVESTMENT TRUST ANNOUNCES FOURTH QUARTER AND YEAR-END OPERATING RESULTS FOR 2019

Washington Real Estate Investment Trust ("WashREIT" or the "Company") (NYSE: WRE), a leading owner and operator of commercial and multifamily properties in the Washington, DC area, reported financial and operating results today for the quarter and year ended December 31, 2019:

Full-Year 2019 Financial Results

- Net income attributable to controlling interests was \$383.6 million, or \$4.75 per diluted share, including net gains on the sale of real estate of \$399.0 million
- NAREIT FFO⁽¹⁾ was \$1.66 per diluted share
- Core FFO⁽¹⁾ was \$1.71 per diluted share

Fourth Quarter 2019 Financial Results

- Net income attributable to controlling interests was \$54.2 million, or \$0.66 per diluted share
- NAREIT FFO was \$0.39 per diluted share
- Core FFO was \$0.40 per diluted share

2019 Operational Highlights

- Same-store⁽²⁾ Net Operating Income (NOI)⁽³⁾ decreased by 0.2% and cash NOI increased by 0.5% from 2018
- Same-store Office NOI decreased by 4.6% and cash NOI decreased by 3.6% compared to 2018
- Same-store Multifamily NOI and cash NOI increased by 4.6% for the year
- Same-store Other NOI increased by 3.4% and cash NOI increased by 4.9% for the year
- Ended the year with a net debt to adjusted EBITDA⁽⁴⁾ ratio of 5.6x

2019 Transaction Activity

- Acquired the Assembly Portfolio, a 2,113 unit multifamily portfolio for approximately \$461.2 million
- Acquired Cascade at Landmark, a 277 unit multifamily asset in Alexandria, VA for approximately \$69.8 million
- Sold Quantico Corporate Center for approximately \$33.0 million
- Sold eight retail assets for approximately \$562.0 million
- Sold 1776 G Street for approximately \$129.5 million
- Entered into a contract to sell John Marshall II for approximately \$63.4 million. The transaction is expected to close on March 26, 2020 and would eliminate the Company's remaining exposure to single tenant assets.

"2019 was a pivotal year for WashREIT on multiple fronts. We executed \$1.3 billion of strategic transactions— a company record— to streamline and de-risk our portfolio and improve our ability to drive value creation," said Paul T. McDermott, President and CEO of WashREIT. "In addition to our transformative capital allocation, we exceeded our commercial leasing targets for 2019 and addressed the vast majority of our 2020 expirations. Looking ahead, we expect key lease commencements and multifamily value-creation to drive strong growth in the second half of 2020 and strong year-over-year growth in 2021."

Operating Results

The Company's overall portfolio NOI for the fourth quarter was \$50.1 million, compared to \$46.1 million in the same period one year ago and \$49.6 million in the third quarter of 2019. Same-store portfolio NOI decreased by 0.2% for the full year and 2.0% for the fourth quarter on a year-over-year basis. The Company's overall portfolio ending occupancy ⁽⁵⁾ was 92.8%, compared to 93.1% at year-end 2018. Same-store portfolio ending occupancy ⁽⁶⁾ was 92.1% compared to 93.9% at year-end 2018.

Same-store portfolio by sector:

- Office: 48% of Q4 2019 Same-Store NOI** - Same-store NOI decreased by 4.6% and cash NOI decreased by 3.6% for the full year. Same-store NOI decreased by 6.9% and cash NOI decreased by 6.1% for the fourth quarter compared to the same period a year ago. The full-year decrease was primarily driven by the termination of a prior lease at Watergate 600 that has largely been re-leased and occupied. The fourth quarter decrease was largely driven by the aforementioned lease termination as well as the previously anticipated vacancy at 1220 19th Street, the majority of which has been re-leased. Same-store ending occupancy decreased by 510 basis points year-over-year and 40 basis points sequentially to 88.5% primarily due to the aforementioned lease termination that enabled the re-leasing of the majority of the space. The overall office portfolio was 89.6% occupied and 91.9% leased at year-end.
- Multifamily: 43% of Q4 2019 Same-Store NOI** - Same-store NOI and cash NOI increased by 4.6% for the full year. Same-store NOI increased by 4.6% and cash NOI increased by 4.8% for the fourth quarter on a year-over-year basis. The Company achieved 340 basis points of blended year-over-year lease rate growth⁽⁷⁾ comprised of 430 basis points of renewal rate growth and 220 basis points of new lease rate growth reflecting strong demand for our value-oriented assets and the success of our daily pricing strategy which allows us to optimize rental income growth. Same-store ending occupancy increased by 20 basis points year over year and decreased by 10 basis points sequentially to 95.0%. The overall multifamily portfolio was 94.9% occupied and 96.4% leased at year-end.
- Other: 9% of Q4 2019 Same-Store NOI** - Same-store NOI increased by 3.4% and cash NOI increased by 4.9% for the full year. Same-store NOI decreased by 3.6% and cash NOI decreased by 0.1% year-over-year in the fourth quarter due to one-time benefits that impacted the fourth quarter of 2018. Same-store ending occupancy increased by 100 basis points year-over-year and 190 basis points sequentially to 90.9% and was 92.8% leased at year-end.

Leasing Activity

During 2019, WashREIT signed new and renewal commercial leases as follows (all dollar amounts are on a per square foot basis):

	Square Feet	Weighted Average Term (in years)	Weighted Average Free Rent Period (in months)	Weighted Average Rental Rates	Weighted Average Rental Rate % Increase	Tenant Improvements	Leasing Commissions
New:							
Office ^(a)	200,000	10.5	4.3	\$ 58.38	25.2%	\$ 106.02	\$ 31.52
Other	68,000	7.6	4.0	19.28	16.8%	31.14	8.85
Total ^(b)	268,000	9.7	4.2	48.41	23.1%	86.91	25.74
Renewal:							
Office	207,000	9.6	8.9	\$ 44.69	9.7%	\$ 30.81	\$ 12.77
Other	50,000	4.6	0.2	31.67	21.8%	—	3.03
Total ^(b)	257,000	8.6	7.2	42.15	12.0%	24.79	10.86

^(a) Office tenant improvements per foot per year of term for new leases were approximately \$10.10 driven by the 51,000 square foot lease signed at Watergate 600 in Q1 that had no free rent associated with it

^(b) Excludes leasing activity at properties sold during the year

During the fourth quarter, WashREIT signed commercial leases totaling 120,000 square feet, including 55,000 square feet of new leases and 65,000 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	46,000	7.8	6.9	\$ 57.63	33.7%	\$ 69.88	\$ 25.34
Other ^(a)	9,000	14.9	6.4	61.86	1.8%	127.02	42.59
Total	55,000	8.9	6.8	58.28	27.2%	78.71	28.01
Renewal:							
Office ^(b)	57,000	8.7	6.5	\$ 47.03	26.7%	\$ 36.99	\$ 20.15
Other	8,000	5.0	1.1	39.33	8.9%	—	2.45
Total	65,000	8.2	5.8	46.06	24.5%	32.33	17.92

^(a) Tenant improvements per square foot for Other new leases were high in the fourth quarter due to a 16-year lease signed at Spring Valley Village to a high-quality credit tenant

^(b) Excludes leasing activity at properties sold during the quarter

2020 Guidance

	Full Year 2020
Core FFO per diluted share ^(a)	\$1.53 - \$1.59
Same-Store NOI Growth	1.0% - 2.0%
Multifamily	3.25% - 4.25%
Office	(1.0%) - 1.0%
Other NOI	\$13.25 million - \$13.75 million
Non Same-Store Multifamily NOI	\$28.25 million - \$29.25 million
Transactions	
Acquisitions	\$0
Dispositions ^(b)	\$63.4 million
Corporate Expenses	
G&A and Leasing Expenses	\$22.25 million - \$23.25 million
Interest Expense	\$42.25 million - \$43.25 million
Development Expenditures	\$42.5 million - \$47.5 million

^(a) Subsequent to the third quarter earnings call, the Company issued approximately 1.4 million shares through its at-the-market (ATM) program at an average price of \$30.77 for gross proceeds of \$43.7 million. On a combined basis, the ATM issuance and expected sale of John Marshall II reduced our 2020 Core FFO guidance by approximately \$0.035 per share.

^(b) Represents the sale of John Marshall II, which will reduce NOI by approximately \$1.1 million per quarter

The non same-store multifamily properties in 2020 consist of the Assembly Portfolio, Cascade at Landmark, and the Trove multifamily development. John Marshall II is the only non same-store office property in 2020.

WashREIT's 2020 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. WashREIT may change the guidance provided during the year as actual and anticipated results vary from these assumptions, but WashREIT undertakes no obligation to do so.

2020 Guidance Reconciliation Table

A reconciliation of projected net loss attributable to the controlling interests per diluted share to projected Core FFO per diluted share for the year ending December 31, 2020, reflecting the dispositions assumptions above, is as follows:

	Low	High
Net income attributable to the controlling interests per diluted share ^(a)	\$ 0.08	\$ 0.14
Real estate depreciation and amortization ^(b)	1.45	1.45
NAREIT FFO per diluted share	1.53	1.59
Core adjustments	—	—
Core FFO per diluted share	\$ 1.53	\$ 1.59

^(a) Excludes gains or losses on sale of real estate

^(b) Includes impact from planned disposition during the year

Dividends

On January 6, 2020, WashREIT paid a quarterly dividend of \$0.30 per share.

WashREIT announced today that its Board of Trustees has declared a quarterly dividend of \$0.30 per share to be paid on March 31, 2020 to shareholders of record on March 17, 2020.

Conference Call Information

The Conference Call for Full Year and Fourth Quarter 2019 Earnings is scheduled for Friday, February 14, 2020 at 11:00 am ET. 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, February 28, 2020 at 11:00 pm ET.

USA Toll Free Number: 1-877-481-4010

International Toll Number: 1-919-882-2331

Conference ID: 56869

The live on-demand webcast of the Conference Call will be available on the Investor section of WashREIT's website at www.washreit.com.

About WashREIT

WashREIT owns and operates uniquely positioned real estate assets in the Washington D.C. metro area. Backed by decades of experience, expertise and ambition, we create value by transforming insights into strategy and strategy into action. The Company's portfolio of 46 properties includes approximately 3.9 million square feet of commercial space and 6,861 multifamily apartment units. These 46 properties consist of 22 multifamily properties, 16 office properties, and 8 retail centers. Our shares trade on the NYSE and our company currently has an enterprise value of more than \$3.5 billion. With a track record of driving returns and delivering satisfaction, we are a trusted authority in one of the nation's most competitive real estate markets.

Note: WashREIT'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 relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. In some cases, you can identify forward looking statements by the use of forward-looking terminology such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," or "potential" or the negative of these words and phrases or similar words or phrases which are predictions of or indicate future events or trends and which do not relate solely to historical matters.

Such statements involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance, or achievements of WashREIT to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, but are not limited to the risks associated with the ownership of real estate in general and our real estate assets in particular; the risk that any of the assumptions on which our updated 2020 earnings guidance is based are incorrect, the risk of failure to enter into and/or complete contemplated dispositions, at all, within the price ranges anticipated and on the terms and timing anticipated; the economic health of the greater Washington Metro region; changes in the composition of our portfolio; fluctuations in interest rates; reductions in or actual or threatened changes to the timing of federal government spending; the risks related to use of third-party providers and joint venture partners; the ability to control our operating expenses; the economic health of our tenants; the supply of competing properties; shifts away from brick and mortar stores to e-commerce; the availability and terms of financing and capital and the general volatility of securities markets; compliance with applicable laws, including those concerning the environment and access by persons with disabilities; terrorist attacks or actions and/or cyber attacks; weather conditions and natural disasters; ability to maintain key personnel; failure to qualify and maintain our qualification as a REIT and the risks of changes in laws affecting REITs; and other risks and uncertainties detailed from time to time in our filings with the SEC, including our 2018 Form 10-K and subsequent Quarterly Reports on Form 10-Q. While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. We undertake no obligation to update our forward-looking statements or risk factors to reflect new information, future events, or otherwise.

