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

FORM 10-Q

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

For quarterly period ended September 30, 2015

OR

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

COMMISSION FILE NO. 1-6622

WASHINGTON REAL ESTATE INVESTMENT TRUST
(Exact name of registrant as specified in its charter)

MARYLAND	**53-0261100**
(State of incorporation)	**(IRS Employer Identification Number)**

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

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

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

Title of Each Class	Name of exchange on which registered
Shares of Beneficial Interest	New York Stock Exchange

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

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

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

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐

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

As of October 29, 2015, 68,178,215 common shares were outstanding.

WASHINGTON REAL ESTATE INVESTMENT TRUST

INDEX

PART I
FINANCIAL INFORMATION

ITEM 1: FINANCIAL STATEMENTS

The information furnished in the accompanying unaudited Consolidated Balance Sheets, Condensed Consolidated Statements of Income, Condensed Consolidated Statements of Comprehensive Income, Consolidated Statement of Shareholders' Equity and Consolidated Statements of Cash Flows reflects all adjustments, consisting of normal recurring items, which are, in the opinion of management, necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods. The accompanying financial statements and notes thereto should be read in conjunction with the financial statements and notes for the three years ended December 31, 2014 included in Washington Real Estate Investment Trust’s 2014 Annual Report on Form 10-K.

WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	September 30, 2015 (Unaudited)	December 31, 2014
Assets		
Land	$ 572,880	$ 543,546
Income producing property	2,074,425	1,927,407
	2,647,305	2,470,953
Accumulated depreciation and amortization	(677,480)	(640,434)
Net income producing property	1,969,825	1,830,519
Properties under development or held for future development	35,256	76,235
Total real estate held for investment, net	2,005,081	1,906,754
Investment in real estate sold or held for sale, net	5,010	—
Cash and cash equivalents	21,012	15,827
Restricted cash	12,544	10,299
Rents and other receivables, net of allowance for doubtful accounts of $2,945 and $3,392, respectively	62,306	59,745
Prepaid expenses and other assets	122,629	121,082
Other assets related to properties sold or held for sale	278	—
Total assets	$ 2,228,860	$ 2,113,707
Liabilities		
Notes payable	$ 747,540	$ 747,208
Mortgage notes payable	419,293	418,525
Lines of credit	195,000	50,000
Accounts payable and other liabilities	54,131	54,318
Advance rents	10,766	12,528
Tenant security deposits	9,225	8,899
Liabilities related to properties sold or held for sale	329	—
Total liabilities	1,436,284	1,291,478
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: 68,180 and 67,819 shares issued and outstanding at September 30, 2015 and December 31, 2014, respectively	682	678
Additional paid in capital	1,192,202	1,184,395
Distributions in excess of net income	(399,421)	(365,518)
Accumulated other comprehensive loss	(2,288)	—
Total shareholders' equity	791,175	819,555
Noncontrolling interests in subsidiaries	1,401	2,674
Total equity	792,576	822,229
Total liabilities and equity	$ 2,228,860	$ 2,113,707

See accompanying notes to the consolidated financial statements.

WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Revenue				
Real estate rental revenue	$ 78,243	$ 73,413	$ 227,325	$ 214,278
Expenses				
Real estate expenses	28,109	25,914	84,546	77,784
Depreciation and amortization	29,349	24,354	80,127	71,508
Acquisition costs	929	69	1,937	5,047
General and administrative	4,953	4,523	15,339	13,780
Real estate impairment	—	—	5,909	—
	63,340	54,860	187,858	168,119
Other operating income				
Gain on sale of real estate	—	—	31,731	570
Real estate operating income	14,903	18,553	71,198	46,729
Other income (expense)				
Interest expense	(14,486)	(15,087)	(44,534)	(44,602)
Loss on extinguishment of debt	—	—	(119)	—
Other income	163	192	547	634
	(14,323)	(14,895)	(44,106)	(43,968)
Income from continuing operations	580	3,658	27,092	2,761
Discontinued operations:				
Income from operations of properties sold or held for sale	—	—	—	546
Gain on sale of real estate	—	—	—	105,985
Net income	580	3,658	27,092	109,292
Less: Net loss attributable to noncontrolling interests in subsidiaries	67	10	515	17
Net income attributable to the controlling interests	$ 647	$ 3,668	$ 27,607	$ 109,309
Basic net income per share:				
Continuing operations	$ 0.01	$ 0.05	$ 0.40	$ 0.04
Discontinued operations	—	—	—	1.59
Net income per share	$ 0.01	$ 0.05	$ 0.40	$ 1.63
Diluted net income per share:				
Continuing operations	$ 0.01	$ 0.05	$ 0.40	$ 0.04
Discontinued operations	—	—	—	1.59
Net income per share	$ 0.01	$ 0.05	$ 0.40	$ 1.63
Weighted average shares outstanding – basic	68,186	66,738	68,168	66,725
Weighted average shares outstanding – diluted	68,305	66,790	68,290	66,760
Dividends declared per share	$ 0.30	$ 0.30	$ 0.90	$ 0.90

See accompanying notes to the consolidated financial statements.

WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(IN THOUSANDS)
(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net income	$ 580	$ 3,658	$ 27,092	$ 109,292
Other comprehensive loss:				
Unrealized loss on interest rate hedge	(2,288)	—	(2,288)	—
Comprehensive (loss) income	(1,708)	3,658	24,804	109,292
Less: Net loss attributable to noncontrolling interests	67	10	515	17
Comprehensive (loss) income attributable to the controlling interests	$ (1,641)	$ 3,668	$ 25,319	$ 109,309

See accompanying notes to the financial statements.

WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
(IN THOUSANDS)
(UNAUDITED)

	Shares Outstanding	Shares of Beneficial Interest at Par Value	Additional Paid in Capital	Distributions in Excess of Net Income Attributable to the Controlling Interests	Accumulated Other Comprehensive Loss	Total Shareholders' Equity	Noncontrolling Interests in Subsidiaries	Total Equity
Balance, December 31, 2014	67,819	$ 678	$1,184,395	$ (365,518)	$ —	$ 819,555	$ 2,674	$822,229
Net income attributable to the controlling interests	—	—	—	27,607	—	27,607	—	27,607
Net loss attributable to the noncontrolling interests and deconsolidation of noncontrolling interest	—	—	—	—	—	—	(1,278)	(1,278)
Unrealized loss on interest rate hedge					(2,288)	(2,288)		(2,288)
Contributions from noncontrolling interests	—	—	—	—	—	—	5	5
Dividends	—	—	—	(61,510)	—	(61,510)	—	(61,510)
Equity offerings, net of issuance costs	184	2	5,077	—	—	5,079	—	5,079
Share grants, net of share grant amortization and forfeitures	177	2	2,730	—	—	2,732	—	2,732
Balance, September 30, 2015	68,180	$ 682	$1,192,202	$ (399,421)	$ (2,288)	$ 791,175	$ 1,401	$792,576

See accompanying notes to the consolidated financial statements.

WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES

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

	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Cash flows from operating activities		
Net income	$ 27,092	$ 109,292
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	80,127	71,508
Provision for losses on accounts receivable	1,337	1,335
Real estate impairment	5,909	—
Gain on sale of real estate	(31,731)	(106,555)
Amortization of share grants, net	3,962	3,835
Amortization of debt premiums, discounts and related financing costs	2,661	2,730
Loss on extinguishment of debt	119	—
Changes in operating other assets	(9,733)	(16,255)
Changes in operating other liabilities	(3,531)	(3,013)
Net cash provided by operating activities	76,212	62,877
Cash flows from investing activities		
Real estate acquisitions, net	(151,682)	(154,126)
Net cash received for sale of real estate	53,566	190,864
Capital improvements to real estate	(23,085)	(41,945)
Development in progress	(29,136)	(28,363)
Real estate deposits, net	—	(2,500)
Cash held in replacement reserve escrows	(2,897)	(550)
Non-real estate capital improvements	(2,116)	(44)
Net cash used in investing activities	(155,350)	(36,664)
Cash flows from financing activities		
Line of credit borrowings, net	145,000	5,000
Dividends paid	(61,510)	(60,153)
Principal payments – mortgage notes payable	(3,358)	(2,860)
Borrowings under construction loan	4,017	14,137
Notes payable repayments	(150,000)	(100,000)
Proceeds from term loan	150,000	—
Payment of financing costs	(4,910)	(660)
Contributions from noncontrolling interests	5	5
Distributions to noncontrolling interests	—	(3,454)
Net proceeds from equity offering	5,079	—
Net cash provided by (used in) financing activities	84,323	(147,985)
Net increase (decrease) in cash and cash equivalents	5,185	(121,772)
Cash and cash equivalents at beginning of period	15,827	130,343
Cash and cash equivalents at end of period	$ 21,012	$ 8,571
Supplemental disclosure of cash flow information:		
Cash paid for interest, net of amounts capitalized	$ 38,023	$ 36,770
Decrease in accrued capital improvements and development costs	656	10,860
Mortgage notes payable assumed in connection with the acquisition of real estate	—	100,861

See accompanying notes to the consolidated financial statements.

NOTE 1: NATURE OF BUSINESS

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

Federal Income Taxes

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

Generally, and subject to our ongoing qualification as a REIT, no provisions for income taxes are necessary except for taxes on undistributed taxable income and taxes on the income generated by our taxable REIT subsidiaries ("TRSs"). Our TRSs are subject to corporate federal and state income tax on their taxable income at regular statutory rates, or as calculated under the alternative minimum tax, as appropriate. As of September 30, 2015 and December 31, 2014, our TRSs had no net deferred tax assets and a net deferred tax liability of $0.7 million and $0.6 million, respectively. This deferred tax liability is primarily related to temporary differences in the timing of the recognition of revenue, amortization and depreciation.

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

Significant Accounting Policies

We have prepared our consolidated financial statements using the accounting policies described in our Annual Report on Form 10-K for the year ended December 31, 2014.

New Accounting Pronouncements

In April 2015, the FASB issued ASU No. 2015-03, *Interest - Imputation of Interest*, which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the new standard. The new standard is effective for public entities for fiscal years beginning after December 15, 2015 and for interim periods therein. Early adoption is permitted for financial statements that have not been previously issued. We do not expect this ASU to have a material impact on our consolidated financial statements.

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

Principles of Consolidation and Basis of Presentation

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

We have prepared the accompanying unaudited financial statements pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and note disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to those rules and regulations, although we believe that the disclosures made are adequate to make the information presented not misleading. In addition, in the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the results for the periods presented have been included. These unaudited financial statements should be read in conjunction with the financial statements and notes included in our Annual Report on Form 10-K for the year ended December 31, 2014.

Within these notes to the financial statements, we refer to the three months endedSeptember 30, 2015 and September 30, 2014 as the "2015 Quarter" and the "2014 Quarter," respectively, and the nine months ended September 30, 2015 and September 30, 2014 as the "2015 Period" and the "2014 Period," respectively.

Use of Estimates in the Financial Statements

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

Derivatives

We borrow funds at a combination of fixed and variable rates. Borrowings under the our revolving credit facility and term loans bear interest at variable rates. Our interest rate risk management objectives are to minimize interest rate fluctuation on long-term indebtedness and limit the impact of interest rate changes on earnings and cash flows. To achieve these objectives, from time to time, we may enter into interest rate hedge contracts such as collars, swaps, caps and treasury lock agreements in order to mitigate our interest rate risk with respect to various debt instruments. We generally do not hold or issue these derivative contracts for trading or speculative purposes. The interest rate swaps we enter into are recorded at fair value on a recurring basis. We assess effectiveness of our cash flow hedges both at inception and on an ongoing basis. The effective portion of changes in fair value of the interest rate swaps associated with our cash flow hedges is recorded in accumulated other comprehensive loss. Our cash flow hedges become ineffective if critical terms of the hedging instrument and the debt instrument such as notional amounts, settlement dates, reset dates, calculation period and LIBOR do not perfectly match. In addition, we evaluate the default risk of the counterparty by monitoring the creditworthiness of the counterparty. When ineffectiveness of a cash flow hedge exists, the ineffective portion of changes in fair value of the interest rate swaps associated with our cash flow hedges is recognized in earnings in the period affected. Hedge ineffectiveness did not impact earnings in the 2015 and 2014 Periods.

NOTE 3: REAL ESTATE

Acquisition

Our current strategy is focused on properties inside the Washington metro region's Beltway, near major transportation nodes and in areas with strong employment drivers and superior growth demographics as compared to other areas. We seek to upgrade our portfolio with acquisitions as opportunities arise. Properties and land for development acquired during the 2015 Period were as follows:

Acquisition Date	Property	Type	# of units (unaudited)	Contract Purchase Price (In thousands)
July 1, 2015	The Wellington	Multifamily	711	$ 167,000

The Wellington, which we acquired during the 2015 Quarter, consists of an apartment building and an adjacent parcel of land for potential future multifamily development. The purchase of the Wellington was structured as a reverse exchange under Section

1031 of the Internal Revenue Code in a manner such that legal title is held by a Qualified Intermediary until certain identified properties are sold and the reverse exchange transaction is completed. We retain essentially all of the legal and economic benefits and obligations related to the Wellington. As such, the Wellington is considered to be a VIE until legal title is transferred to us upon completion of the 1031 exchange, which is expected during the fourth quarter. We have consolidated the assets and liabilities of the Wellington as we have determined that Washington REIT is the primary beneficiary of the VIE. The results of operations from the acquired operating property are included in the consolidated statements of income as of the acquisition date.

The revenue and earnings of the acquisition during the year of acquisition are as follows (in thousands):

	Three and Nine Months Ended September 30, 2015
Real estate rental revenue	$ 3,441
Net loss	(1,463)

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

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

Land	$ 30,548
Land for development	15,000
Buildings	116,563
Leasing commissions/absorption costs	4,889
Total	$ 167,000

The weighted remaining average life for leasing commissions/absorption costs istwo months.

The difference in the total contract price of $167.0 million for the acquisition and the acquisition cost per the consolidated statements of cash flows of$166.7 million is primarily due to credits received at settlement totaling $0.3 million.

The following unaudited pro-forma combined condensed statements of operations set forth the consolidated results of operations for the2015 and 2014 Quarters and Periods as if the above-described acquisition in 2015 had occurred on January 1,2014. The pro forma adjustments include reclassifying costs related to the above-described acquisition to 2014. The unaudited pro-forma information does not purport to be indicative of the results that actually would have occurred if the acquisitions had been in effect for the 2015 and 2014 Quarters and Periods. The unaudited data presented is in thousands, except per share data.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Real estate rental revenue	$ 78,243	$ 76,853	$ 234,095	$ 224,488
Income (loss) from continuing operations	1,626	2,205	29,811	(323)
Net income	1,626	2,205	29,811	106,208
Diluted net income per share	0.02	0.03	0.43	1.59

Redevelopment

In the office segment, we had a redevelopment project to renovate Silverline Center, an office property in Tysons, Virginia. As of September 30, 2015, we had invested $35.8 million in the renovation. We completed major construction activities on this project during the second quarter of 2015, and placed into service substantially completed portions of the project totaling $25.8 million. The remaining components of the redevelopment project will be placed into service the earlier of when they are substantially completed and available for occupancy or one year from completion of major construction activities.

Variable Interest Entities

In November 2011, we executed a joint venture operating agreement with a real estate development company to develop a high-rise multifamily property at 1225 First Street in Alexandria, Virginia. Washington REIT and the real estate development company owned 95% and 5% of the joint venture, respectively. During the second quarter of 2015, we determined that we would not develop the property and began negotiations to sell our interest in the joint venture. We recognized a $5.9 million impairment charge for the second quarter of 2015 in order to reduce the carrying value of the property to its estimated fair value. We based this fair value on the contact sale price in the purchase and sale agreement. This fair valuation falls into Level 2 of the fair value hierarchy. During the 2015 Quarter, we sold our 95% interest in the joint venture for a contract sale price of $14.5 million, as this joint venture has previously been consolidated as Washington REIT was the primary beneficiary of the VIE.

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

We have determined that The Maxwell joint venture is a VIE primarily based on the fact that the equity investment at risk is not sufficient to permit the entity to finance its activities without additional financial support. As of September 30, 2015, $31.7 million was outstanding on The Maxwell's construction loan. We have also determined that Washington REIT is the primary beneficiary of the VIE due to the fact that Washington REIT is providing 90% of the equity contributions.

We include joint venture land acquisitions and capitalized development on our consolidated balance sheets in properties under development or held for future development until placed in service or sold. As of December 31, 2014, the land and capitalized development costs for 1225 First Street totaled $20.8 million.

As of September 30, 2015 and December 31, 2014, The Maxwell's assets were as follows (in thousands):

	September 30, 2015	December 31, 2014
Land	$ 12,851	$ 12,851
Income producing property	37,914	18,432
Accumulated depreciation and amortization	(1,767)	—
Properties under development or held for future development	—	17,947
Other assets	765	—
	$ 49,763	$ 49,230

As of September 30, 2015 and December 31, 2014, The Maxwell's liabilities were as follows (in thousands):

	September 30, 2015	December 31, 2014
Mortgage notes payable	$ 31,707	$ 27,690
Accounts payable and other liabilities	669	2,196
Tenant security deposits	66	17
	$ 32,442	$ 29,903

Sold and Held for Sale Properties and Discontinued Operations

We dispose of assets that no longer meet our long-term strategy or return objectives and where market conditions for sale are favorable. The proceeds from the sales may be reinvested into other properties, used to fund development operations or to support other corporate needs, or distributed to our shareholders.

During the second quarter of 2015, 15,000 square feet of land at Montrose Shopping Center, a retail property in Rockville, Maryland, was condemned as part of an eminent domain taking action. The taken land was at the periphery of the property and its taking did not impact the property's operations. We received $2.0 million as compensation for the taken land, and recognized a $1.5 million gain on sale of real estate during the second quarter of 2015.

During the 2015 Quarter, we executed a purchase and sale agreement for the sale of Munson Hill Towers, a 279-unit multifamily property in Falls Church, Virginia, for a contract sale price of $57.1 million. We closed on the sale in October 2015 (see note 11). The property met the criteria for classification as held for sale as of September 30, 2015.

Subsequent to the end of the 2015 Period, we executed a purchase and sale agreement for the sale of Montgomery Village Center, a 197,000 square foot retail property in Gaithersburg, Maryland, for a contract sale price of $27.8 million. We expect to close on the sale before the end of 2015. The property did not meet the criteria for classification as held for sale until after the 2015 Period and is included on our consolidated balance sheets as follows:

	September 30, 2015	December 31, 2014
Land	$ 11,625	$ 11,625
Income producing property	12,606	12,443
Accumulated depreciation and amortization	(6,081)	(5,832)
Other assets	1,562	1,585
Total assets	$ 19,712	$ 19,821

In September 2013, we entered into four separate purchase and sale agreements to effectuate the sale of our entire medical office segment (including land held for development at 4661 Kenmore Avenue) and two office buildings (Woodholme Center and 6565 Arlington Boulevard) for an aggregate purchase price of $500.8 million. The sale was structured as four transactions. Transactions I and II closed in November 2013 and Transactions III and IV closed in January 2014.

The results of the assets in our former medical office segment sold in January 2014 are summarized as follows (amounts in thousands, except per share data):

	Nine Months Ended September 30,	
	2015	2014
Real estate rental revenue	$ —	$ 892
Net income	—	546
Basic net income per share	—	0.01
Diluted net income per share	—	0.01

We sold or classified as held for sale the following properties in 2015 and 2014:

Disposition Date	Property Name	Segment	# of units	Rentable Square Feet	Contract Sales Price (in thousands)	Gain on Sale (in thousands)
March 20, 2015	Country Club Towers [1]	Multifamily	227	N/A	$ 37,800	$ 30,277
September 9, 2015	1225 First Street [1], [2]	Multifamily	N/A	N/A	14,500	—
N/A	Munson Hill Towers [1]	Multifamily	279	N/A	57,100	N/A
		Total 2015			$ 109,400	$ 30,277
January 21, 2014	Medical Office Portfolio Transactions III & IV [3]	Medical Office	N/A	427,000	$ 193,561	$ 105,985
May 2, 2014	5740 Columbia Road [1]	Retail	N/A	3,000	1,600	570
		Total 2014		430,000	$ 195,161	$ 106,555

(1) *These properties are classified as continuing operations.*
(2) *Land held for future development.*
(3) *Woodburn Medical Park I and II and Prosperity Medical Center I, II and III, which are classified as discontinued operations.*

As of September 30, 2015 and December 31, 2014, investment in real estate held for sale was as follows (in thousands):

	September 30, 2015
Land	$ 322
Income producing property	19,321
Accumulated depreciation and amortization	(14,633)
Total real estate held for investment, net	$ 5,010

Income from operations of properties classified as discontinued operations for thethree and nine months ended September 30, 2015 and 2014was as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Real estate rental revenue	$ —	$ —	$ —	$ 892
Real estate expenses	—	—	—	(346)
Income from operations classified as discontinued operations	$ —	$ —	$ —	$ 546

NOTE 4: UNSECURED LINES OF CREDIT PAYABLE

On June 23, 2015, we terminated our $100.0 million unsecured line of credit maturing in June 2015 ("Prior Credit Facility No. 1") and our $400.0 million unsecured line of credit maturing in July 2016 ("Prior Credit Facility No. 2"), and executed a new $600.0 million unsecured credit agreement ("New Credit Facility") that matures in June 2019, unless extended pursuant to one or both of the two six-month extension options. The New Credit Facility has an accordion feature, which we utilized a portion of in September 2015, as described below, that allows us to increase the facility to $1.0 billion, subject to the extent the lenders agree to provide additional revolving loan commitments or term loans. The New Credit Facility bears interest at a rate of either LIBOR plus a margin ranging from 0.875% to 1.55% or the base rate plus a margin ranging from 0.0% to 0.55% (in each case depending upon Washington REIT's credit rating). The base rate is the highest of the administrative agent's prime rate, the federal funds rate plus 0.50% and the LIBOR market index rate plus 1.0%. In addition, the New Credit Facility requires the payment of a facility fee ranging from 0.125% to 0.30% (depending on Washington REIT's credit rating) on the $600.0 million committed capacity, without regard to usage. As of September 30, 2015, the interest rate on the facility is LIBOR plus 1.00% and the facility fee is 0.20%.