This Earnings Release also includes certain forward-looking non-GAAP information. Due to the high variability and difficulty in making accurate forecasts and projections of some of the information excluded from these estimates, together with some of the excluded information not being ascertainable or accessible, the Company is unable to quantify certain amounts that would be required to be included in the most directly comparable GAAP financial measures without unreasonable efforts

⁽¹⁾ NAREIT Funds From Operations ("FFO") is a non-GAAP measure. It is defined by the National Association of Real Estate Investment Trusts, Inc. ("NAREIT") in its NAREIT FFO White Paper - 2018 Restatement 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 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 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 WashREIT's operating portfolio and affect the comparative measurement of WashREIT'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, severance expenses and other expenses related to corporate restructuring 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 WashREIT'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 "other." Same-store properties include properties that were owned for the entirety of the year being compared, and exclude properties under redevelopment or development and properties acquired, sold or classified as held for sale during the year 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 year 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 or loss on sale, if any), plus interest expense, depreciation and amortization, lease origination expenses, general and administrative expenses, 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⁾ Net Debt to Adjusted EBITDA represents net debt as of period end divided by adjusted EBITDA for the period, as annualized (i.e. three months)

periods are multiplied by four) or on a trailing 12 month basis. We define net debt as the total outstanding debt reported as per our consolidated balance sheets less cash and cash equivalents at the end of the period. 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 and gain from non-disposal activities. We consider Adjusted EBITDA to be an appropriate 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 and Net Debt to Adjusted EBITDA are a non-GAAP measures.

(5) Average Occupancy is based on monthly occupied net rentable square footage or monthly occupied multifamily units as a percentage of total net rentable square footage or total multifamily units, respectively.

(6) Ending Occupancy is calculated as occupied square footage or multifamily units as a percentage of total square footage or multifamily units, respectively, as of the last day of that period.

(7) Lease rate growth, which we sometimes refer to as "trade-out", is defined as the average percentage change in effective rent (net of concessions) for a new or renewed lease compared to the prior lease based on the move-in date.

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

	Ending Occupancy			
	Same-Store Properties December 31,		All Properties December 31,	
	2019	2018	2019	2018
Multifamily (calculated on a unit basis)	95.0 %	94.8 %	94.9 %	94.8 %
Multifamily	94.9 %	94.8 %	94.8 %	94.8 %
Office	88.5 %	93.6 %	89.6 %	92.3 %
Other ⁽ⁱⁱ⁾	90.9 %	89.9 %	90.9 %	91.9 %
Overall Portfolio	92.1 %	93.9 %	92.8 %	93.1 %

⁽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. Same-store properties exclude:

Acquisitions:

Multifamily - Assembly Alexandria, Assembly Manassas, Assembly Dulles, Assembly Leesburg, Assembly Herndon, Assembly Germantown, Assembly Watkins Mill and Cascade at Landmark
Office - Arlington Tower

Held for sale:

Office - John Marshall II

Sold properties (classified as continuing operations):

Office - 1776 G Street, Quantico Corporate Center, Braddock Metro Center and 2445 M Street

Discontinued operations:

Wheaton Park, Bradlee Shopping Center, Shoppes at Foxchase, Gateway Overlook, Olney Village Center, Frederick County Square, Centre at Hagerstown and Frederick Crossing

⁽ⁱⁱ⁾ Same-Store Other consists of retail properties not classified as discontinued operations: Takoma Park, Westminster, Concord Centre, Chevy Chase Metro Plaza, 800 S. Washington Street, Randolph Shopping Center, Montrose Shopping Center and Spring Valley Village. "Other" properties include discontinued operations.

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

OPERATING RESULTS	Quarter Ended		Year Ended	
	December 31,		December 31,	
	2019	2018	2019	2018
Revenue				
Real estate rental revenue	\$ 80,667	\$ 71,740	\$ 309,180	\$ 291,730
Expenses				
Real estate expenses	30,611	25,654	115,580	105,592
Depreciation and amortization	38,812	28,692	136,253	111,826
Real estate impairment	—	—	8,374	1,886
General and administrative expenses	5,853	5,352	24,370	22,089
Lease origination expenses	412	—	1,698	—
	75,688	59,698	286,275	241,393
Other operating income				
Gain on sale of real estate	61,007	—	59,961	2,495
Real estate operating income	65,986	12,042	82,866	52,832
Other expense				
Interest expense	(11,788)	(12,346)	(53,734)	(50,501)
Loss on extinguishment of debt	—	—	—	(1,178)
	(11,788)	(12,346)	(53,734)	(51,679)
Income (loss) from continuing operations	54,198	(304)	29,132	1,153
Discontinued operations				
Income from operations of properties sold or held for sale	—	5,992	16,158	24,477
Gain on sale of real estate	—	—	339,024	—
Loss on extinguishment of debt	—	—	(764)	—
Income from discontinued operations	—	5,992	354,418	24,477
Net income	54,198	5,688	383,550	25,630
Less: Net income attributable to noncontrolling interests in subsidiaries	—	—	—	—
Net income attributable to the controlling interests	\$ 54,198	\$ 5,688	\$ 383,550	\$ 25,630
Income (loss) from continuing operations	\$ 54,198	\$ (304)	\$ 29,132	\$ 1,153
Depreciation and amortization	38,812	28,692	136,253	111,826
Real estate impairment	—	—	8,374	1,886
Gain on sale of depreciable real estate, net	(61,007)	—	(59,961)	(2,495)
Funds from continuing operations ⁽¹⁾	32,003	28,388	113,798	112,370
Income from discontinued operations	—	5,992	354,418	24,477
Discontinued operations real estate depreciation and amortization	—	2,417	4,926	9,402
Gain on sale of real estate	—	—	(339,024)	—
Funds from discontinued operations	—	8,409	20,320	33,879
NAREIT funds from operations ⁽¹⁾	\$ 32,003	\$ 36,797	\$ 134,118	\$ 146,249
Non-cash loss (gain) on extinguishment of debt	—	—	(244)	1,178
Tenant improvements and leasing incentives	(6,857)	(10,730)	(15,898)	(23,535)
External and internal leasing commissions capitalized	(2,700)	(3,556)	(6,371)	(5,856)
Recurring capital improvements	(4,345)	(2,110)	(6,746)	(3,954)
Straight-line rents, net	(763)	(959)	(3,266)	(4,343)
Non-cash fair value interest expense	(178)	(214)	(778)	(865)
Non-real estate depreciation & amortization of debt costs	1,030	989	5,005	3,887
Amortization of lease intangibles, net	504	372	2,183	1,842
Amortization and expensing of restricted share and unit compensation	1,479	1,682	7,743	6,746
Funds available for distribution ⁽⁴⁾	\$ 20,173	\$ 22,271	\$ 115,746	\$ 121,349

Per share data:		Quarter Ended		Year Ended	
		December 31,		December 31,	
		2019	2018	2019	2018
Income from continuing operations	(Basic)	\$ 0.66	\$ —	\$ 0.36	\$ 0.01
	(Diluted)	\$ 0.66	\$ —	\$ 0.36	\$ 0.01
Net income attributable to the controlling interests	(Basic)	\$ 0.66	\$ 0.07	\$ 4.75	\$ 0.32
	(Diluted)	\$ 0.66	\$ 0.07	\$ 4.75	\$ 0.32
NAREIT funds from operations	(Basic)	\$ 0.39	\$ 0.46	\$ 1.67	\$ 1.85
	(Diluted)	\$ 0.39	\$ 0.46	\$ 1.66	\$ 1.84
Dividends declared		\$ 0.30	\$ 0.30	\$ 1.20	\$ 1.20
Weighted average shares outstanding – basic		81,220	79,748	80,257	78,960
Weighted average shares outstanding – diluted		81,313	79,748	80,335	79,042

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

	December 31,	
	2019	2018
Assets		
Land	\$ 566,807	\$ 526,572
Income producing property	2,392,415	2,055,349
	<u>2,959,222</u>	<u>2,581,921</u>
Accumulated depreciation and amortization	(693,610)	(669,281)
Net income producing property	2,265,612	1,912,640
Properties under development or held for future development	124,193	87,231
Total real estate held for investment, net	<u>2,389,805</u>	<u>1,999,871</u>
Investment in real estate sold or held for sale, net	57,028	203,410
Cash and cash equivalents	12,939	6,016
Restricted cash	1,812	1,624
Rents and other receivables	65,259	63,962
Prepaid expenses and other assets	95,149	123,670
Other assets related to properties sold or held for sale	6,336	18,551
Total assets	<u>\$ 2,628,328</u>	<u>\$ 2,417,104</u>
Liabilities		
Notes payable, net	996,722	\$ 995,397
Mortgage notes payable, net	47,074	48,277
Line of credit	56,000	188,000
Accounts payable and other liabilities	71,136	57,946
Dividend payable	24,668	24,022
Advance rents	9,353	9,965
Tenant security deposits	10,595	9,501
Liabilities related to properties sold or held for sale	718	15,518
Total liabilities	<u>1,216,266</u>	<u>1,348,626</u>
Equity		
Shareholders' equity		
Preferred shares; \$0.01 par value; 10,000 shares authorized; no shares issued or outstanding	—	—
Shares of beneficial interest, \$0.01 par value; 100,000 shares authorized; 82,099 and 79,910 shares issued and outstanding, as of December 31, 2019 and December 31, 2018 respectively	821	799
Additional paid-in capital	1,592,487	1,526,574
Distributions in excess of net income	(183,405)	(469,085)
Accumulated other comprehensive income	1,823	9,839
Total shareholders' equity	<u>1,411,726</u>	<u>1,068,127</u>
Noncontrolling interests in subsidiaries	336	351
Total equity	<u>1,412,062</u>	<u>1,068,478</u>
Total liabilities and equity	<u>\$ 2,628,328</u>	<u>\$ 2,417,104</u>

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

Quarter Ended December 31, 2019	Multifamily	Office	Other	Total
Same-store net operating income ⁽³⁾	\$ 15,485	\$ 17,611	\$ 3,235	\$ 36,331
Add: Net operating income from non-same-store properties ⁽³⁾	6,427	7,298	—	13,725
Total net operating income ⁽²⁾	\$ 21,912	\$ 24,909	\$ 3,235	\$ 50,056
Add/(deduct):				
Interest expense				(11,788)
Depreciation and amortization				(38,812)
General and administrative expenses				(5,853)
Lease origination expenses				(412)
Gain on sale of real estate				61,007
Income from continuing operations				54,198
Discontinued operations:				
Income from operations of properties sold or held for sale				—
Net income				54,198
Less: Net income attributable to noncontrolling interests in subsidiaries				—
Net income attributable to the controlling interests				\$ 54,198

Quarter Ended December 31, 2018	Multifamily	Office	Other	Total
Same-store net operating income ⁽³⁾	\$ 14,803	\$ 18,910	3,357	\$ 37,070
Add: Net operating income from non-same-store properties ⁽³⁾	—	9,016	—	9,016
Total net operating income ⁽²⁾	\$ 14,803	\$ 27,926	\$ 3,357	\$ 46,086
Add/(deduct):				
Interest expense				(12,346)
Depreciation and amortization				(28,692)
General and administrative expenses				(5,352)
Loss from continuing operations				(304)
Discontinued operations:				
Income from operations of properties sold or held for sale				5,992
Net income				5,688
Less: Net income attributable to noncontrolling interests in subsidiaries				—
Net income attributable to the controlling interests				\$ 5,688

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

Year Ended December 31, 2019	Multifamily	Office	Other	Total
Same-store net operating income ⁽³⁾	\$ 60,638	\$ 71,387	\$ 13,468	\$ 145,493
Add: Net operating income from non-same-store properties ⁽³⁾	16,358	31,749	—	48,107
Total net operating income ⁽²⁾	\$ 76,996	\$ 103,136	\$ 13,468	\$ 193,600
Add/(deduct):				
Interest expense				(53,734)
Depreciation and amortization				(136,253)
General and administrative expenses				(24,370)
Lease origination expenses				(1,698)
Real estate impairment				(8,374)
Gain on sale of real estate				59,961
Income from continuing operations				29,132
Discontinued operations:				
Income from operations of properties sold or held for sale				16,158
Gain on sale of real estate				339,024
Loss on extinguishment of debt				(764)
Net income				383,550
Less: Net income attributable to noncontrolling interests in subsidiaries				—
Net income attributable to the controlling interests				\$ 383,550

Year Ended December 31, 2018	Multifamily	Office	Other	Total
Same-store net operating income ⁽³⁾	\$ 57,980	\$ 74,799	\$ 13,026	\$ 145,805
Add: Net operating (loss) income from non-same-store properties ⁽³⁾	(21)	40,354	—	40,333
Total net operating income ⁽²⁾	\$ 57,959	\$ 115,153	\$ 13,026	\$ 186,138
Add/(deduct):				
Interest expense				(50,501)
Depreciation and amortization				(111,826)
General and administrative expenses				(22,089)
Gain on sale of real estate				2,495
Loss on extinguishment of debt				(1,178)
Real estate impairment				(1,886)
Income from continuing operations				1,153
Discontinued operations:				
Income from operations of properties sold or held for sale				24,477
Net income				25,630
Less: Net loss attributable to noncontrolling interests in subsidiaries				—
Net income attributable to the controlling interests				\$ 25,630

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

	Quarter Ended		Year Ended	
	December 31,		December 31,	
	2019	2018	2019	2018
Net income	\$ 54,198	\$ 5,688	\$ 383,550	\$ 25,630
Add/(deduct):				
Real estate depreciation and amortization	38,812	28,692	136,253	111,826
Gain on sale of depreciable real estate	(61,007)	—	(59,961)	(2,495)
Real estate impairment	—	—	8,374	1,886
Discontinued operations:				
Gain on sale of real estate	—	—	(339,024)	—
Real estate depreciation and amortization	—	2,417	4,926	9,402
NAREIT funds from operations ⁽¹⁾	32,003	36,797	134,118	146,249
Add:				
Loss on extinguishment of debt	—	—	764	1,178
Restructuring expenses	270	—	3,019	—
Core funds from operations ⁽¹⁾	\$ 32,273	\$ 36,797	\$ 137,901	\$ 147,427

		Quarter Ended		Year Ended	
		December 31,		December 31,	
		2019	2018	2019	2018
Per share data:					
NAREIT FFO	(Basic)	\$ 0.39	\$ 0.46	\$ 1.67	\$ 1.85
	(Diluted)	\$ 0.39	\$ 0.46	\$ 1.66	\$ 1.84
Core FFO	(Basic)	\$ 0.40	\$ 0.46	\$ 1.71	\$ 1.86
	(Diluted)	\$ 0.40	\$ 0.46	\$ 1.71	\$ 1.86
Weighted average shares outstanding - basic		81,220	79,748	80,257	78,960
Weighted average shares outstanding - diluted		81,313	79,760	80,335	79,042



WASH★REIT

SUPPLEMENTAL OPERATING AND FINANCIAL DATA

Fourth Quarter 2019

Contact:
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FINANCIAL STRENGTH

YTD 2019 CORE FAD
PAYOUT RATIO

82%

DEBT SERVICE
COVERAGE RATIO

3.7x

TARGET NET DEBT
TO ADJ EBITDA MID
TO LOW

6s

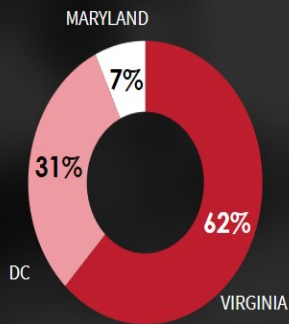
INVESTMENT GRADE
CREDIT RATING

**Baa2 STABLE
BBB STABLE**

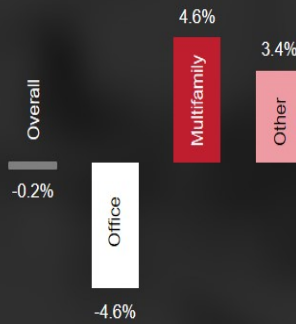
SECURED DEBT TO
TOTAL ASSETS

1.5%

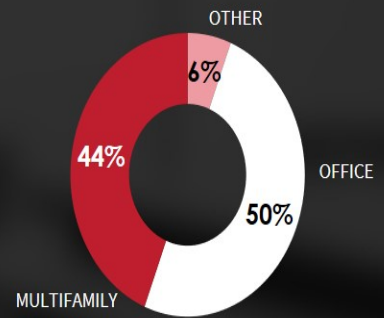
**Q4 2019 NOI
BY REGION**



**FY 2019 SAME-STORE
NOI GROWTH**



**Q4 2019 NOI
BY ASSET CLASS**



Supplemental Financial and Operating Data

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

	Twelve Months Ended		Three Months Ended				
	12/31/2019	12/31/2018	12/31/2019	9/30/2019	6/30/2019	3/31/2019	12/31/2018
OPERATING RESULTS							
Real estate rental revenue	\$ 309,180	\$ 291,730	\$ 80,667	\$ 80,259	\$ 76,820	\$ 71,434	\$ 71,740
Real estate expenses	(115,580)	(105,592)	(30,611)	(30,692)	(28,134)	(26,143)	(25,654)
	193,600	186,138	50,056	49,567	48,686	45,291	46,086
Real estate depreciation and amortization ⁽¹⁾	(136,253)	(111,826)	(38,812)	(37,340)	(33,044)	(27,057)	(28,692)
Income from real estate	57,347	74,312	11,244	12,227	15,642	18,234	17,394
Interest expense	(53,734)	(50,501)	(11,788)	(14,198)	(15,252)	(12,496)	(12,346)
Gain (loss) on sale of real estate	59,961	2,495	61,007	—	(1,046)	—	—
Loss on extinguishment of debt	—	(1,178)	—	—	—	—	—
Real estate impairment	(8,374)	(1,886)	—	—	—	(8,374)	—
General and administrative expenses ⁽²⁾	(24,370)	(22,089)	(5,853)	(6,045)	(5,043)	(7,429)	(5,352)
Lease origination expenses	(1,698)	—	(412)	(416)	(492)	(378)	—
Income (loss) from continuing operations	29,132	1,153	54,198	(8,432)	(6,191)	(10,443)	(304)
Discontinued operations:							
Income from properties classified as discontinued operations	16,158	24,477	—	2,942	7,178	6,038	5,992
Gain on sale of real estate	339,024	—	—	339,024	—	—	—
Loss on extinguishment of debt	(764)	—	—	(764)	—	—	—
Income from discontinued operations	354,418	24,477	—	341,202	7,178	6,038	5,992
Net income (loss)	383,550	25,630	54,198	332,770	987	(4,405)	5,688
Less: Net loss from noncontrolling interests	—	—	—	—	—	—	—
Net income (loss) attributable to the controlling interests	\$ 383,550	\$ 25,630	\$ 54,198	\$ 332,770	\$ 987	\$ (4,405)	\$ 5,688
Per Share Data:							
Net income (loss) attributable to the controlling interests	\$ 4.75	\$ 0.32	\$ 0.66	\$ 4.14	\$ 0.01	\$ (0.06)	\$ 0.07
Fully diluted weighted average shares outstanding	80,335	79,042	81,313	79,981	79,934	79,881	79,748
Percentage of Revenues:							
Real estate expenses	37.4%	36.2%	37.9%	38.2%	36.6%	36.6%	35.8%
General and administrative and lease origination expenses	8.4%	7.6%	7.8%	8.1%	7.2%	10.9%	7.5%
Ratios:							
Adjusted EBITDA / Interest expense (includes discontinued operations)	3.6x	3.9x	3.8x	3.3x	3.5x	3.8x	4.0x
Net income (loss) attributable to the controlling interests / Real estate rental revenue	124.1%	8.8%	67.2%	414.6%	1.3%	(6.2)%	7.9%

(1) Real estate depreciation and amortization increased for the three and twelve months ended December 31, 2019, compared to the three and twelve months ended December 31, 2018, primarily due to the amortization of intangible lease assets at newly acquired multifamily properties of \$3.9 million and \$14.9 million, respectively, which have a weighted average useful life of seven months.

(2) General and administrative expenses for the three and twelve months ended December 31, 2019, include restructuring expenses totaling \$0.3 million and \$3.0 million, respectively. Restructuring expenses include severance, accelerated share-based compensation and other expenses related to a restructuring of WashREIT personnel.

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

	<u>12/31/2019</u>	<u>9/30/2019</u>	<u>6/30/2019</u>	<u>3/31/2019</u>	<u>12/31/2018</u>
Assets					
Land	\$ 566,807	\$ 611,797	\$ 597,258	\$ 524,605	\$ 526,572
Income producing property	2,392,415	2,486,966	2,407,898	2,059,319	2,055,349
	<u>2,959,222</u>	<u>3,098,763</u>	<u>3,005,156</u>	<u>2,583,924</u>	<u>2,581,921</u>
Accumulated depreciation and amortization	(693,610)	(724,433)	(697,714)	(677,926)	(669,281)
Net income producing property	2,265,612	2,374,330	2,307,442	1,905,998	1,912,640
Development in progress, including land held for development	124,193	110,572	107,969	97,288	87,231
Total real estate held for investment, net	2,389,805	2,484,902	2,415,411	2,003,286	1,999,871
Investment in real estate held for sale, net	57,028	—	199,865	201,777	203,410
Cash and cash equivalents	12,939	12,931	5,756	12,025	6,016
Restricted cash	1,812	1,578	1,650	1,368	1,624
Rents and other receivables	65,259	69,414	65,739	64,218	63,962
Prepaid expenses and other assets	95,149	106,251	113,434	109,215	123,670
Other assets related to properties sold or held for sale	6,336	—	16,242	16,578	18,551
Total assets	<u>\$ 2,628,328</u>	<u>\$ 2,675,076</u>	<u>\$ 2,818,097</u>	<u>\$ 2,408,467</u>	<u>\$ 2,417,104</u>
Liabilities					
Notes payable	\$ 996,722	\$ 996,455	\$ 1,445,444	\$ 995,750	\$ 995,397
Mortgage note payable, net	47,074	47,319	47,563	47,806	48,277
Line of credit	56,000	211,000	218,000	228,000	188,000
Accounts payable and other liabilities	71,136	75,735	62,603	65,252	57,946
Dividend payable	24,668	—	—	—	24,022
Advance rents	9,353	9,475	8,801	8,818	9,965
Tenant security deposits	10,595	10,849	10,588	9,408	9,501
Liabilities related to properties sold or held for sale	718	—	14,390	15,237	15,518
Total liabilities	1,216,266	1,350,833	1,807,389	1,370,271	1,348,626
Equity					
Preferred shares; \$0.01 par value; 10,000 shares authorized	—	—	—	—	—
Shares of beneficial interest, \$0.01 par value; 100,000 shares authorized	821	803	801	800	799
Additional paid-in capital	1,592,487	1,539,734	1,532,497	1,529,916	1,526,574
Distributions in excess of net income	(183,405)	(212,978)	(521,661)	(498,537)	(469,085)
Accumulated other comprehensive income (loss)	1,823	(3,659)	(1,272)	5,670	9,839
Total shareholders' equity	1,411,726	1,323,900	1,010,365	1,037,849	1,068,127
Noncontrolling interests in subsidiaries	336	343	343	347	351
Total equity	1,412,062	1,324,243	1,010,708	1,038,196	1,068,478
Total liabilities and equity	<u>\$ 2,628,328</u>	<u>\$ 2,675,076</u>	<u>\$ 2,818,097</u>	<u>\$ 2,408,467</u>	<u>\$ 2,417,104</u>

Funds from Operations

(In thousands, except per share data)

(Unaudited)