The amount of the New Credit Facility's unsecured line of credit unused and available at September 30, 2015 is as follows (in thousands):

Committed capacity	$ 600,000
Borrowings outstanding	(195,000)
Letters of credit issued [1]	(15,474)
Unused and available	$ 389,526

[1] The letter of credit is provided to the lender for John Marshall II relating to tenant improvements.

We executed borrowings and repayments on the unsecured lines of credit during the 2015 Period as follows (in thousands):

	Prior Credit Facility No. 1	Prior Credit Facility No. 2	New Credit Facility
Balance at December 31, 2014	$ 5,000	$ 45,000	$ —
Borrowings	3,000	150,000	365,000
Repayments	(8,000)	(195,000)	(170,000)
Balance at September 30, 2015	$ —	$ —	$ 195,000

NOTE 5: NOTES PAYABLE

We repaid the remaining $150.0 million of our 5.35% unsecured notes on their maturity date of May 1, 2015 using borrowings on Prior Credit Facility No. 2.

On September 15, 2015, we entered into a $150.0 million unsecured term loan by executing a portion of the accordion feature under the New Credit Facility. The term loan has a 5.5 year maturity and an interest rate of LIBOR plus 110 basis points, based on our current unsecured debt ratings.

NOTE 6: DERIVATIVE INSTRUMENTS

On September 15, 2015, we entered into two interest rate swap arrangements with a total notional amount of $150.0 million to swap the floating interest rate under our term loan (see note 5) to an all-in fixed interest rate of 2.7% starting on October 15, 2015 and extending until the maturity of the term loan on March 15, 2021. The interest rate swaps qualify as cash flow hedges and are recorded at fair value in accordance with GAAP, based on discounted cash flow methodologies and observable inputs. We record the effective portion of changes in fair value of the cash flow hedge in other comprehensive loss. The resulting unrealized loss on the effective portions of the cash flow hedges was the only activity in other comprehensive loss during the periods presented in our consolidated financial statements. We assess the effectiveness of our cash flow hedges both at inception and on an ongoing basis. The cash flow hedges were effective for the 2015 Quarter. We had no derivative instruments outstanding as of December 31, 2014.

The fair value and balance sheet locations of the interest rate swap as ofSeptember 30, 2015 and December 31, 2014, are as follows (in thousands):

	September 30, 2015	December 31, 2014
Accounts payable and other liabilities	$ 2,288	$ —

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Unrealized loss on interest rate hedge	$ (2,288)	$ —	$ (2,288)	$ —

Amounts reported in accumulated other comprehensive loss related to derivatives will be reclassified to interest expense as interest payments are made on our variable-rate debt. During the next twelve months, we estimate that an additional $1.8 million will be reclassified as an increase to interest expense.

We have agreements with each of our derivative counterparties that contain a provision whereby we could be declared in default on our derivative obligations if repayment of the underlying indebtedness is accelerated by the lender due to our default on the indebtedness. As of September 30, 2015, the fair value of derivatives is in a net liability position of $2.3 million, which includes accrued interest but excludes any adjustment for nonperformance risk. As of September 30, 2015, we have not posted any collateral related to these agreements. If we had breached any of these provisions at September 30, 2015, we could have been required to settle our obligations under the agreements at their termination value of $2.3 million.

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

NOTE 7: STOCK BASED COMPENSATION

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

Total Compensation Expense

Total compensation expense recognized in the consolidated financial statements for all outstanding share based awards was$0.9 million and $1.3 million for the 2015 and 2014 Quarters, respectively, and $4.0 million and $3.8 million for the 2015 and 2014 Periods, respectively.

Restricted Share Awards

The total fair values of restricted share awards vested was$2.6 million and $1.0 million for the 2015 and 2014 Periods, respectively.

The total unvested restricted share awards atSeptember 30, 2015 was 209,560 shares, which had a weighted average grant date fair value of $27.31 per share. As of September 30, 2015, the total compensation cost related to unvested restricted share awards was$2.4 million, which we expect to recognize over a weighted average period of 20 months.

NOTE 8: FAIR VALUE DISCLOSURES

Assets and Liabilities Measured at Fair Value

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

Level 1: Quoted prices in active markets for identical assets
Level 2: Significant other observable inputs
Level 3: Significant unobservable inputs

The only assets or liabilities we had atSeptember 30, 2015 and December 31, 2014 that are recorded at fair value on a recurring basis are the interest rate swaps (see note 6) and the assets held in the Supplemental Executive Retirement Plan ("SERP"), which primarily consists of investments in mutual funds. We base the valuations related to the SERP on assumptions derived from significant other observable inputs and accordingly these valuations fall into Level 2 in the fair value hierarchy.

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

The fair values of these assets and liabilities atSeptember 30, 2015 and December 31, 2014 were as follows (in thousands):

	September 30, 2015				December 31, 2014			
	Fair Value	Level 1	Level 2	Level 3	Fair Value	Level 1	Level 2	Level 3
Assets:								
SERP	$ 1,296	$ —	$ 1,296	$ —	$ 2,778	$ —	$ 2,778	$ —
Liabilities:								
Derivatives	$ 2,288	$ —	$ 2,288	$ —	$ —	$ —	$ —	$ —

Financial Assets and Liabilities Not Measured at Fair Value

The following disclosures of estimated fair value were determined by management using available market information and established valuation methodologies, including discounted cash flow. Many of these estimates involve significant judgment. The estimated fair value disclosed may not necessarily be indicative of the amounts we could realize on disposition of the financial instruments. The use of different market assumptions or estimation methodologies could have an effect on the estimated fair value amounts. In addition, fair value estimates are made at a point in time and thus, estimates of fair value subsequent to September 30, 2015 may differ significantly from the amounts presented.

Following is a summary of significant methodologies used in estimating fair values and a schedule of fair values atSeptember 30, 2015 and December 31, 2014.

Cash and Cash Equivalents and Restricted Cash

Cash and cash equivalents and restricted cash include cash and commercial paper with original maturities of less than90 days, which are valued at the carrying value, which approximates fair value due to the short maturity of these instruments (Level 1 inputs).

Notes Receivable

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

Debt

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

As of September 30, 2015 and December 31, 2014, the carrying values and estimated fair values of our financial instruments were as follows (in thousands):

	September 30, 2015		December 31, 2014	
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
Cash and cash equivalents	$ 21,012	$ 21,012	$ 15,827	$ 15,827
Restricted cash	12,544	12,544	10,299	10,299
2445 M Street note	4,940	5,160	4,404	5,113
Mortgage notes payable	419,293	434,581	418,525	433,762
Lines of credit	195,000	195,000	50,000	50,000
Notes payable	747,540	781,641	747,208	782,042

NOTE 9: EARNINGS PER COMMON SHARE

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

We determine “Diluted earnings per share” as the more dilutive of the two-class method or the treasury stock method with respect to the unvested restricted share awards. We further evaluate any other potentially dilutive securities at the end of the period and adjust the basic earnings per share calculation for the impact of those securities that are dilutive. Our diluted earnings per share calculation includes the dilutive impact of employee stock options (prior to their expiration at December 31, 2014) based on the treasury stock method and our share based awards with performance conditions prior to the grant date and all market condition awards under the contingently issuable method.

The computations of basic and diluted earnings per share for the three and nine months ended September 30, 2015 and 2014 were as follows (in thousands, except per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Numerator:				
Income from continuing operations	$ 580	$ 3,658	$ 27,092	$ 2,761
Net loss attributable to noncontrolling interests	67	10	515	17
Allocation of earnings to unvested restricted share awards	(47)	(44)	(184)	11
Adjusted income from continuing operations attributable to the controlling interests	600	3,624	27,423	2,789
Income from discontinued operations, including gain on sale of real estate, net of taxes	—	—	—	106,531
Allocation of earnings to unvested restricted share awards	—	—	—	(335)
Adjusted income from discontinuing operations attributable to the controlling interests	—	—	—	106,196
Adjusted net income attributable to the controlling interests	$ 600	$ 3,624	$ 27,423	$ 108,985
Denominator:				
Weighted average shares outstanding – basic	68,186	66,738	68,168	66,725
Effect of dilutive securities:				
Employee restricted share awards	119	52	122	35
Weighted average shares outstanding – diluted	68,305	66,790	68,290	66,760
Net income per common share, basic:				
Continuing operations	$ 0.01	$ 0.05	$ 0.40	$ 0.04
Discontinued operations	—	—	—	1.59
	$ 0.01	$ 0.05	$ 0.40	$ 1.63
Net income per common share, diluted:				
Continuing operations	$ 0.01	$ 0.05	$ 0.40	$ 0.04
Discontinued operations	—	—	—	1.59
	$ 0.01	$ 0.05	$ 0.40	$ 1.63

NOTE 10: SEGMENT INFORMATION

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

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

The following tables present revenues, net operating income, capital expenditures and total assets for the2015 and 2014 Quarters and Periods from these segments, and reconciles net operating income of reportable segments to net income attributable to the controlling interests as reported (in thousands):