	Twelve Months Ended		Three Months Ended				
	12/31/2019	12/31/2018	12/31/2019	9/30/2019	6/30/2019	3/31/2019	12/31/2018
Funds from operations (FFO) ⁽¹⁾							
Net income (loss)	\$ 383,550	\$ 25,630	\$ 54,198	\$ 332,770	\$ 987	\$ (4,405)	\$ 5,688
Real estate depreciation and amortization	136,253	111,826	38,812	37,340	33,044	27,057	28,692
(Gain) loss on sale of depreciable real estate	(59,961)	(2,495)	(61,007)	—	1,046	—	—
Real estate impairment	8,374	1,886	—	—	—	8,374	—
Discontinued operations:							
Gain on sale of real estate	(339,024)	—	—	(339,024)	—	—	—
Real estate depreciation and amortization	4,926	9,402	—	59	2,377	2,490	2,417
NAREIT funds from operations (FFO)	\$ 134,118	\$ 146,249	\$ 32,003	\$ 31,145	\$ 37,454	\$ 33,516	\$ 36,797
Loss on extinguishment of debt	764	1,178	—	764	—	—	—
Restructuring expenses ⁽²⁾	3,019	—	270	653	200	1,896	—
Core FFO ⁽¹⁾	\$ 137,901	\$ 147,427	\$ 32,273	\$ 32,562	\$ 37,654	\$ 35,412	\$ 36,797
Allocation to participating securities ⁽³⁾	(477)	(526)	(81)	(129)	(133)	(134)	(93)
NAREIT FFO per share - basic	\$ 1.67	\$ 1.85	\$ 0.39	\$ 0.39	\$ 0.47	\$ 0.42	\$ 0.46
NAREIT FFO per share - fully diluted	\$ 1.66	\$ 1.84	\$ 0.39	\$ 0.39	\$ 0.47	\$ 0.42	\$ 0.46
Core FFO per share - fully diluted	\$ 1.71	\$ 1.86	\$ 0.40	\$ 0.41	\$ 0.47	\$ 0.44	\$ 0.46
Common dividend per share	\$ 1.20	\$ 1.20	\$ 0.30	\$ 0.30	\$ 0.30	\$ 0.30	\$ 0.30
Average shares - basic	80,257	78,960	81,220	79,981	79,934	79,881	79,748
Average shares - fully diluted (for NAREIT FFO and Core FFO)	80,335	79,042	81,313	80,040	79,998	79,979	79,760

⁽¹⁾ See "Supplemental Definitions" on page 33 of this supplemental for the definitions of NAREIT FFO and Core FFO.

⁽²⁾ Restructuring expenses include severance, accelerated share-based compensation and other expenses related to a restructuring of WashREIT personnel.

⁽³⁾ Adjustment to the numerators for FFO and Core FFO per share calculations when applying the two-class method for calculating EPS.

Funds Available for Distribution

(In thousands)
(Unaudited)

	Twelve Months Ended		Three Months Ended				
	12/31/2019	12/31/2018	12/31/2019	9/30/2019	6/30/2019	3/31/2019	12/31/2018
Funds available for distribution (FAD) ⁽¹⁾							
NAREIT FFO	\$ 134,118	\$ 146,249	\$ 32,003	\$ 31,145	\$ 37,454	\$ 33,516	\$ 36,797
Non-cash (gain) loss on extinguishment of debt	(244)	1,178	—	(244)	—	—	—
Tenant improvements and incentives	(15,898)	(23,535)	(6,857)	(3,196)	(3,576)	(2,269)	(10,730)
External and internal leasing commissions capitalized	(6,371)	(5,856)	(2,700)	(1,243)	(1,925)	(503)	(3,556)
Recurring capital improvements	(6,746)	(3,954)	(4,345)	(1,034)	(1,049)	(318)	(2,110)
Straight-line rent, net	(3,266)	(4,343)	(763)	(713)	(966)	(824)	(959)
Non-cash fair value interest expense	(778)	(865)	(178)	(179)	(209)	(212)	(214)
Non-real estate depreciation and amortization of debt costs	5,005	3,887	1,030	1,654	1,320	1,001	989
Amortization of lease intangibles, net	2,183	1,842	504	528	573	578	372
Amortization and expensing of restricted share and unit compensation	7,743	6,746	1,479	1,737	1,701	2,826	1,682
FAD	\$ 115,746	\$ 121,349	\$ 20,173	\$ 28,455	\$ 33,323	\$ 33,795	\$ 22,271
Cash loss on extinguishment of debt	1,008	—	—	1,008	—	—	—
Restructuring expenses (excluding accelerated share-based compensation)	1,822	—	270	436	201	915	—
Core FAD ⁽¹⁾	\$ 118,576	\$ 121,349	\$ 20,443	\$ 29,899	\$ 33,524	\$ 34,710	\$ 22,271

⁽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 (Adjusted EBITDA)
(In thousands)
(Unaudited)

	Twelve Months Ended		Three Months Ended				
	12/31/2019	12/31/2018	12/31/2019	9/30/2019	6/30/2019	3/31/2019	12/31/2018
Adjusted EBITDA ⁽¹⁾							
Net income (loss)	\$ 383,550	\$ 25,630	\$ 54,198	\$ 332,770	\$ 987	\$ (4,405)	\$ 5,688
Add:							
Interest expense	54,047	51,144	11,788	14,228	15,390	12,641	12,497
Real estate depreciation and amortization	141,179	121,228	38,812	37,399	35,421	29,547	31,109
Real estate impairment	8,374	1,886	—	—	—	8,374	—
Non-real estate depreciation	1,019	908	276	250	244	249	236
Restructuring expenses	3,019	—	270	653	200	1,896	—
Less:							
(Gain) loss on sale of real estate	(398,985)	(2,495)	(61,007)	(339,024)	1,046	—	—
Loss on extinguishment of debt	764	1,178	—	764	—	—	—
Adjusted EBITDA	\$ 192,967	\$ 199,479	\$ 44,337	\$ 47,040	\$ 53,288	\$ 48,302	\$ 49,530

⁽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, restructuring expenses (which include severance, accelerated share-based compensation and other expenses related to a restructuring of corporate personnel), acquisition expenses and gain from non-disposal activities. 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)

	12/31/2019	9/30/2019	6/30/2019	3/31/2019	12/31/2018
Balances Outstanding					
Secured					
Mortgage note payable, net	\$ 47,074	\$ 47,319	\$ 58,039	\$ 58,805	\$ 59,792
Unsecured					
Fixed rate bonds	597,781	597,618	597,371	597,124	596,876
Term loans	398,941	398,837	848,073	398,626	398,521
Credit facility	56,000	211,000	218,000	228,000	188,000
Unsecured total	<u>1,052,722</u>	<u>1,207,455</u>	<u>1,663,444</u>	<u>1,223,750</u>	<u>1,183,397</u>
Total	<u>\$ 1,099,796</u>	<u>\$ 1,254,774</u>	<u>\$ 1,721,483</u>	<u>\$ 1,282,555</u>	<u>\$ 1,243,189</u>

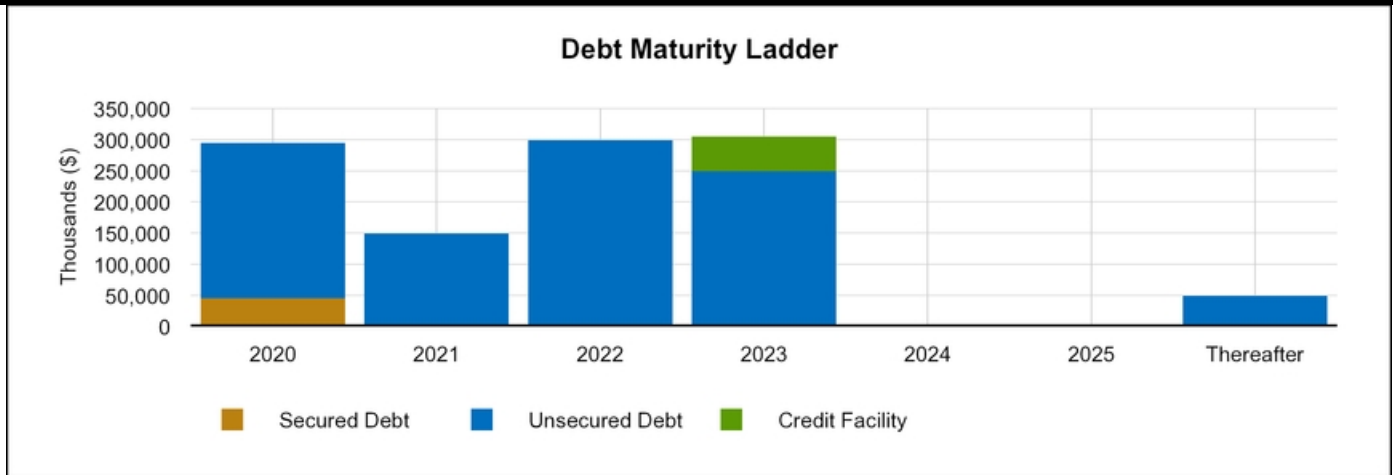
Weighted Average Interest Rates

Secured					
Mortgage note payable, net	3.8%	3.8%	4.0%	4.0%	4.0%
Unsecured					
Fixed rate bonds	4.7%	4.7%	4.7%	4.7%	4.7%
Term loans ⁽¹⁾	2.8%	2.8%	3.1%	2.8%	2.8%
Credit facility	2.7%	3.1%	3.4%	3.5%	3.5%
Unsecured total	<u>3.9%</u>	<u>3.8%</u>	<u>3.8%</u>	<u>3.9%</u>	<u>3.9%</u>
Weighted Average	<u>3.9%</u>	<u>3.8%</u>	<u>3.7%</u>	<u>3.9%</u>	<u>3.9%</u>

⁽¹⁾ WashREIT has entered into interest rate swaps to effectively fix the floating interest rates on its term loans outstanding as of December 31, 2019 (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)
December 31, 2019



Future Maturities of Debt

Year	Secured Debt	Unsecured Debt	Credit Facility	Total Debt	Average Interest Rate
2020	\$ 45,611 ⁽⁴⁾	\$ 250,000 ⁽¹⁾	\$ —	\$ 295,611	4.9%
2021	—	150,000 ⁽¹⁾	—	150,000	2.7%
2022	—	300,000	—	300,000	4.0%
2023	—	250,000 ⁽²⁾	56,000 ⁽³⁾	306,000	2.8%
2024	—	—	—	—	—%
2025	—	—	—	—	—%
Thereafter	—	50,000	—	50,000	7.4%
Scheduled principal payments	\$ 45,611	\$ 1,000,000	\$ 56,000	\$ 1,101,611	3.9%
Scheduled amortization payments	43	—	—	43	3.8%
Net discounts/premiums	1,470	(797)	—	673	
Loan costs, net of amortization	(50)	(2,481)	—	(2,531)	
Total maturities	\$ 47,074	\$ 996,722	\$ 56,000	\$ 1,099,796	3.9%

Weighted average maturity = 2.5 years

- (1) WashREIT 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 through the term loan maturity of March 2021.
(2) WashREIT 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 for \$150.0 million portion of the of the term loan. For the remaining \$100.0 million portion of the term loan, WashREIT 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. The interest rates are fixed through the term loan maturity of July 2023.
(3) Maturity date for credit facility of March 2023 assumes election of option for two additional 6-month periods.
(4) In January 2020, WashREIT prepaid the existing mortgage note associated with Yale West. We incurred a gain on extinguishment of debt of \$0.5 million associated with this prepayment.

Debt Covenant Compliance

	Unsecured Notes Payable		Unsecured Line of Credit and Term Loans	
	Quarter Ended December 31, 2019	Covenant	Quarter Ended December 31, 2019	Covenant
% of Total Indebtedness to Total Assets ⁽¹⁾	36.2%	≤ 65.0%	N/A	N/A
Ratio of Income Available for Debt Service to Annual Debt Service	3.8	≥ 1.5	N/A	N/A
% of Secured Indebtedness to Total Assets ⁽¹⁾	1.5%	≤ 40.0%	N/A	N/A
Ratio of Total Unencumbered Assets ⁽²⁾ to Total Unsecured Indebtedness	2.8	≥ 1.5	N/A	N/A
% of Net Consolidated Total Indebtedness to Consolidated Total Asset Value ⁽³⁾	N/A	N/A	31.6%	≤ 60.0%
Ratio of Consolidated Adjusted EBITDA ⁽⁴⁾ to Consolidated Fixed Charges ⁽⁵⁾	N/A	N/A	3.62	≥ 1.50
% of Consolidated Secured Indebtedness to Gross Total Asset Value ⁽³⁾	N/A	N/A	1.4%	≤ 40.0%
% of Consolidated Unsecured Indebtedness to Unencumbered Pool Value ⁽⁶⁾	N/A	N/A	30.9%	≤ 60.0%
Ratio of Unencumbered Adjusted Net Operating Income to Consolidated Unsecured Interest Expense	N/A	N/A	4.07	≥ 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)*

	12/31/2019	9/30/2019	6/30/2019	3/31/2019	12/31/2018
Market Data					
Shares Outstanding	82,099	80,292	80,082	80,029	79,910
Market Price per Share	\$ 29.18	\$ 27.36	\$ 26.73	\$ 28.38	\$ 23.00
Equity Market Capitalization	\$ 2,395,649	\$ 2,196,789	\$ 2,140,592	\$ 2,271,223	\$ 1,837,930
Total Debt	\$ 1,099,796	\$ 1,254,774	\$ 1,721,483	\$ 1,282,555	\$ 1,243,189
Total Market Capitalization	\$ 3,495,445	\$ 3,451,563	\$ 3,862,075	\$ 3,553,778	\$ 3,081,119
Total Debt to Market Capitalization	0.31:1	0.36:1	0.45:1	0.36:1	0.40:1
Earnings to Fixed Charges ⁽¹⁾	5.2x	0.4x	0.6x	0.2x	0.9x
Debt Service Coverage Ratio ⁽²⁾	3.7x	3.2x	3.3x	3.6x	3.8x

Dividend Data

	Twelve Months Ended		Three Months Ended				
	12/31/2019	12/31/2018	12/31/2019	9/30/2019	6/30/2019	3/31/2019	12/31/2018
Total Dividends Declared	\$ 96,964	\$ 95,502	\$ 24,625	\$ 24,087	\$ 24,111	\$ 24,141	\$ 24,024
Common Dividend Declared per Share	\$ 1.20	\$ 1.20	\$ 0.30	\$ 0.30	\$ 0.30	\$ 0.30	\$ 0.30
Payout Ratio (Core FFO basis)	70.2%	64.5%	75.0%	73.2%	63.8%	68.2%	65.2%
Payout Ratio (Core FAD basis)	81.6%	78.4%					

⁽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 December 31, 2019 includes gain on sale of real estate of \$61.0 million.

⁽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
2019 vs. 2018

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2019	2018	% Change	2019	2018	% Change
Cash Basis:						
Multifamily	\$ 15,513	\$ 14,806	4.8 %	\$ 60,677	\$ 57,990	4.6 %
Office	17,501	18,638	(6.1)%	70,573	73,211	(3.6)%
Other ⁽²⁾	3,097	3,101	(0.1)%	12,813	12,213	4.9 %
Overall Same-Store Portfolio ⁽¹⁾	\$ 36,111	\$ 36,545	(1.2)%	\$ 144,063	\$ 143,414	0.5 %
GAAP Basis:						
Multifamily	\$ 15,485	\$ 14,803	4.6 %	\$ 60,638	\$ 57,980	4.6 %
Office	17,611	18,910	(6.9)%	71,387	74,799	(4.6)%
Other ⁽²⁾	3,235	3,357	(3.6)%	13,468	13,026	3.4 %
Overall Same-Store Portfolio ⁽¹⁾	\$ 36,331	\$ 37,070	(2.0)%	\$ 145,493	\$ 145,805	(0.2)%

⁽¹⁾ Non same-store properties were:

Acquisitions:

Multifamily - Assembly Alexandria, Assembly Manassas, Assembly Dulles, Assembly Leesburg, Assembly Herndon, Assembly Germantown, Assembly Watkins Mill and Cascade at Landmark
Office - Arlington Tower

Held for sale:

Office - John Marshall II

Sold properties:

Office - Quantico Corporate Center, Braddock Metro Center, 2445 M Street and 1776 G Street

Discontinued operations:

Retail - Wheaton Park, Bradlee Shopping Center, Shoppes at Foxchase, Gateway Overlook, Olney Village Center, Frederick County Square, Centre at Hagerstown and Frederick Crossing

⁽²⁾ Consists of retail centers not classified as discontinued operations: Takoma Park, Westminster, Concord Centre, Chevy Chase Metro Plaza, 800 S. Washington Street, Randolph Shopping Center, Montrose Shopping Center and Spring Valley Village.

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

	Three Months Ended December 31, 2019			
	Multifamily	Office	Corporate and Other ⁽¹⁾	Total
Real estate rental revenue				
Same-store portfolio	\$ 24,923	\$ 29,171	\$ 4,653	\$ 58,747
Non same-store ⁽¹⁾	11,196	10,724	—	21,920
Total	36,119	39,895	4,653	80,667
Real estate expenses				
Same-store portfolio	9,438	11,560	1,418	22,416
Non same-store ⁽¹⁾	4,769	3,426	—	8,195
Total	14,207	14,986	1,418	30,611
Net Operating Income (NOI)				
Same-store portfolio	15,485	17,611	3,235	36,331
Non same-store ⁽¹⁾	6,427	7,298	—	13,725
Total	\$ 21,912	\$ 24,909	\$ 3,235	\$ 50,056
Same-store portfolio NOI (from above)	\$ 15,485	\$ 17,611	\$ 3,235	\$ 36,331
Straight-line revenue, net for same-store properties	28	(436)	(23)	(431)
Amortization of acquired lease assets (liabilities) for same-store properties	—	(213)	(126)	(339)
Amortization of lease intangibles for same-store properties	—	539	11	550
Same-store portfolio cash NOI	\$ 15,513	\$ 17,501	\$ 3,097	\$ 36,111
Reconciliation of NOI to net income				
Total NOI	\$ 21,912	\$ 24,909	\$ 3,235	\$ 50,056
Depreciation and amortization expense ⁽²⁾	(20,991)	(16,459)	(1,362)	(38,812)
General and administrative expense	—	—	(5,853)	(5,853)
Lease origination expense	—	—	(412)	(412)
Interest expense	(516)	—	(11,272)	(11,788)
Gain on sale of real estate	—	—	61,007	61,007
Net Income	405	8,450	45,343	54,198
Net income attributable to noncontrolling interests	—	—	—	—
Net income attributable to the controlling interests	\$ 405	\$ 8,450	\$ 45,343	\$ 54,198

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

⁽²⁾ Depreciation and amortization includes \$3.9 million amortization of intangible lease assets at newly acquired multifamily properties, which have a weighted average useful life of seven months.

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

	Three Months Ended September 30, 2019			
	Multifamily	Office	Corporate and Other ⁽¹⁾	Total
Real estate rental revenue				
Same-store portfolio	\$ 24,763	\$ 28,727	\$ 4,659	\$ 58,149
Non same-store ⁽¹⁾	11,027	11,083	—	22,110
Total	35,790	39,810	4,659	80,259
Real estate expenses				
Same-store portfolio	9,730	11,547	1,312	22,589
Non same-store ⁽¹⁾	4,502	3,601	—	8,103
Total	14,232	15,148	1,312	30,692
Net Operating Income (NOI)				
Same-store portfolio	15,033	17,180	3,347	35,560
Non same-store ⁽¹⁾	6,525	7,482	—	14,007
Total	<u>\$ 21,558</u>	<u>\$ 24,662</u>	<u>\$ 3,347</u>	<u>\$ 49,567</u>
Same-store portfolio NOI (from above)	\$ 15,033	\$ 17,180	\$ 3,347	\$ 35,560
Straight-line revenue, net for same-store properties	3	(497)	(38)	(532)
Amortization of acquired lease assets (liabilities) for same-store properties	1	(235)	(127)	(361)
Amortization of lease intangibles for same-store properties	—	548	11	559
Same-store portfolio cash NOI	<u>\$ 15,037</u>	<u>\$ 16,996</u>	<u>\$ 3,193</u>	<u>\$ 35,226</u>
Reconciliation of NOI to net income				
Total NOI	\$ 21,558	\$ 24,662	\$ 3,347	\$ 49,567
Depreciation and amortization expense ⁽²⁾	(19,721)	(16,269)	(1,350)	(37,340)
General and administrative expense	—	—	(6,045)	(6,045)
Lease origination expense	—	—	(416)	(416)
Interest expense	(518)	—	(13,680)	(14,198)
Income (loss) from continuing operations	1,319	8,393	(18,144)	(8,432)
Discontinued operations:				
Income from operations of properties classified as discontinued operations ⁽¹⁾	—	—	2,942	2,942
Gain on sale of real estate	—	—	339,024	339,024
Loss on extinguishment of debt	—	—	(764)	(764)
Net income	1,319	8,393	323,058	332,770
Net income attributable to noncontrolling interests	—	—	—	—
Net income attributable to the controlling interests	<u>\$ 1,319</u>	<u>\$ 8,393</u>	<u>\$ 323,058</u>	<u>\$ 332,770</u>

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

⁽²⁾ Depreciation and amortization includes \$6.8 million amortization of intangible lease assets at newly acquired multifamily properties, which have a weighted average useful life of seven months.

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

	Three Months Ended December 31, 2018			
	Multifamily	Office	Corporate and Other ⁽¹⁾	Total
Real estate rental revenue				
Same-store portfolio	\$ 24,026	\$ 30,503	\$ 4,498	\$ 59,027
Non same-store ⁽¹⁾	—	12,713	—	12,713
Total	24,026	43,216	4,498	71,740
Real estate expenses				
Same-store portfolio	9,223	11,593	1,141	21,957
Non same-store ⁽¹⁾	—	3,697	—	3,697
Total	9,223	15,290	1,141	25,654
Net Operating Income (NOI)				
Same-store portfolio	14,803	18,910	3,357	37,070
Non same-store ⁽¹⁾	—	9,016	—	9,016
Total	\$ 14,803	\$ 27,926	\$ 3,357	\$ 46,086
Same-store portfolio NOI (from above)	\$ 14,803	\$ 18,910	\$ 3,357	\$ 37,070
Straight-line revenue, net for same-store properties	3	(464)	(121)	(582)
Amortization of acquired lease assets (liabilities) for same-store properties	—	(330)	(147)	(477)
Amortization of lease intangibles for same-store properties	—	522	12	534
Same-store portfolio cash NOI	\$ 14,806	\$ 18,638	\$ 3,101	\$ 36,545
Reconciliation of NOI to net income:				
Total NOI	\$ 14,803	\$ 27,926	\$ 3,357	\$ 46,086
Depreciation and amortization expense	(8,080)	(19,191)	(1,421)	(28,692)
General and administrative expense	—	—	(5,352)	(5,352)
Interest expense	(522)	—	(11,824)	(12,346)
Income (loss) from continuing operations	6,201	8,735	(15,240)	(304)
Discontinued operations:				
Income from operations of properties sold or held for sale ⁽¹⁾	—	—	5,992	5,992
Net income (loss)	6,201	8,735	(9,248)	5,688
Net income attributable to noncontrolling interests	—	—	—	—
Net income (loss) attributable to the controlling interests	\$ 6,201	\$ 8,735	\$ (9,248)	\$ 5,688