	Three Months Ended September 30, 2015				
	Office	Retail	Multifamily	Corporate and Other	Consolidated
Real estate rental revenue	$ 43,616	$ 15,684	$ 18,943	$ —	$ 78,243
Real estate expenses	16,612	3,649	7,848	—	28,109
Net operating income	$ 27,004	$ 12,035	$ 11,095	$ —	$ 50,134
Depreciation and amortization					(29,349)
General and administrative					(4,953)
Acquisition costs					(929)
Interest expense					(14,486)
Other income					163
Net income					580
Less: Net loss attributable to noncontrolling interests in subsidiaries					67
Net income attributable to the controlling interests					$ 647
Capital expenditures	$ 7,413	$ 792	$ 2,489	$ 280	$ 10,974
Total assets	$ 1,266,110	$ 377,773	$ 541,480	$ 43,497	$ 2,228,860

	Three Months Ended September 30, 2014				
	Office	Retail	Multifamily	Corporate and Other	Consolidated
Real estate rental revenue	$ 42,628	$ 14,825	$ 15,960	$ —	$ 73,413
Real estate expenses	16,066	3,204	6,644	—	25,914
Net operating income	$ 26,562	$ 11,621	$ 9,316	$ —	$ 47,499
Depreciation and amortization					(24,354)
Acquisition costs					(69)
General and administrative					(4,523)
Interest expense					(15,087)
Other income					192
Net income					3,658
Less: Net loss attributable to noncontrolling interests in subsidiaries					10
Net income attributable to the controlling interests					$ 3,668
Capital expenditures	$ 7,804	$ 3,037	$ 2,157	$ 3	$ 13,001
Total assets	$ 1,277,131	$ 341,728	$ 404,596	$ 35,924	$ 2,059,379

	Nine Months Ended September 30, 2015				
	Office	Retail	Multifamily	Corporate and Other	Consolidated
Real estate rental revenue	$ 129,255	$ 47,754	$ 50,316	$ —	$ 227,325
Real estate expenses	50,597	12,138	21,811	—	84,546
Net operating income	$ 78,658	$ 35,616	$ 28,505	$ —	$ 142,779
Depreciation and amortization					(80,127)
General and administrative					(15,339)
Acquisition costs					(1,937)
Interest expense					(44,534)
Other income					547
Gain on sale of real estate					31,731
Real estate impairment					(5,909)
Loss on extinguishment of debt					(119)
Net income					27,092
Less: Net loss attributable to noncontrolling interests in subsidiaries					515
Net income attributable to the controlling interests					$ 27,607
Capital expenditures	$ 16,023	$ 2,291	$ 4,771	$ 2,116	$ 25,201

	Nine Months Ended September 30, 2014				
	Office	Retail	Multifamily	Corporate and Other	Consolidated
Real estate rental revenue	$ 123,568	$ 44,209	$ 46,501	$ —	$ 214,278
Real estate expenses	47,579	10,672	19,533	—	77,784
Net operating income	$ 75,989	$ 33,537	$ 26,968	$ —	$ 136,494
Depreciation and amortization					(71,508)
Acquisition costs					(5,047)
General and administrative					(13,780)
Interest expense					(44,602)
Other income					634
Gain on sale of real estate					570
Discontinued operations:					
Income from operations of properties sold or held for sale					546
Gain on sale of real estate					105,985
Net income					109,292
Less: Net loss attributable to noncontrolling interests in subsidiaries					17
Net income attributable to the controlling interests					$ 109,309
Capital expenditures	$ 30,974	$ 4,157	$ 6,814	$ 44	$ 41,989

NOTE 11: SUBSEQUENT EVENT

On October 21, 2015, we closed on the sale of Munson Hill Towers, a 279-unit multifamily property, for a contract sale price of $57.1 million, and expect to record a gain on sale of real estate of approximately $51 million.

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

The following discussion should be read in conjunction with our consolidated financial statements and the notes thereto appearing in Item 1 of this report and the more detailed information contained in our Annual Report on Form 10-K for the year ended December 31, 2014 filed with the Securities and Exchange Commission on March 2, 2015.

We refer to the three months ended September 30, 2015 and September 30, 2014 as the "2015 Quarter" and the "2014 Quarter," respectively, and the nine months ended September 30, 2015 and September 30, 2014 as the "2015 Period" and the "2014 Period," respectively.

Forward-Looking Statements

This Form 10-Q contains forward-looking statements which involve risks and uncertainties. Forward-looking statements include statements in this report preceded by, followed by or that include the words "believe," "expect," "intend," "anticipate," "potential," "project," "will" and other similar expressions. We claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 for these statements. The following important factors, in addition to those discussed elsewhere in this Form 10-Q, could affect our future results and could cause those results to differ materially from those expressed in the forward-looking statements: (a) the effect of credit and financial market conditions; (b) the availability and cost of capital; (c) fluctuations in interest rates; (d) the economic health of our tenants; (e) the timing and pricing of lease transactions; (f) the economic health of the greater Washington metro region, or other markets we may enter; (g) changes in real estate and zoning laws and increases in property tax rates; (h) the effects of changes in federal government spending; (i) the supply of competing properties; (j) consumer confidence; (k) unemployment rates; (l) consumer tastes and preferences; (m) our future capital requirements; (n) inflation; (o) compliance with applicable laws, including those concerning the environment and access by persons with disabilities; (p) governmental or regulatory actions and initiatives; (q) changes in general economic and business conditions; (r) terrorist attacks or actions; (s) acts of war; (t) weather conditions and natural disasters; (u) failure to qualify as a REIT; (v) the availability of and our ability to attract and retain qualified personnel; and (w) other factors discussed under the caption "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2014 filed with the Securities and Exchange Commission on March 2, 2015. We undertake no obligation to update our forward-looking statements or risk factors to reflect new information, future events, or otherwise.

General

Introductory Matters

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

- *Overview.* Discussion of our business, operating results, investment activity and capital requirements, and summary of our significant transactions to provide context for the remainder of MD&A.
- *Results of Operations.* Discussion of our financial results comparing the 2015 Quarter to the 2014 Quarter and the 2015 Period to the 2014 Period.
- *Liquidity and Capital Resources.* Discussion of our financial condition and analysis of changes in our capital structure and cash flows.
- *Critical Accounting Policies and Estimates.* Descriptions of accounting policies that reflect significant judgments and estimates used in the preparation of our consolidated financial statements.

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

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

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

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

Overview

Business

Our revenues are derived primarily from the ownership and operation of income-producing properties in the greater Washington metro region. As ofSeptember 30, 2015, we owned a diversified portfolio of 56 properties, totaling approximately 7.4 million square feet of commercial space and3,537 multifamily units, and land held for development. These 56 properties consisted of 25 office properties, 17 retail centers and 14 multifamily properties.

Operating Results

Real estate rental revenue, NOI, net income attributable to the controlling interests and NAREIT FFO for the three months endedSeptember 30, 2015 and 2014 were as follows (in thousands):

	Three Months Ended September 30,			
	2015	2014	$ Change	% Change
Real estate rental revenue	$ 78,243	$ 73,413	$ 4,830	6.6 %
NOI [1]	$ 50,134	$ 47,499	$ 2,635	5.5 %
Net income attributable to the controlling interests	$ 647	$ 3,668	$ (3,021)	(82.4)%
NAREIT FFO [2]	$ 29,929	$ 28,012	$ 1,917	6.8 %

[1] See page 28 of the MD&A for a reconciliation of NOI to net income.

[2] See page 38 of the MD&A for a reconciliation of NAREIT FFO to net income.

The increase in real estate rental revenue is primarily due to acquisitions ($4.3 million), the partial lease-up of The Maxwell ($0.6 million) and higher rental rates ($0.5 million) and lease termination fees ($0.4 million) at same-store properties, partially offset by the sale of Country Club Towers ($1.0 million) during the first quarter of 2015.

The increase in NOI is primarily due to acquisitions ($2.8 million) and the partial lease-up of The Maxwell ($0.3 million), partially offset by the sale of Country Club Towers ($0.5 million). Same-store occupancy decreased to 92.4% from 92.6% one year ago, with decreases in the multifamily and retail segments partially offset by higher occupancy in the office segment.

The lower net income attributable to the controlling interests is primarily due to amortization of intangible lease assets ($2.7 million) associated with a recently acquired multifamily property. The higher NAREIT FFO is primarily attributable to the higher NOI ($2.6 million), partially offset by higher acquisition costs ($0.9 million).

Investment Activity

During the 2015 Quarter, we closed on the purchase of The Wellington, a multifamily property with three buildings totaling 711 units in Arlington, Virginia, and an adjacent undeveloped land parcel, for $167.0 million. We funded the purchase price with borrowings on the New Credit Facility. We also sold our 95% interest in the 1225 First Street joint venture for a contract sale price of $14.5 million.

Capital Requirements

On September 15, 2015, we entered into a $150.0 million unsecured term loan by executing a portion of the accordion feature under the New Credit Facility. The term loan has a 5.5 year maturity and an interest rate of LIBOR plus 110 basis points, based on our current unsecured debt ratings. We have entered into interest rate swap arrangements to swap the floating interest rate under the term loan to an all-in fixed interest rate of 2.7% starting on October 15, 2015 and extending until the maturity of the term loan on March 15, 2021. Proceeds from the term loan were used to repay amounts outstanding on the unsecured credit facility. There is no premium or penalty associated with full or partial prepayment of the term loan.

As of October 29, 2015, the unused and available capacity under the unsecured line of credit for the New Credit Facility was $384.5 million.

Significant Transactions

Our significant transactions during the 2015 and 2014 Periods are summarized as follows:

2015 Period

- The disposition of our 95% interest in the 1225 First Street joint venture for a contract sale price of $14.5 million.
- The execution of $150.0 million unsecured term loan maturing in March 2021. The unsecured term loan has the terms set forth above under "Capital Requirements".
- The acquisition of The Wellington, a multifamily property with three buildings totaling 711 units in Arlington, Virginia, and an adjacent undeveloped land parcel, for a contract purchase price of $167.0 million. We incurred $1.9 million of acquisition costs related to this transaction.
- The execution of the New Credit Facility, a $600.0 million unsecured credit facility maturing in June 2019 that replaces Prior Credit Facility No. 1 and Prior Credit Facility No. 2, which had a combined borrowing capacity of $500.0 million.
- The disposition of Country Club Towers, a 277-unit multifamily building in Arlington, Virginia, for a contract sales price of $37.8 million, resulting in a gain on sale of $30.3 million.
- The execution of new and renewal leases for 1.0 million square feet of commercial space with an average rental rate increase of 8.8% over expiring leases.