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

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

	Twelve Months Ended December 31, 2019			
	Multifamily	Office	Corporate and Other ⁽¹⁾	Total
Real estate rental revenue				
Same-store portfolio	\$ 98,455	\$ 117,501	\$ 18,990	\$ 234,946
Non same-store ⁽¹⁾	27,676	46,558	—	74,234
Total	126,131	164,059	18,990	309,180
Real estate expenses				
Same-store portfolio	37,817	46,114	5,522	89,453
Non same-store ⁽¹⁾	11,318	14,809	—	26,127
Total	49,135	60,923	5,522	115,580
Net Operating Income (NOI)				
Same-store portfolio	60,638	71,387	13,468	145,493
Non same-store ⁽¹⁾	16,358	31,749	—	48,107
Total	\$ 76,996	\$ 103,136	\$ 13,468	\$ 193,600
Same-store portfolio NOI (from above)	\$ 60,638	\$ 71,387	\$ 13,468	\$ 145,493
Straight-line revenue, net for same-store properties	36	(2,195)	(176)	(2,335)
Amortization of acquired lease assets (liabilities) for same-store properties	3	(854)	(523)	(1,374)
Amortization of lease intangibles for same-store properties	—	2,235	44	2,279
Same-store portfolio cash NOI	\$ 60,677	\$ 70,573	\$ 12,813	\$ 144,063
Reconciliation of NOI to net income:				
Total NOI	\$ 76,996	\$ 103,136	\$ 13,468	\$ 193,600
Depreciation and amortization ⁽²⁾	(64,274)	(66,406)	(5,573)	(136,253)
General and administrative expense	—	—	(24,370)	(24,370)
Lease origination expense	—	—	(1,698)	(1,698)
Interest expense	(2,074)	—	(51,660)	(53,734)
Gain on sale of real estate	—	—	59,961	59,961
Real estate impairment	—	—	(8,374)	(8,374)
Income (loss) from continuing operations	10,648	36,730	(18,246)	29,132
Discontinued operations:				
Income from operations of properties sold or held for sale ⁽¹⁾	—	—	16,158	16,158
Gain on sale of real estate	—	—	339,024	339,024
Loss on extinguishment of debt	—	—	(764)	(764)
Net Income	10,648	36,730	336,172	383,550
Net income attributable to noncontrolling interests	—	—	—	—
Net income attributable to the controlling interests	\$ 10,648	\$ 36,730	\$ 336,172	\$ 383,550

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

⁽²⁾ Depreciation and amortization includes \$14.9 million amortization of intangible lease assets at newly acquired multifamily properties, which have a weighted average useful life of seven months.

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

	Twelve Months Ended December 31, 2018			
	Multifamily	Office	Corporate and Other ⁽¹⁾	Total
Real estate rental revenue				
Same-store portfolio	\$ 95,194	\$ 119,842	\$ 18,062	\$ 233,098
Non same-store ⁽¹⁾	—	58,632	—	58,632
Total	95,194	178,474	18,062	291,730
Real estate expenses				
Same-store portfolio	37,214	45,043	5,036	87,293
Non same-store ⁽¹⁾	21	18,278	—	18,299
Total	37,235	63,321	5,036	105,592
Net Operating Income (NOI)				
Same-store portfolio	57,980	74,799	13,026	145,805
Non same-store ⁽¹⁾	(21)	40,354	—	40,333
Total	\$ 57,959	\$ 115,153	\$ 13,026	\$ 186,138
Same-store portfolio NOI (from above)	\$ 57,980	\$ 74,799	\$ 13,026	\$ 145,805
Straight-line revenue, net for same-store properties	7	(2,670)	(270)	(2,933)
Amortization of acquired lease assets (liabilities) for same-store properties	3	(1,088)	(589)	(1,674)
Amortization of lease intangibles for same-store properties	—	2,170	46	2,216
Same-store portfolio cash NOI	\$ 57,990	\$ 73,211	\$ 12,213	\$ 143,414
Reconciliation of NOI to Net Income				
Total NOI	\$ 57,959	\$ 115,153	\$ 13,026	\$ 186,138
Depreciation and amortization expense	(31,952)	(74,303)	(5,571)	(111,826)
General and administrative expense	—	—	(22,089)	(22,089)
Interest expense	(3,283)	—	(47,218)	(50,501)
Gain on sale of real estate	—	—	2,495	2,495
Real estate impairment	—	—	(1,886)	(1,886)
Loss on extinguishment of debt	—	—	(1,178)	(1,178)
Income (loss) from continuing operations	22,724	40,850	(62,421)	1,153
Discontinued operations:				
Income from operations of properties sold or held for sale ⁽¹⁾	—	—	24,477	24,477
Net income (loss)	22,724	40,850	(37,944)	25,630
Net loss attributable to noncontrolling interests	—	—	—	—
Net income (loss) attributable to the controlling interests	\$ 22,724	\$ 40,850	\$ (37,944)	\$ 25,630

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

Net Operating Income (NOI) by Region

	Percentage of NOI	
	Q4 2019	YTD 2019
DC		
Multifamily	6.4 %	6.4 %
Office	22.5 %	25.3 %
Other ⁽¹⁾	2.1 %	2.3 %
	31.0 %	34.0 %
Maryland		
Multifamily	3.5 %	2.8 %
Other ⁽¹⁾	3.1 %	3.2 %
	6.6 %	6.0 %
Virginia		
Multifamily	33.8 %	30.7 %
Office	27.3 %	27.9 %
Other ⁽¹⁾	1.3 %	1.4 %
	62.4 %	60.0 %
Total Portfolio		
Multifamily	43.7 %	39.9 %
Office	49.8 %	53.2 %
Other ⁽¹⁾	6.5 %	6.9 %
	100.0 %	100.0 %

⁽¹⁾ Consists of retail centers not classified as discontinued operations: Takoma Park, Westminster, Concord Centre, Chevy Chase Metro Plaza, 800 S. Washington Street, Randolph Shopping Center, Montrose Shopping Center and Spring Valley Village.

Same-Store Portfolio and Overall Ending Occupancy Levels by Sector

Sector	Ending Occupancy - Same-Store Properties ^{(1) (2)}				
	12/31/2019	9/30/2019	6/30/2019	3/31/2019	12/31/2018
Multifamily (calculated on a unit basis)	95.0%	95.1%	95.2%	95.5%	94.8%
Multifamily	94.9%	95.2%	95.4%	95.6%	94.8%
Office	88.5%	88.9%	90.3%	91.1%	93.6%
Other ⁽³⁾	90.9%	89.0%	88.7%	90.0%	89.9%
Overall Portfolio	92.1%	92.2%	92.9%	93.3%	93.9%

Sector	Ending Occupancy - All Properties ⁽²⁾				
	12/31/2019	9/30/2019	6/30/2019	3/31/2019	12/31/2018
Multifamily (calculated on a unit basis)	94.9%	95.0%	95.3%	95.5%	94.8%
Multifamily	94.8%	95.1%	95.4%	95.6%	94.8%
Office	89.6%	90.3%	90.7%	89.6%	92.3%
Other ⁽³⁾ and discontinued operations	90.9%	89.0%	91.5%	91.9%	91.9%
Overall Portfolio	92.8%	93.0%	93.1%	92.3%	93.1%

⁽¹⁾ Non same-store properties were:

Acquisitions:

Multifamily - Assembly Alexandria, Assembly Manassas, Assembly Dulles, Assembly Leesburg, Assembly Herndon, Assembly Germantown, Assembly Watkins Mill and Cascade at Landmark
Office - Arlington Tower

Held for sale:

Office - John Marshall II

Sold properties:

Office - Quantico Corporate Center, Braddock Metro Center, 2445 M Street and 1776 G Street

Discontinued operations:

Retail - Wheaton Park, Bradlee Shopping Center, Shoppes at Foxchase, Gateway Overlook, Olney Village Center, Frederick County Square, Centre at Hagerstown and Frederick Crossing

⁽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 other properties includes short-term lease agreements.

⁽³⁾ Consists of retail centers not classified as discontinued operations: Takoma Park, Westminster, Concord Centre, Chevy Chase Metro Plaza, 800 S. Washington Street, Randolph Shopping Center, Montrose Shopping Center and Spring Valley Village.

Same-Store Portfolio and Overall Average Occupancy Levels by Sector

Sector	Average Occupancy - Same-Store Properties ^{(1) (2)}				
	12/31/2019	9/30/2019	6/30/2019	3/31/2019	12/31/2018
Multifamily (calculated on a unit basis)	94.9%	95.0%	95.4%	95.4%	95.0%
Multifamily	94.8%	95.1%	95.6%	95.4%	95.0%
Office	88.0%	89.8%	90.8%	91.3%	93.9%
Other ⁽³⁾	89.6%	88.9%	88.8%	89.7%	90.0%
Overall Portfolio	91.7%	92.4%	93.2%	93.3%	94.1%

Sector	Average Occupancy - All Properties ⁽²⁾				
	12/31/2019	9/30/2019	6/30/2019	3/31/2019	12/31/2018
Multifamily (calculated on a unit basis)	94.8%	95.0%	95.4%	95.4%	95.0%
Multifamily ⁽⁴⁾	94.7%	95.1%	95.6%	95.4%	95.0%
Office	89.5%	90.8%	89.7%	89.6%	92.6%
Other ⁽³⁾ and discontinued operations	89.6%	89.5%	91.5%	91.7%	92.7%
Overall Portfolio ⁽⁴⁾	92.6%	92.5%	92.9%	92.3%	93.5%

⁽¹⁾ Non same-store properties were:

Acquisitions:

Multifamily - Assembly Alexandria, Assembly Manassas, Assembly Dulles, Assembly Leesburg, Assembly Herndon, Assembly Germantown, Assembly Watkins Mill and Cascade at Landmark
Office - Arlington Tower

Held for sale:

Office - John Marshall II

Sold properties:

Office - Quantico Corporate Center, Braddock Metro Center, 2445 M Street and 1776 G Street

Discontinued operations:

Retail - Wheaton Park, Bradlee Shopping Center, Shoppes at Foxchase, Gateway Overlook, Olney Village Center, Frederick County Square, Centre at Hagerstown and Frederick Crossing

⁽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 other properties includes short-term lease agreements.

⁽³⁾ Consists of retail centers not classified as discontinued operations: Takoma Park, Westminster, Concord Centre, Chevy Chase Metro Plaza, 800 S. Washington Street, Randolph Shopping Center, Montrose Shopping Center and Spring Valley Village.

⁽⁴⁾ Average Occupancy based on monthly occupied net rentable square footage excludes the Assembly Portfolio and Cascade at Landmark in the periods of acquisition, which were the second and third quarters of 2019, respectively.

Acquisition and Disposition Summary

Acquisition

	Location	Acquisition Date	Property Type	Number of Units	December 31, 2019 Leased Percentage	Contract Purchase Price (in thousands)
VA Assembly Portfolio ⁽¹⁾	Northern Virginia	April 30, 2019	Multifamily	1,685	95.4 %	\$ 379,100
MD Assembly Portfolio ⁽²⁾	Montgomery County, Maryland	June 27, 2019	Multifamily	428	96.3 %	82,070
Cascade at Landmark	Alexandria, Virginia	July 23, 2019	Multifamily	277	96.4 %	69,750
				<u>2,390</u>		<u>\$ 530,920</u>

Dispositions

	Location	Disposition Date	Property Type	Square Feet	Contract Sales Price (in thousands)	GAAP Gain/(Loss) on Sale (in thousands)
1776 G Street	Washington, DC	December 19, 2019	Office	262,000	\$ 129,500	\$ 61,007
Quantico Corporate Center (925 and 1000 Corporate Drive)	Stafford, VA	June 26, 2019	Office	272,000	33,000	(1,046)
Shopping Center Portfolio ⁽³⁾	Maryland and Virginia	July 23, 2019	Retail	800,000	485,250	333,023
Frederick Crossing and Frederick County Square	Frederick, MD	August 21, 2019	Retail	520,000	57,500	9,507
Centre at Hagerstown	Hagerstown, MD	August 27, 2019	Retail	330,000	23,500	(3,506)
				<u>2,184,000</u>	<u>\$ 728,750</u>	<u>\$ 398,985</u>

⁽¹⁾ VA Assembly Portfolio consists of Assembly Alexandria, Assembly Manassas, Assembly Dulles, Assembly Leesburg, and Assembly Herndon

⁽²⁾ MD Assembly Portfolio consists of Assembly Germantown and Assembly Watkins Mill

⁽³⁾ Consists of five retail properties: Gateway Overlook, Wheaton Park, Olney Village Center, Bradlee Shopping Center and Shoppes of Foxchase

Development

Property and Location	Total Rentable Square Feet or # of Units	Anticipated Total Cash Cost ⁽¹⁾ (in thousands)	Cash Cost to Date ⁽¹⁾ (in thousands)	Initial Occupancy
Trove (Wellington land parcel), Arlington, VA	401 units	\$ 122,252	\$ 95,021	Phase I - first quarter 2020 ⁽²⁾ Phase II - third quarter 2020 ⁽²⁾

⁽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 203 units and a garage, delivery of units anticipated to commence in the first quarter of 2020; Phase II consists of 198 units, with delivery of units anticipated to commence in the third quarter of 2020. Garage floors 1-5 were substantially completed during the third quarter of 2019, with delivery of floors 6-10 anticipated in the first quarter of 2020.

Multifamily Rental Rate Growth

Year over Year Rental Rate Growth ⁽¹⁾	4th Quarter 2019	3rd Quarter 2019	2nd Quarter 2019	1st Quarter 2019	4th Quarter 2018
Overall	3.0%	2.9%	2.5%	2.6%	2.4%
Average Monthly Rent per Unit ⁽¹⁾	4th Quarter 2019	4th Quarter 2018	% Change		
Class A	2,437	2,338	4.2%		
Class B	1,713	1,668	2.7%		
Overall	1,828	1,775	3.0%		

⁽¹⁾ Calculates the change in rental rates for properties owned in both comparative periods, excludes Assembly Portfolio and Cascade at Landmark.

Commercial Leasing Summary - New Leases

	4th Quarter 2019		3rd Quarter 2019		2nd Quarter 2019		1st Quarter 2019		4th Quarter 2018	
Gross Leasing Square Footage										
Office	46,286		35,364		32,073		89,713		34,397	
Retail	8,466		4,624		69,170		48,663		17,313	
Total	54,752		39,988		101,243		138,376		51,710	
Weighted Average Term (years)										
Office	7.8		9.0		6.6		13.7		4.8	
Retail	14.9		3.8		10.3		6.5		7.2	
Total	8.9		9.2		9.2		11.1		5.6	
Weighted Average Free Rent Period (months)										
Office Buildings	6.9		9.4		3.0		1.7		3.9	
Retail Centers	6.4		3.0		1.6		1.8		5.9	
Total	6.8		8.8		2.5		1.7		4.2	
Rental Rate Increases:										
	GAAP	CASH	GAAP	CASH	GAAP	CASH	GAAP	CASH	GAAP	CASH
Rate on expiring leases										
Office	\$ 43.09	\$ 43.81	\$ 42.68	\$ 43.70	\$ 46.75	\$ 46.32	\$ 49.40	\$ 48.68	\$ 44.37	\$ 43.50
Retail	60.79	50.44	40.59	38.41	10.36	10.04	11.63	11.42	22.50	24.95
Total	\$ 45.83	\$ 44.83	\$ 42.44	\$ 43.09	\$ 21.89	\$ 21.54	\$ 36.11	\$ 35.58	\$ 37.05	\$ 37.29
Rate on new leases										
Office	\$ 57.63	\$ 52.52	\$ 52.20	\$ 47.09	\$ 51.02	\$ 47.15	\$ 62.31	\$ 53.02	\$ 46.68	\$ 44.54
Retail	61.86	51.03	40.59	38.41	11.86	11.08	12.11	11.73	19.82	18.30
Total	\$ 58.28	\$ 52.29	\$ 50.86	\$ 46.09	\$ 24.26	\$ 22.51	\$ 44.66	\$ 38.50	\$ 37.69	\$ 35.76
Percentage Increase										
Office	33.7%	19.9%	22.3%	7.8%	9.1%	1.8%	26.1%	8.9%	5.2%	2.4%
Retail	1.8%	1.2%	—%	—%	14.5%	10.4%	4.1%	2.7%	(11.9)%	(26.7)%
Total	27.2%	16.6%	19.8%	7.0%	10.8%	4.5%	23.7%	8.2%	1.7%	(4.1)%
	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	\$ 3,234,510	\$ 69.88	\$ 2,545,774	\$ 71.99	\$ 1,628,785	\$ 50.78	\$ 16,333,084	\$ 182.06	\$ 1,506,929	\$ 43.81
Retail Centers	1,075,385	127.02	—	—	1,260,945	18.23	910,870	18.72	147,345	8.51
Subtotal	\$ 4,309,895	\$ 78.71	\$ 2,545,774	\$ 63.66	\$ 2,889,730	\$ 28.54	\$ 17,243,954	\$ 124.62	\$ 1,654,274	\$ 31.99
Leasing Commissions										
Office Buildings	\$ 1,172,922	\$ 25.34	\$ 944,177	\$ 26.70	\$ 560,319	\$ 17.47	\$ 3,499,600	\$ 39.01	\$ 363,487	\$ 10.57
Retail Centers	360,543	42.59	31,238	6.76	354,914	5.13	271,023	5.57	161,147	9.31
Subtotal	\$ 1,533,465	\$ 28.01	\$ 975,415	\$ 24.39	\$ 915,233	\$ 9.04	\$ 3,770,623	\$ 27.25	\$ 524,634	\$ 10.15
Tenant Improvements and Leasing Commissions										
Office Buildings	\$ 4,407,432	\$ 95.22	\$ 3,489,951	\$ 98.69	\$ 2,189,104	\$ 68.25	\$ 19,832,684	\$ 221.07	\$ 1,870,416	\$ 54.38
Retail Centers	1,435,928	169.61	31,238	6.76	1,615,859	23.36	1,181,893	24.29	308,492	17.82
Total	\$ 5,843,360	\$ 106.72	\$ 3,521,189	\$ 88.05	\$ 3,804,963	\$ 37.58	\$ 21,014,577	\$ 151.87	\$ 2,178,908	\$ 42.14

Note: This table excludes short-term lease agreements and activity at properties sold during the quarter. The cost of landlord build-out on Space+ leases that are excluded from Tenant Improvements in the table above totaled \$0.5 million and \$3.0 million for leases executed in Q4 2019 and YTD 2019, respectively.

Commercial Leasing Summary - Renewal Leases

	4th Quarter 2019		3rd Quarter 2019		2nd Quarter 2019		1st Quarter 2019		4th Quarter 2018	
Gross Leasing Square Footage										
Office Buildings	56,811		15,936		52,016		85,831		90,567	
Retail Centers	8,193		11,145		115,275		40,059		10,820	
Total	65,004		27,081		167,291		125,890		101,387	
Weighted Average Term (years)										
Office Buildings	8.7		3.9		10.6		9.8		6.9	
Retail Centers	5.0		7.8		8.9		3.5		7.3	
Total	8.2		5.5		9.4		7.7		7.0	
Weighted Average Free Rent Period (months)										
Office Buildings	6.5		1.5		10.6		10.9		6.2	
Retail Centers	1.1		—		—		—		0.1	
Total	5.8		0.9		5.3		8.4		5.3	
Rental Rate Increases:										
	GAAP	CASH	GAAP	CASH	GAAP	CASH	GAAP	CASH	GAAP	CASH
Rate on expiring leases										
Office Buildings	\$ 37.12	\$ 37.67	\$ 44.38	\$ 46.25	\$ 37.41	\$ 42.49	\$ 43.51	\$ 43.44	\$ 50.69	\$ 53.48
Retail Centers	36.13	38.30	31.30	32.75	14.00	14.35	26.31	27.67	63.34	67.98
Total	\$ 37.00	\$ 37.75	\$ 39.00	\$ 40.70	\$ 21.28	\$ 23.10	\$ 37.71	\$ 38.13	\$ 52.04	\$ 55.03
Rate on new leases										
Office Buildings	\$ 47.03	\$ 42.21	\$ 51.27	\$ 49.29	\$ 38.68	\$ 34.16	\$ 45.95	\$ 43.25	\$ 57.59	\$ 52.42
Retail Centers	39.33	38.06	42.24	40.38	16.13	15.32	29.40	28.18	72.98	70.68
Total	\$ 46.06	\$ 41.69	\$ 47.55	\$ 45.62	\$ 23.14	\$ 21.18	\$ 40.37	\$ 38.17	\$ 59.23	\$ 54.37
Percentage Increase										
Office Buildings	26.7 %	12.1 %	15.5 %	6.6 %	3.4 %	(19.6)%	5.6 %	(0.4)%	13.6 %	(2.0)%
Retail Centers	8.9 %	(0.6)%	35.0 %	23.3 %	15.2 %	6.8 %	11.8 %	1.8 %	15.2 %	4.0 %
Total	24.5 %	10.4 %	21.9 %	12.1 %	8.7 %	(8.3)%	7.0 %	0.1 %	13.8 %	(1.2)%
	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	\$ 2,101,721	\$ 36.99	\$ 23,882	\$ 1.50	\$ 3,663,033	\$ 70.42	\$ 1,684,478	\$ 19.63	\$ 4,642,226	\$ 51.26
Retail Centers	—	—	—	—	—	—	18,132	0.45	15,000	1.39
Subtotal	\$ 2,101,721	\$ 32.33	\$ 23,882	\$ 0.88	\$ 3,663,033	\$ 21.90	\$ 1,702,610	\$ 13.52	\$ 4,657,226	\$ 45.94
Leasing Commissions										
Office Buildings	\$ 1,144,764	\$ 20.15	\$ 101,139	\$ 6.35	\$ 970,622	\$ 18.66	\$ 421,795	\$ 4.91	\$ 1,881,379	\$ 20.77
Retail Centers	20,099	2.45	34,664	3.11	267,317	2.32	39,969	1.00	187,445	17.32
Subtotal	\$ 1,164,863	\$ 17.92	\$ 135,803	\$ 5.01	\$ 1,237,939	\$ 7.40	\$ 461,764	\$ 3.67	\$ 2,068,824	\$ 20.41
Tenant Improvements and Leasing Commissions										
Office Buildings	\$ 3,246,485	\$ 57.14	\$ 125,021	\$ 7.85	\$ 4,633,655	\$ 89.08	\$ 2,106,273	\$ 24.54	\$ 6,523,605	\$ 72.03
Retail Centers	20,099	2.45	34,664	3.11	267,317	2.32	58,101	1.45	202,445	18.71
Total	\$ 3,266,584	\$ 50.25	\$ 159,685	\$ 5.89	\$ 4,900,972	\$ 29.30	\$ 2,164,374	\$ 17.19	\$ 6,726,050	\$ 66.34

Note: This table excludes short-term lease agreements.