2014 Period

- The disposition of the Woodburn Medical Park I and II and Prosperity Medical Center I, II and III medical office buildings with a combined 427,000 square feet, for a contract sales price of $193.6 million, resulting in a gain on sale of $106.0 million. These sales transactions completed the disposition of the medical office segment.
- The acquisition of Yale West, a 216-unit multifamily property in Washington, DC, for a contract purchase price of $73.0 million. We assumed a $48.2 million mortgage with this acquisition. We incurred $1.8 million of acquisition costs related to this transaction.
- The acquisition of The Army Navy Club Building, a 108,000 square foot office property in Washington, DC, for a contract purchase price of $79.0 million. We assumed a $52.7 million mortgage with this acquisition. We incurred $1.4 million of acquisition costs related to this transaction.
- The acquisition of 1775 Eye Street, NW, a 185,000 square foot office property in Washington, DC, for a contract purchase price of $104.5 million. We incurred $1.7 million of acquisition costs with this transaction.
- The execution of new and renewal leases for 0.6 million square feet of commercial space with an average rental rate increase of 12.4% over expiring leases.

Results of Operations

The discussion that follows is based on our consolidated results of operations for the2015 and 2014 Quarters and Periods. The ability to compare one period to another may be significantly affected by acquisitions completed and dispositions made during those periods. To provide more insight into our operating results, we divide our discussion into two main sections:

- *Consolidated Results of Operations*: Overview analysis of results on a consolidated basis.
- *Net Operating Income*: Detailed analysis of same-store and non-same-store NOI results by segment.

Consolidated Results of Operations

Real Estate Rental Revenue

Real estate rental revenue for properties classified as continuing operations for the three and nine months ended September 30, 2015 and 2014 were as follows (in thousands):

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2015	2014	$	%	2015	2014	$	%
Minimum base rent	$ 66,317	$ 62,595	$ 3,722	5.9%	$ 191,587	$ 181,588	$ 9,999	5.5 %
Recoveries from tenants	8,179	7,861	318	4.0%	25,563	23,496	2,067	8.8 %
Provisions for doubtful accounts	(419)	(459)	40	8.7%	(1,310)	(1,594)	284	17.8 %
Lease termination fees	404	24	380	1,583.3%	746	822	(76)	(9.2)%
Parking and other tenant charges	3,762	3,392	370	10.9%	10,739	9,966	773	7.8 %
	$ 78,243	$ 73,413	$ 4,830	6.6%	$ 227,325	$ 214,278	$ 13,047	6.1 %

Minimum Base Rent: Minimum base rent increased by $3.7 million in the 2015 Quarter primarily due to acquisitions ($3.8 million) and placing development/re-development properties into service ($0.9 million), partially offset by the sale of Country Club Towers ($0.9 million) during the first quarter of 2015.

Minimum base rent increased by $10.0 million in the 2015 Period primarily due to acquisitions ($9.3 million) and higher occupancy ($2.3 million) at same-store properties, partially offset by the sale of Country Club Towers ($1.8 million) during the first quarter of 2015.

Recoveries from Tenants: Recoveries from tenants increased by $0.3 million in the 2015 Quarter primarily due to acquisitions.

Recoveries from tenants increased by $2.1 million in the 2015 Period primarily due to acquisitions ($1.9 million) and higher recoveries ($0.3 million) from same-store properties.

Provisions for Doubtful Accounts: Provisions for doubtful accounts decreased slightly in the2015 Quarter primarily due to lower net provisions in the office segment.

Provisions for doubtful accounts decreased by $0.3 million in the 2015 Period primarily due to lower net provisions in the retail segment due to fewer tenants requiring reserves.

Lease Termination Fees: Lease termination fees increased by $0.4 million in 2015 Quarter primarily due to higher lease termination fees in the office ($0.3 million) and multifamily ($0.1 million) segments.

Lease termination fees decreased by $0.1 million in 2015 Period primarily due to lower lease termination fees in the office segment ($0.2 million), partially offset by higher lease termination fees in the multifamily segment ($0.1 million).

Parking and Other Tenant Charges: Parking and other tenant charges increased by $0.4 million in the 2015 Quarter primarily due to higher parking income at same-store properties ($0.2 million) and acquisitions ($0.1 million).

Parking and other tenant charges increased by $0.8 million in the 2015 Period primarily due to acquisitions ($0.5 million) and higher parking income ($0.3 million) at same-store properties.

Occupancy by segment for properties classified as continuing operations as of September 30, 2015 and 2014 was as follows:

	As of September 30,		
	2015	2014	Change
Office	87.8 %	87.1 %	0.7 %
Retail	94.4 %	94.4 %	— %
Multifamily	92.3 %	94.3 %	(2.0)%
Total	90.7 %	90.7 %	— %

Occupancy represents occupied square footage indicated as a percentage of total square footage as of the last day of that period.
A detailed discussion of occupancy by segment can be found in the Net Operating Income section.

Real Estate Expenses

Real estate expenses for the three and nine months ended September 30, 2015 and 2014 for properties classified as continuing operations were as follows (in thousands):

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2015	2014	$	%	2015	2014	$	%
Property operating expenses	$ 19,096	$ 17,516	$ 1,580	9.0%	$ 56,898	$ 53,519	$ 3,379	6.3%
Real estate taxes	9,013	8,398	615	7.3%	27,648	24,265	3,383	13.9%
	$ 28,109	$ 25,914	$ 2,195	8.5%	$ 84,546	$ 77,784	$ 6,762	8.7%

Real estate expenses as a percentage of revenue were 35.9% and 35.3% for the 2015 and 2014 Quarters, respectively, and 37.2% and 36.3% for the 2015 and 2014 Periods, respectively.

Property Operating Expenses: Property operating expenses include utilities, repairs and maintenance, property administration and management, operating services, common area maintenance, property insurance, bad debt and other operating expenses.

Property operating expenses increased by $1.6 million in the 2015 Quarter primarily due to acquisitions ($1.0 million), higher administrative ($0.3 million) and utilities ($0.3 million) expenses at same-store properties and placing The Maxwell into service ($0.2 million), partially offset by the sale of Country Club Towers ($0.3 million).

Property operating expenses increased by $3.4 million in the 2015 Period primarily due to acquisitions ($2.4 million), higher administrative ($0.5 million) and bad debt ($0.4 million) expenses at same-store properties and placing The Maxwell into service ($0.7 million), partially offset by the sale of Country Club Towers ($0.7 million).

Real Estate Taxes: Real estate taxes increased by $0.6 million in the 2015 Quarter primarily due to acquisitions.

Real estate taxes increased by $3.4 million in the 2015 Period primarily due to acquisitions ($2.1 million) and higher assessments ($1.3 million) at same-store properties.

Other Operating Expenses

Other operating expenses for the three and nine months ended September 30, 2015 and 2014were as follows (in thousands):

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2015	2014	$	%	2015	2014	$	%
Depreciation and amortization	$ 29,349	$ 24,354	$ 4,995	20.5 %	$ 80,127	$ 71,508	$ 8,619	12.1 %
Interest expense	14,486	15,087	(601)	(4.0)%	44,534	44,602	(68)	(0.2)%
Acquisition costs	929	69	860	1,246.4 %	1,937	5,047	(3,110)	(61.6)%
Real estate impairment	—	—	—	N/A	5,909	—	5,909	N/A
General and administrative	4,953	4,523	430	9.5 %	15,339	13,780	1,559	11.3 %
	$ 49,717	$ 44,033	$ 5,684	12.9 %	$ 147,846	$ 134,937	$ 12,909	9.6 %

Depreciation and Amortization: Depreciation and amortization increased by $5.0 million in the 2015 Quarter primarily due to acquisitions ($4.1 million) and placing The Maxwell ($0.6 million) and a portion of the Silverline Center redevelopment ($0.4 million) into service.

Depreciation and amortization increased by $8.6 million in the 2015 Period primarily due to acquisitions ($6.0 million) and placing The Maxwell ($1.8 million) and a portion of the Silverline Center redevelopment ($1.0 million) into service.

Interest Expense: Interest expense by debt type for thethree and nine months ended September 30, 2015 and 2014was as follows (in thousands):

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2015	2014	$	%	2015	2014	$	%
Notes payable	$ 7,303	$ 9,295	$ (1,992)	(21.4)%	$ 24,513	$ 28,119	$ (3,606)	(12.8)%
Mortgages	5,694	5,763	(69)	(1.2)%	16,975	16,130	845	5.2 %
Lines of credit	1,585	620	965	155.6 %	3,601	1,797	1,804	100.4 %
Capitalized interest	(96)	(591)	495	(83.8)%	(555)	(1,445)	890	(61.6)%
Total	$ 14,486	$ 15,087	$ (601)	(4.0)%	$ 44,534	$ 44,601	$ (67)	(0.2)%

Interest expense from notes payable decreased in the2015 Quarter and Period primarily due to the repayment of $150.0 million of 5.35% unsecured notes in May 2015. Interest expense from mortgage notes increased in the 2015 Period primarily due to the assumption of mortgages with the acquisitions of Yale West and The Army Navy Club Building during the 2014 Period. Interest expense from our unsecured lines of credit increased in the 2015 Quarter and Period due to higher borrowing activity during the 2015 Quarter and Period. Capitalized interest decreased in the 2015 Quarter and Period because we placed The Maxwell and a portion of the Silverline Center redevelopment into service.

Acquisition Costs: Acquisition costs increased by $0.9 million in the 2015 Quarter primarily due to closing on the acquisition of The Wellington.

Acquisition costs decreased by $3.1 million in the 2015 Period primarily due to closing on the acquisitions of Yale West, The Army Navy Club Building and 1775 Eye Street during the 2014 Period, partially offset by costs associated with the acquisition of The Wellington during the 2015 Period.

Real Estate Impairment: In November 2011, we executed a joint venture operating agreement with a real estate development company to develop a high-rise multifamily property at 1225 First Street in Alexandria, Virginia. During the second quarter of 2015, we determined that we would not develop 1225 First Street and began negotiations to sell our 95% interest in the joint venture that owns the property, and recognized a $5.9 million impairment charge in order to reduce the carrying value of the property to its estimated fair value. We based this fair value on the $14.5 million sale price in the purchase and sale agreement to sell our95% interest in the joint venture that we executed during the 2015 Period.

General and Administrative Expenses: General and administrative expenses increased by $0.4 million in the 2015 Quarter primarily due to higher professional fees.

General and administrative expenses increased by $1.6 million in the 2015 Period primarily due to higher professional fees ($1.7 million) and trustee compensation expense ($0.5 million), partially offset by lower severance expense ($0.7 million).

Discontinued Operations

Operating results of the properties classified as discontinued operations for the nine months ended September 30, 2015 and 2014 were as follows (in thousands):

	Nine Months Ended September 30,		Change	
	2015	2014	$	%
Revenues	$ —	$ 892	$ (892)	(100.0)%
Property expenses	—	(346)	346	(100.0)%
Total	$ —	$ 546	$ (546)	(100.0)%

The decrease in income from discontinued operations in the 2015 Period is due to the completion of the sale of the medical office segment in January 2014 (see note 3 to the consolidated financial statements).

Net Operating Income

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

2015 Quarter Compared to 2014 Quarter

The following tables of selected operating data reconcile NOI to net income and provide the basis for our discussion of NOI in the 2015 Quarter compared to the 2014 Quarter (in thousands).

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	$ Change	% Change
Real Estate Rental Revenue				
Same-store	$ 70,901	$ 70,344	$ 557	0.8 %
Non-same-store[(1)]	7,342	3,069	4,273	139.2 %
Total real estate rental revenue	$ 78,243	$ 73,413	$ 4,830	6.6 %
Real Estate Expenses				
Same-store	$ 25,107	$ 24,106	$ 1,001	4.2 %
Non-same-store[(1)]	3,002	1,808	1,194	66.0 %
Total real estate expenses	$ 28,109	$ 25,914	$ 2,195	8.5 %
NOI				
Same-store	$ 45,794	$ 46,238	$ (444)	(1.0)%
Non-same-store[(1)]	4,340	1,261	3,079	244.2 %
Total NOI	$ 50,134	$ 47,499	$ 2,635	5.5 %
Reconciliation to Net Income				
NOI	$ 50,134	$ 47,499		
Depreciation and amortization	(29,349)	(24,354)		
General and administrative expenses	(4,953)	(4,523)		
Interest expense	(14,486)	(15,087)		
Other income	163	192		
Acquisition costs	(929)	(69)		
Net income	580	3,658		
Less: Net loss attributable to noncontrolling interests	67	10		
Net income attributable to the controlling interests	$ 647	$ 3,668		

(1) Non-same-store properties classified as continuing operations include:
2015 Multifamily acquisition – The Wellington
2015 Multifamily disposition – Country Club Towers
2014 Multifamily development – The Maxwell
2014 Retail acquisition – Spring Valley Retail Center
2013 Office redevelopment – Silverline Center

Real estate rental revenue from same-store properties increased by $0.6 million in the 2015 Quarter primarily due to higher rental rates ($0.5 million) and lease termination fees ($0.4 million), partially offset by higher rent abatements ($0.4 million).

Real estate expenses from same-store properties increased by $1.0 million in the 2015 Quarter primarily due to higher real estate taxes ($0.3 million), utilities ($0.3 million) and administrative ($0.3 million) expenses.

Occupancy	As of September 30, 2015	As of September 30, 2014
Same-store	92.4 %	92.6 %
Non-same-store	81.1 %	66.3 %
Total	90.7 %	90.7 %

Same-store occupancy decreased to 92.4%, primarily due to decreases in the multifamily segment. During the 2015 Quarter, 70.3% of the commercial square footage expiring was renewed as compared to 57.3% in the 2014 Quarter. During the 2015 Quarter, we executed new and renewal leases for 0.4 million commercial square feet at an average rental rate of $31.24 per square foot, an increase of 5.3%, with average tenant improvements and leasing commissions and incentives (including free rent) of $42.87 per square foot.

An analysis of NOI by segment follows.

Office Segment:

	Three Months Ended September 30,			
	2015	2014	$ Change	% Change
Real Estate Rental Revenue				
Same-store	$ 41,221	$ 40,566	$ 655	1.6 %
Non-same-store(1)	2,395	2,062	333	16.1 %
Total real estate rental revenue	$ 43,616	$ 42,628	$ 988	2.3 %
Real Estate Expenses				
Same-store	$ 15,533	$ 14,835	$ 698	4.7 %
Non-same-store(1)	1,079	1,231	(152)	(12.3)%
Total real estate expenses	$ 16,612	$ 16,066	$ 546	3.4 %
NOI				
Same-store	$ 25,688	$ 25,731	$ (43)	(0.2)%
Non-same-store(1)	1,316	831	485	58.4 %
Total NOI	$ 27,004	$ 26,562	$ 442	1.7 %

(1) Non-same-store properties include:
2013 redevelopment – Silverline Center

Real estate rental revenue from same-store properties increased by $0.7 million in the 2015 Quarter primarily due to higher lease termination fees ($0.3 million), rental rates ($0.3 million), parking income ($0.2 million), operating expense reimbursements ($0.1 million) and occupancy ($0.1 million), partially offset by higher rent abatements ($0.5 million).

Real estate expenses from same-store properties increased by $0.7 million in the 2015 Quarter primarily due to higher real estate taxes ($0.3 million), utilities ($0.2 million) and repairs and maintenance ($0.2 million) expenses.

	As of September 30,	
Occupancy	2015	2014
Same-store	90.8 %	90.7 %
Non-same-store	63.0 %	57.3 %
Total	87.8 %	87.1 %

Same-store occupancy increased slightly to 90.8% primarily due to higher occupancy at 1775 Eye Street, partially offset by lower occupancy at Quantico Corporate Center and 1776 G Street. During the 2015 Quarter, 70.0% of the square footage that expired was renewed compared to 57.4% in the 2014 Quarter. During the 2015 Quarter, we executed new and renewal leases for 0.3 million square feet of office space at an average rental rate of $33.04 per square foot, an increase of 0.8%, with average tenant improvements and leasing commissions and incentives (including free rent) of $37.40 per square foot.

Retail Segment:

	Three Months Ended September 30,			
	2015	2014	$ Change	% Change
Real Estate Rental Revenue				
Same-store	$ 14,783	$ 14,825	$ (42)	(0.3)%
Non-same-store[1]	901	—	901	N/A
Total real estate rental revenue	$ 15,684	$ 14,825	$ 859	5.8 %
Real Estate Expenses				
Same-store	$ 3,447	$ 3,204	$ 243	7.6 %
Non-same-store[1]	202	—	202	N/A
Total real estate expenses	$ 3,649	$ 3,204	$ 445	13.9 %
NOI				
Same-store	$ 11,336	$ 11,621	$ (285)	(2.5)%
Non-same-store[1]	699	—	699	N/A
Total NOI	$ 12,035	$ 11,621	$ 414	3.6 %

(1) Non-same-store properties include:
2014 acquisition – Spring Valley Retail Center

Real estate rental revenue from same-store properties decreased slightly in the 2015 Quarter as lower occupancy ($0.4 million) was partially offset by higher rental rates ($0.4 million).

Real estate expenses from same-store properties increased by $0.2 million in the 2015 Quarter primarily due to higher legal fees ($0.1 million) and real estate taxes ($0.1 million).

	As of September 30,	
Occupancy	2015	2014
Same-store	94.3 %	94.4 %
Non-same-store	96.6 %	N/A
Total	94.4 %	94.4 %

Same-store occupancy decreased to 94.3% primarily due to lower occupancy at Bradlee Shopping Center and Montgomery Village Center, partially offset by higher occupancy at Concord Centre. During the 2015 Quarter, 70.9% of the square footage expiring was renewed compared to 56.7% in the 2014 Quarter. During the 2015 Quarter, we executed new and renewal leases for 0.1 million square feet of retail space at an average rental rate of $27.20, an increase of 19.9%, with average tenant improvements and leasing commissions and incentives (including free rent) of $55.11 per square foot.

Multifamily Segment:

	Three Months Ended September 30,			
	2015	2014	$ Change	% Change
Real Estate Rental Revenue				
Same-store	$ 14,897	$ 14,953	$ (56)	(0.4)%
Non-same-store[(1)]	4,046	1,007	3,039	301.8 %
Total real estate rental revenue	$ 18,943	$ 15,960	$ 2,983	18.7 %
Real Estate Expenses				
Same-store	$ 6,127	$ 6,067	$ 60	1.0 %
Non-same-store[(1)]	1,721	577	1,144	198.3 %
Total real estate expenses	$ 7,848	$ 6,644	$ 1,204	18.1 %
NOI				
Same-store	$ 8,770	$ 8,886	$ (116)	(1.3)%
Non-same-store[(1)]	2,325	430	1,895	440.7 %
Total NOI	$ 11,095	$ 9,316	$ 1,779	19.1 %

(1) Non-same-store properties include:
2015 Multifamily acquisition – The Wellington
2015 Multifamily disposition – Country Club Towers
2014 Multifamily development – The Maxwell

Real estate rental revenue from same-store properties decreased by $0.1 million in the 2015 Quarter primarily due to lower rental rates ($0.3 million), partially offset by higher occupancy ($0.2 million).

Real estate expenses from same-store properties increased by $0.1 million in the 2015 Quarter primarily due to higher administrative expenses ($0.3 million), partially offset by lower repairs and maintenance expenses ($0.2 million).

	As of September 30,	
Occupancy	2015	2014
Same-store	93.4 %	94.2 %
Non-same-store	89.8 %	96.0 %
Total	92.3 %	94.3 %

Same-store occupancy decreased to 93.4% primarily due to lower occupancy at Bethesda Hill Apartments. The decrease in non-same-store occupancy is primarily due to The Maxwell, which was in lease-up and had occupancy of 69.5% as of the end of the 2015 Quarter.

2015 Period Compared to 2014 Period

The following tables of selected operating data reconcile NOI to net income and provide the basis for our discussion of NOI in the 2015 Period compared to the 2014 Period (in thousands).