10 Largest Tenants - Based on Annualized Commercial Income

December 31, 2019

Tenant	Number of Buildings	Weighted Average Remaining Lease Term in Months	Percentage of Aggregate Portfolio Annualized Rent	Aggregate Rentable Square Feet	Percentage of Aggregate Occupied Square Feet
Atlantic Media, Inc.	1	94	5.3%	134,084	3.5%
Capital One, N.A.	3	28	3.9%	143,090	3.7%
Booz, Allen & Hamilton, Inc.	1	73	3.4%	222,989	5.8%
EIG Management Company, LLC	1	213	2.2%	51,252	1.4%
B. Riley Financial, Inc	1	36	2.1%	54,540	1.4%
Morgan Stanley Smith Barney Financing	1	113	2.0%	50,385	1.3%
Epstein, Becker & Green, P.C.	1	108	2.0%	55,318	1.4%
Hughes Hubbard & Reed LLP	1	158	1.9%	47,788	1.3%
Promontory Interfinancial Network, LLC	1	83	1.6%	36,867	1.0%
Graham Holdings Company	1	59	1.5%	33,815	0.9%
Total/Weighted Average		85	<u>25.9%</u>	<u>830,128</u>	<u>21.7%</u>

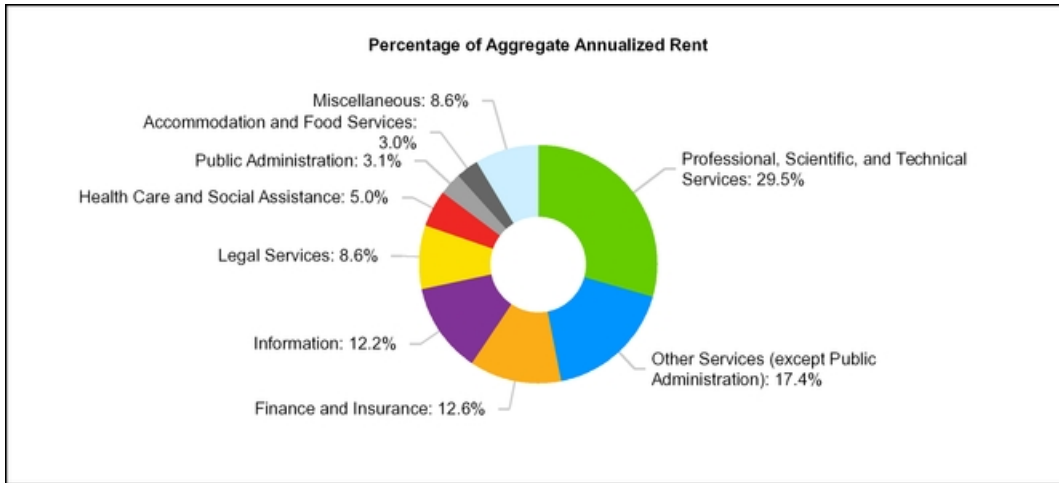
Note: This table excludes short-term lease agreements.

Industry Diversification - Office

December 31, 2019

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	\$ 36,870,651	29.48%	969,900	31.92%
Other Services (except Public Administration)	21,725,088	17.37%	435,334	14.33%
Finance and Insurance	15,731,984	12.58%	542,688	17.86%
Information	15,291,288	12.23%	293,402	9.66%
Legal Services	10,791,409	8.63%	208,547	6.86%
Health Care and Social Assistance	6,219,963	4.97%	173,442	5.71%
Public Administration	3,849,484	3.08%	52,976	1.74%
Accommodation and Food Services	3,792,652	3.03%	82,975	2.73%
Miscellaneous:				
Retail Trade	3,088,542	2.47%	54,994	1.81%
Real Estate and Rental and Leasing	2,381,225	1.91%	54,797	1.80%
Educational Services	1,593,158	1.27%	73,026	2.40%
Other	3,719,161	2.98%	96,497	3.18%
Total	\$ 125,054,605	100.00%	3,038,578	100.00%

Note: Federal government tenants comprise 2.66% of annualized base rental revenue.



Lease Expirations

December 31, 2019

Year	Number of Leases	Rentable Square Feet	Percent of Rentable Square Feet	Annualized Rent ⁽¹⁾	Average Rental Rate	Percent of Annualized Rent ⁽¹⁾
Office:						
2020	44	206,129	6.83%	\$ 7,465,023	\$ 36.22	5.27%
2021	54	231,444	7.67%	9,221,712	39.84	6.51%
2022	44	396,514	13.14%	19,520,325	49.23	13.79%
2023	53	294,864	9.77%	14,802,877	50.20	10.45%
2024	53	287,728	9.53%	15,267,456	53.06	10.78%
2025 and thereafter	136	1,600,985	53.06%	75,321,053	47.05	53.20%
	<u>384</u>	<u>3,017,664</u>	<u>100.00%</u>	<u>\$ 141,598,446</u>	<u>46.92</u>	<u>100.00%</u>
Other:						
2020	6	19,867	3.33%	\$ 349,858	\$ 17.61	2.36%
2021	8	69,141	11.57%	1,409,710	20.39	9.51%
2022	17	113,970	19.08%	2,419,688	21.23	16.32%
2023	17	66,930	11.20%	1,570,240	23.46	10.59%
2024	16	143,464	24.01%	3,192,922	22.26	21.54%
2025 and thereafter	27	184,071	30.81%	5,881,911	31.95	39.68%
	<u>91</u>	<u>597,443</u>	<u>100.00%</u>	<u>\$ 14,824,329</u>	<u>24.81</u>	<u>100.00%</u>
Total:						
2020	50	225,996	6.25%	\$ 7,814,881	\$ 34.58	5.00%
2021	62	300,585	8.31%	\$ 10,631,422	35.37	6.80%
2022	61	510,484	14.12%	\$ 21,940,013	42.98	14.03%
2023	70	361,794	10.01%	\$ 16,373,117	45.26	10.47%
2024	69	431,192	11.93%	\$ 18,460,378	42.81	11.80%
2025 and thereafter	163	1,785,056	49.38%	\$ 81,202,964	45.49	51.90%
	<u>475</u>	<u>3,615,107</u>	<u>100.00%</u>	<u>\$ 156,422,775</u>	<u>43.27</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

December 31, 2019

PROPERTIES	LOCATION	YEAR ACQUIRED	YEAR CONSTRUCTED	NET RENTABLE SQUARE FEET	LEASED % ⁽¹⁾	ENDING OCCUPANCY ⁽¹⁾
<u>Multifamily Buildings / # units</u>						
Clayborne / 74	Alexandria, VA	2008	2008	60,000	97.3%	97.3%
Riverside Apartments / 1,222	Alexandria, VA	2016	1971	1,001,000	97.1%	95.7%
Park Adams / 200	Arlington, VA	1969	1959	173,000	97.0%	95.0%
Bennett Park / 224	Arlington, VA	2007	2007	215,000	95.5%	95.1%
The Paramount /135	Arlington, VA	2013	1984	141,000	97.8%	97.0%
The Maxwell / 163	Arlington, VA	2014	2014	116,000	98.8%	97.5%
The Wellington / 711	Arlington, VA	2015	1960	600,000	96.2%	93.4%
Roosevelt Towers / 191	Falls Church, VA	1965	1964	170,000	96.3%	94.8%
The Ashby at McLean / 256	McLean, VA	1996	1982	274,000	96.1%	94.5%
Bethesda Hill Apartments /195	Bethesda, MD	1997	1986	225,000	97.9%	92.8%
3801 Connecticut Avenue / 307	Washington, DC	1963	1951	178,000	96.4%	95.4%
Kenmore Apartments / 374	Washington, DC	2008	1948	268,000	94.9%	93.6%
Yale West / 216	Washington, DC	2014	2011	173,000	98.1%	97.2%
Assembly Alexandria / 532	Alexandria, VA	2019	1990	437,000	95.3%	94.9%
Assembly Manassas / 408	Manassas, VA	2019	1986	390,000	94.9%	94.4%
Assembly Dulles / 328	Herndon, VA	2019	2000	361,000	96.0%	95.1%
Assembly Leesburg / 134	Leesburg, VA	2019	1986	124,000	94.8%	94.0%
Assembly Herndon/ 283	Herndon, VA	2019	1991	221,000	96.1%	95.1%
Assembly Germantown / 218	Germantown, MD	2019	1990	211,000	95.4%	95.0%
Assembly Watkins Mill / 210	Gaithersburg, MD	2019	1975	193,000	97.1%	94.8%
Cascade at Landmark / 277	Alexandria, VA	2019	1988	273,000	96.4%	94.2%
Subtotal (6,658 units)				5,804,000	96.4%	94.9%

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

Schedule of Properties

December 31, 2019

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	86.5%	86.5%
Courthouse Square	Alexandria, VA	2000	1979	120,000	82.9%	82.9%
1600 Wilson Boulevard	Arlington, VA	1997	1973	170,000	90.8%	89.5%
Fairgate at Ballston	Arlington, VA	2012	1988	145,000	82.3%	77.2%
Arlington Tower	Arlington, VA	2018	1980/2014	391,000	90.6%	90.6%
Monument II	Herndon, VA	2007	2000	209,000	95.1%	95.1%
Silverline Center	Tysons, VA	1997	1972/1986/1999/2015	549,000	96.0%	94.0%
John Marshall II	Tysons, VA	2011	1996/2010	223,000	100.0%	100.0%
1901 Pennsylvania Avenue	Washington, DC	1977	1960	101,000	85.6%	85.6%
1220 19th Street	Washington, DC	1995	1976	103,000	73.4%	61.7%
2000 M Street	Washington, DC	2007	1971	232,000	91.8%	91.0%
1140 Connecticut Avenue	Washington, DC	2011	1966	184,000	92.2%	92.2%
1227 25th Street	Washington, DC	2011	1988	135,000	93.5%	86.2%
Army Navy Building	Washington, DC	2014	1912/1987/2017	108,000	100.0%	100.0%
1775 Eye Street, NW	Washington, DC	2014	1964	189,000	93.7%	93.7%
Watergate 600	Washington, DC	2017	1972/1997	293,000	91.9%	81.2%
Subtotal				3,227,000	91.9%	89.6%

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

Schedule of Properties

December 31, 2019

<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>Retail Centers</u>						
800 S. Washington Street	Alexandria, VA	1998/2003	1955/1959	46,000	89.6%	87.0%
Concord Centre	Springfield, VA	1973	1960	75,000	93.2%	93.2%
Randolph Shopping Center	Rockville, MD	2006	1972	83,000	86.4%	86.4%
Montrose Shopping Center	Rockville, MD	2006	1970	149,000	94.0%	94.0%
Takoma Park	Takoma Park, MD	1963	1962	51,000	100.0%	100.0%
Westminster	Westminster, MD	1972	1969	150,000	95.0%	95.0%
Chevy Chase Metro Plaza	Washington, DC	1985	1975	49,000	90.2%	90.2%
Spring Valley Village	Washington, DC	2014	1941/1950/2018	92,000	92.0%	79.1%
Subtotal				695,000	92.8%	90.9%
TOTAL PORTFOLIO				9,726,000		

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

Supplemental Definitions

December 31, 2019

Adjusted EBITDA (a non-GAAP measure) 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, restructuring expenses (which include severance, accelerated share-based compensation and other expenses related to a restructuring of corporate personnel), acquisition expenses and gain 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 2018 National Association of Real Estate Investment Trusts, Inc. ("NAREIT") FFO White Paper Restatement, 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, severance expenses and other expenses related to corporate restructuring 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 executive transition costs, severance expenses and other expenses related to corporate restructuring 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 or loss 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. Beginning in Q4 2018, in cases where the space has been remeasured in accordance with criteria set by the Building Owners and Managers Association ("BOMA"), the square feet former tenant's space is adjusted to be equivalent to the square feet of the new/renewing tenant's space.

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.

Short-term leases are commercial leases with a term of less than 12 months.

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 relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. In some cases, you can identify forward looking statements by the use of forward-looking terminology such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," or "potential" or the negative of these words and phrases or similar words or phrases which are predictions of or indicate future events or trends and which do not relate solely to historical matters. Such statements involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance, or achievements of WashREIT to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, but are not limited to the risks associated with the ownership of real estate in general and our real estate assets in particular; the risk of failure to complete contemplated acquisitions and dispositions, including completion of the acquisition and disposition transactions described in this earnings release; the economic health of the greater Washington Metro region; fluctuations in interest rates; reductions in or actual or threatened changes to the timing of federal government spending; the risks related to use of third-party providers and joint venture partners; the ability to control our operating expenses; the economic health of our tenants; the supply of competing properties; shifts away from brick and mortar stores to ecommerce; the availability and terms of financing and capital and the general volatility of securities markets; compliance with applicable laws, including those concerning the environment and access by persons with disabilities; terrorist attacks or actions and/or cyber attacks; weather conditions and natural disasters; ability to maintain key personnel; failure to qualify and maintain our qualification as a REIT and the risks of changes in laws affecting REITs; and other risks and uncertainties detailed from time to time in our filings with the SEC, including our 2018 Form 10-K and subsequent Quarterly Reports on Form 10-Q. While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. We undertake no obligation to update our forward-looking statements or risk factors to reflect new information, future events, or otherwise.