	Nine Months Ended September 30,			
	2015	2014	$ Change	% Change
Real Estate Rental Revenue				
Same-store	$ 196,851	$ 193,661	$ 3,190	1.6%
Non-same-store[1]	30,474	20,617	9,857	47.8%
Total real estate rental revenue	$ 227,325	$ 214,278	$ 13,047	6.1%
Real Estate Expenses				
Same-store	$ 70,326	$ 68,031	$ 2,295	3.4%
Non-same-store[1]	14,220	9,753	4,467	45.8%
Total real estate expenses	$ 84,546	$ 77,784	$ 6,762	8.7%
NOI				
Same-store	$ 126,525	$ 125,630	$ 895	0.7%
Non-same-store[1]	16,254	10,864	5,390	49.6%
Total NOI	$ 142,779	$ 136,494	$ 6,285	4.6%
Reconciliation to Net Income				
NOI	$ 142,779	$ 136,494		
Depreciation and amortization	(80,127)	(71,508)		
Gain on sale of real estate	31,731	570		
General and administrative expenses	(15,339)	(13,780)		
Interest expense	(44,534)	(44,602)		
Other income	547	634		
Acquisition costs	(1,937)	(5,047)		
Loss on extinguishment of debt	(119)	—		
Real estate impairment	(5,909)	—		
Discontinued operations:				
Income from operations of properties sold or held for sale[2]	—	546		
Gain on sale of real estate	—	105,985		
Net income	27,092	109,292		
Less: Net loss attributable to noncontrolling interests	515	17		
Net income attributable to the controlling interests	$ 27,607	$ 109,309		

(1) Non-same-store properties classified as continuing operations include:
2015 Multifamily acquisition – The Wellington
2015 Multifamily disposition – Country Club Towers
2014 Multifamily acquisition – Yale West
2014 Multifamily development – The Maxwell
2014 Office acquisitions – The Army Navy Club Building and 1775 Eye Street, NW
2014 Retail acquisition – Spring Valley Retail Center
2014 Retail disposition – 5740 Columbia Road (parcel at Gateway Overlook)
2013 Office redevelopment – Silverline Center

(2) Sold properties classified as discontinued operations include:
2014 Medical Office dispositions – Woodburn Medical Park I and II and Prosperity Medical Center I, II and III

Real estate rental revenue from same-store properties increased by $3.2 million in the 2015 Period primarily due to higher occupancy ($2.3 million), higher rental rates ($1.5 million), lower reserves for uncollectible revenue ($0.3 million) and higher parking income ($0.3 million), partially offset by higher rent abatements ($1.2 million).

Real estate expenses from same-store properties increased by $2.3 million in the 2015 Period primarily due to higher real estate taxes ($1.3 million), administrative ($0.5 million) and bad debt ($0.4 million) expenses.

During the 2015 Period, 67.0% of the commercial square footage expiring was renewed as compared to 62.7% in the 2014 Period. During the 2015 Period, we executed new and renewal leases for 1.0 million commercial square feet at an average rental rate of $30.80 per square foot, an increase of 8.8%, with average tenant improvements and leasing commissions and incentives (including free rent) of $32.58 per square foot.

An analysis of NOI by segment follows.

Office Segment:

	Nine Months Ended September 30,			
	2015	2014	$ Change	% Change
Real Estate Rental Revenue				
Same-store	$ 111,301	$ 109,492	$ 1,809	1.7%
Non-same-store(1)	17,954	14,076	3,878	27.6%
Total real estate rental revenue	$ 129,255	$ 123,568	$ 5,687	4.6%
Real Estate Expenses				
Same-store	$ 41,774	$ 40,778	$ 996	2.4%
Non-same-store(1)	8,823	6,801	2,022	29.7%
Total real estate expenses	$ 50,597	$ 47,579	$ 3,018	6.3%
NOI				
Same-store	$ 69,527	$ 68,714	$ 813	1.2%
Non-same-store(1)	9,131	7,275	1,856	25.5%
Total NOI	$ 78,658	$ 75,989	$ 2,669	3.5%

(1) Non-same-store properties include:
2014 acquisitions – The Army Navy Club Building and 1775 Eye Street, NW
2013 redevelopment – Silverline Center

Real estate rental revenue from same-store properties increased by $1.8 million in the 2015 Period primarily due to higher occupancy ($1.8 million), rental rates ($1.1 million) and reimbursements for real estate taxes ($0.5 million), partially offset by higher rent abatements ($1.4 million).

Real estate expenses from same-store properties increased by $1.0 million in the 2015 Period primarily due to higher real estate taxes ($1.1 million), repairs and maintenance expenses ($0.2 million) and operating services and supplies ($0.2 million), partially offset by lower utilities expense ($0.6 million).

During the 2015 Period, 62.9% of the square footage that expired was renewed compared to 60.6% in the 2014 Period. During the 2015 Period, we executed new and renewal leases for 0.6 million square feet of office space at an average rental rate of $35.11 per square foot, an increase of 5.1%, with average tenant improvements and leasing commissions and incentives (including free rent) of $36.55 per square foot.

Retail Segment:

	Nine Months Ended September 30,			
	2015	2014	$ Change	% Change
Real Estate Rental Revenue				
Same-store	$ 45,022	$ 44,163	$ 859	1.9%
Non-same-store[(1)]	2,732	46	2,686	5,839.1%
Total real estate rental revenue	$ 47,754	$ 44,209	$ 3,545	8.0%
Real Estate Expenses				
Same-store	$ 11,496	$ 10,652	$ 844	7.9%
Non-same-store[(1)]	642	20	622	3,110.0%
Total real estate expenses	$ 12,138	$ 10,672	$ 1,466	13.7%
NOI				
Same-store	$ 33,526	$ 33,511	$ 15	—%
Non-same-store[(1)]	2,090	26	2,064	7,938.5%
Total NOI	$ 35,616	$ 33,537	$ 2,079	6.2%

(1) Non-same-store properties include:
2014 acquisition – Spring Valley Retail Center
2014 disposition – 5740 Columbia Road (parcel at Gateway Overlook)

Real estate rental revenue from same-store properties increased by $0.9 million in the 2015 Period primarily due to higher rental rates ($1.1 million) and lower reserves for uncollectible revenue ($0.3 million), partially offset by lower occupancy ($0.5 million).

Real estate expenses from same-store properties increased by $0.8 million in the 2015 Period primarily due to higher bad debt expense ($0.8 million).

During the 2015 Period, 70.8% of the square footage expiring was renewed compared to 80.0% in the 2014 Period. During the 2015 Period, we executed new and renewal leases for 0.4 million square feet of retail space at an average rental rate of $23.87, an increase of 18.6%, with average tenant improvements and leasing commissions and incentives (including free rent) of $26.21 per square foot.

Multifamily Segment:

	Nine Months Ended September 30, 2015	2014	$ Change	% Change
Real Estate Rental Revenue				
Same-store	$ 40,528	$ 40,006	$ 522	1.3 %
Non-same-store[1]	9,788	6,495	3,293	50.7 %
Total real estate rental revenue	$ 50,316	$ 46,501	$ 3,815	8.2 %
Real Estate Expenses				
Same-store	$ 17,056	$ 16,601	$ 455	2.7 %
Non-same-store[1]	4,755	2,932	1,823	62.2 %
Total real estate expenses	$ 21,811	$ 19,533	$ 2,278	11.7 %
NOI				
Same-store	$ 23,472	$ 23,405	$ 67	0.3 %
Non-same-store[1]	5,033	3,563	1,470	41.3 %
Total NOI	$ 28,505	$ 26,968	$ 1,537	5.7 %

(1) Non-same-store properties include:
2015 Multifamily acquisition – The Wellington
2015 Multifamily disposition – Country Club Towers
2014 Multifamily acquisition – Yale West
2014 Multifamily development – The Maxwell

Real estate rental revenue from same-store properties increased by $0.5 million in the 2015 Period primarily due to higher occupancy ($0.9 million) and lower rent abatements ($0.2 million), partially offset by lower rental rates ($0.8 million).

Real estate expenses from same-store properties increased by $0.5 million in the 2015 Period primarily due to higher administrative expenses.

Liquidity and Capital Resources

Capital Requirements

As of the end of the third quarter of 2015, we expect that we will have significant capital requirements for 2015, including the following items:

- Funding dividends and distributions to our shareholders;
- Approximately $50 - $55 million to invest in our existing portfolio of operating assets, including approximately $30 - $35 million to fund tenant-related capital requirements and leasing commissions;
- Approximately $15 million to invest in our existing development and redevelopment projects; and
- Funding for potential property acquisitions throughout the remainder of 2015, offset by proceeds from potential property dispositions.

Debt Financing

Our total debt at September 30, 2015 and December 31, 2014 is as follows (in thousands):

	September 30, 2015	December 31, 2014
Mortgage notes payable	$ 419,293	$ 418,525
Lines of credit	195,000	50,000
Notes payable	747,540	747,208
	$ 1,361,833	$ 1,215,733

Mortgage Notes Payable

At September 30, 2015, our $419.3 million in mortgage notes payable, which include $4.1 million in net unamortized discounts due to fair value adjustments, bore an effective weighted average fair value interest rate of 5.2% and had an estimated weighted average maturity of 2.2 years. We may either assume mortgage debt from time-to-time in conjunction with property acquisitions or initiate mortgage debt on existing properties.

Our mortgage notes contain covenants with which we must comply. Failure to comply with any of the covenants under our mortgage notes could result in a default under one or more of our debt instruments. This could cause our debt holders to accelerate the timing of payments and would therefore have a material adverse effect on our business, operations, financial condition and liquidity. As of September 30, 2015, we were in compliance with our mortgage notes covenants.

Lines of Credit and Term Loan

On June 23, 2015, we terminated Prior Credit Facility No. 1 and Prior Credit Facility No. 2 and executed the New Credit Facility, a $600.0 million unsecured credit agreement that matures in June 2019, unless extended pursuant to one or both of the two six-month extension options. The New Credit Facility has an accordion feature that allow us to increase the facility to $1.0 billion, subject to the extent the lenders agree to provide additional revolving loan commitments or term loans. In September 2015, we entered into a $150.0 million unsecured term loan by exercising a portion of the accordion feature under the New Credit Facility (as discussed below). The $600.0 million committed capacity of the unsecured line of credit under the New Credit Facility was not changed as a result of the incurrence of the term loan. The New Credit Facility bears interest at a rate of either LIBOR plus a margin ranging from 0.875% to 1.55% (depending on Washington REIT's credit rating) or the base rate plus a margin ranging from 0.0% to 0.55% (based upon Washington REIT's credit rating). The base rate is the highest of the administrative agent's prime rate, the federal funds rate plus 0.50% and the LIBOR market index rate plus 1.0%. In addition, the New Credit Facility requires the payment of a facility fee ranging from 0.125% to 0.30% (depending on Washington REIT's credit rating) on the $600.0 million committed capacity, without regard to usage. As of September 30, 2015, the interest rate on the facility is LIBOR plus 1.00% and the facility fee is 0.20%. We had $195.0 million in borrowings outstanding as of September 30, 2015.

On September 15, 2015, we entered into a $150.0 million unsecured term loan by executing a portion of the accordion feature under the New Credit Facility. The term loan has a 5.5 year maturity and an interest rate of LIBOR plus 110 basis points, based on our current unsecured debt ratings. We have entered into interest rate swap arrangements to swap the floating interest rate under the term loan to an all-in fixed interest rate of 2.7% starting on October 15, 2015 and extending until the maturity of the term loan on March 15, 2021. There is no premium or penalty associated with full or partial prepayment of the term loan.

The New Credit Facility contains financial and other covenants with which we must comply. Failure to comply with any of the covenants under the New Credit Facility or other debt instruments could result in a default under one or more of our debt instruments. This could cause our lenders to accelerate the timing of payments and could therefore have a material adverse effect on our business, operations, financial condition and liquidity. In addition, our ability to draw on the New Credit Facility or incur other unsecured debt in the future could be restricted by the loan covenants. As of September 30, 2015, we were in compliance with our loan covenants.

Notes Payable

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

Our unsecured notes contain covenants with which we must comply. Failure to comply with any of the covenants under our unsecured notes could result in a default under one or more of our debt instruments. This could cause our debt holders to accelerate the timing of payments and would therefore have a material adverse effect on our business, operations, financial condition and liquidity. As of September 30, 2015, we were in compliance with our unsecured notes covenants.

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

Common Equity

We have authorized for issuance 100.0 million common shares, of which 68.2 million shares were outstanding at September 30, 2015.

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

The Equity Distribution Agreements replaced Washington REIT’s prior sales agency financing agreement ("Prior ATM") with BNY Mellon Capital Markets, LLC, which expired by its terms in June 2015. As of the date of its expiration, Washington REIT had issued 1.3 million common shares under this program at a weighted average share price of $27.93 for gross proceeds of $36.5 million.

We have a dividend reinvestment program, whereby shareholders may use their dividends and optional cash payments to purchase common shares. The common shares sold under this program may either be common shares issued by us or common shares purchased in the open market. We did not issue any shares under this program during the 2015 Period.

Preferred Equity

Washington REIT's Board of Trustees can, at its discretion, authorize the issuance of up to 10.0 million preferred shares. The ability to issue preferred equity provides Washington REIT an additional financing tool that may be used to raise capital for future acquisitions or other business purposes. As of September 30, 2015, no preferred shares had been issued.

Dividends

We currently pay dividends quarterly at a rate of $0.30 per share. The maintenance of our dividend level is subject to various factors reviewed by the Board of Trustees in its discretion. These factors include our results of operations, the availability of cash to make the necessary dividend payments and the effect of REIT distribution requirements, which require at least 90% of our taxable income to be distributed to shareholders. When setting the dividend level, our Board of Trustees looks in particular at trends in our level of funds from operations, together with associated recurring capital improvements, tenant improvements, leasing commissions and tenant incentives, and adjustments to straight-line rents to reflect cash rents received.

Our dividend and distribution payments for the three and nine months ended September 30, 2015 and 2014 are as follows (in thousands):

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2015	2014	$	%	2015	2014	$	%
Common dividends	$ 20,491	$ 20,019	$ 472	2.4%	$ 61,510	$ 60,153	$ 1,357	2.3 %
Distributions to noncontrolling interests	—	—	—	N/A	—	3,454	(3,454)	(100.0)%
	$ 20,491	$ 20,019	$ 472	2.4%	$ 61,510	$ 63,607	$ (2,097)	(3.3)%

The increase in dividends paid is primarily due to shares issued under the Prior ATM during the fourth quarter of 2014 and the first quarter of 2015. The decrease in distributions to noncontrolling interests is related to the disposition of 4661 Kenmore Avenue as part of the Medical Office Portfolio sale (see note 3 to the consolidated financial statements).

On October 22, 2015, we announced that the Board of Trustees declared a quarterly dividend of $0.30 per share to be paid on January 5, 2016 to shareholders of record on December 22, 2015.

Historical Cash Flows

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

	Nine Months Ended September 30,		Change	
	2015	2014	$	%
Net cash provided by operating activities	$ 76,212	$ 62,877	$ 13,335	21.2 %
Net cash used in investing activities	(155,350)	(36,664)	(118,686)	(323.7)%
Net cash provided by (used in) financing activities	84,323	(147,985)	232,308	157.0 %

Cash provided by operating activities increased primarily due to income from properties acquired in 2014 and 2015.

Cash used in investing activities increased primarily due to fewer property dispositions.

Cash provided by financing activities increased primarily due to proceeds from the term loan and higher net borrowings on our unsecured line of credit.

Funds From Operations

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

The following table provides the calculation of our NAREIT FFO and a reconciliation of NAREIT FFO to net income for the three and nine months ended September 30, 2015 and 2014 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net income	$ 580	$ 3,658	$ 27,092	$ 109,292
Adjustments:				
Depreciation and amortization	29,349	24,354	80,127	71,508
Net gain on sale of depreciable real estate	—	—	(30,277)	(106,555)
Income from operations of properties sold or held for sale	—	—	—	(546)
Funds from continuing operations	29,929	28,012	76,942	73,699
Discontinued operations:				
Income from operations of properties sold or held for sale	—	—	—	546
Funds from discontinued operations	—	—	—	546
NAREIT FFO	$ 29,929	$ 28,012	$ 76,942	$ 74,245

Critical Accounting Policies and Estimates

We base the discussion and analysis of our financial condition and results of operations upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. We discuss the most critical estimates in our Annual Report on Form 10-K for the year ended December 31, 2014 filed with the Securities and Exchange Commission on March 2, 2015.

ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

On September 15, 2015, we entered into interest rate swap arrangements with a total notional amount of $150.0 million to swap the floating interest rate under our new $150.0 million term loan to an all-in fixed interest rate of 2.7% starting on October 15, 2015 and extending until the maturity of the term loan on March 15, 2021 (see notes 5 and 6 to the consolidated financial statements). We entered into the interest rate swap arrangements designated and qualifying as cash flow hedges to reduce our exposure to the variability in future cash flows attributable to changes in interest rates. Derivative instruments expose us to credit risk in the event of non-performance by the counterparty under the terms of the interest rate hedge agreement. We believe that we minimize our credit risk on these transactions by dealing with major, creditworthy financial institutions. As part of our ongoing control procedures, we monitor the credit ratings of counterparties and our exposure to any single entity, thus minimizing our credit risk concentration. The following table sets forth information pertaining to interest rate swap contracts in place as of September 30, 2015 and December 31, 2014 and their respective fair values (dollars in thousands):

					Fair Value as of:	
Notional Amount	Fixed Rate	Floating Index Rate	Effective Date	Expiration Date	September 30, 2015	December 31, 2014
$ 75,000	1.619%	One-Month LIBOR	10/15/2015	3/15/2021	$ (1,126)	$ —
75,000	1.626%	One-Month LIBOR	10/15/2015	3/15/2021	(1,162)	—
$ 150,000					$ (2,288)	$ —

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

As the majority of our outstanding debt is long-term, fixed rate debt, our interest rate risk has not changed significantly from what was disclosed in our Annual Report on Form 10-K for the year ended December 31, 2014 filed with the Securities and Exchange Commission on March 2, 2015. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Debt Financing.”

ITEM 4: CONTROLS AND PROCEDURES

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

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

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

PART II
OTHER INFORMATION

ITEM 1: LEGAL PROCEEDINGS

None.

ITEM 1A: RISK FACTORS

None.

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

A summary of our repurchases of shares of our common stock for the three months ended September 30, 2015 was as follows:

Period	Total Number of Shares Purchased [(1)]	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet be Purchased
July 1 - July 31, 2015	—	N/A	N/A	N/A
August 1 - August 31, 2015	108	$ 25.18	N/A	N/A
September 1 - September 30, 2015	4,394	24.40	N/A	N/A
Total	4,502	24.41	N/A	N/A

(1) Represents restricted shares surrendered by employees to Washington REIT to satisfy such employees' applicable statutory minimum tax withholding obligations in connection with the vesting of restricted shares.

ITEM 3: DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4: MINE SAFETY DISCLOSURES

None.

ITEM 5: OTHER INFORMATION

None.

ITEM 6: EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference: Form	File Number	Exhibit	Filing Date	Filed Herewith
10.60*	Amendment to Long Term Incentive Plan					X
10.61*	Amended and restated Trustee Deferred Compensation Plan					X
10.62	First Amendment to Credit Agreement, dated as of September 15, 2015, by and among the Company, as borrower, the financial institutions party thereto as lenders, and Wells Fargo, National Association.	8-K	001-06622	10.1	9/16/2015	
12	Computation of Ratios					X
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended (“the Exchange Act”)					X
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act					X
31.3	Certification of the Chief Accounting Officer pursuant to Rule 13a-14(a) of the Exchange Act					X
32	Certification of the Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
101	The following materials from our Quarterly Report on Form 10–Q for the quarter ended September 30, 2015 formatted in eXtensible Business Reporting Language (“XBRL”): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Shareholders’ Equity, (v) the Consolidated Statements of Cash Flows, and (vi) notes to these consolidated financial statements					X

* Management contracts or compensation plans or arrangements in which trustees or executive officers are eligible to participate.

SIGNATURES

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

WASHINGTON REAL ESTATE INVESTMENT TRUST

/s/ Paul T. McDermott

Paul T. McDermott
President and Chief Executive Officer

/s/ Stephen E. Riffee

Stephen E. Riffee
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

/s/ W. Drew Hammond

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

DATE: November 4, 2015

AMENDMENT TO
WASHINGTON REAL ESTATE INVESTMENT TRUST
2014 LONG-TERM INCENTIVE PLAN

(Effective January 1, 2016)

The Washington Real Estate Investment Trust 2014 Long-Term Incentive Plan (the "Plan") is hereby amended by deleting Section 2.8 and Section 2.12 of the Plan in their entirety and replacing them with the following new sections:

2.8 "Ending Share Price" means (i) in the case of all Performance Periods commencing prior to January 1, 2016, the average closing price per Common Share for the twenty (20) trading days beginning on the first trading day after the end of the Performance Period on the exchange on which Common Shares are traded, and (ii) in the case of all Performance Periods commencing on or after January 1, 2016, the average closing price per Common Share for the last twenty (20) trading days of the Performance Period on the exchange on which Common Shares are traded (unless, in the case of either clause (i) or clause (ii) a Change in Control occurs during the Performance Period, in which case the term means the value per Common Share determined as of the date of the Change in Control, such value to be determined by the Committee in its reasonable discretion based on the actual or implied price per share paid in the Change in Control transaction).

2.12 "Relative Total Shareholder Return" means Total Shareholder Return ranked on a percentile basis relative to the total shareholder return of companies comprising the peer group of companies for the Performance Period using the same methodology used for calculating Total Shareholder Return. For this purpose, the peer group of companies shall be (i) in the case of all Performance Periods commencing prior to January 1, 2016, the group of fifteen (15) companies selected by the Committee in 2014 and disclosed in the Trust's Form 8-K filed with the Securities and Exchange Commission on April 29, 2014, and (ii) in the case of all Performance Periods commencing on or after January 1, 2016, the group of thirteen (13) companies listed on Exhibit A (provided, that, in the case of either clause (i) or clause (ii), if the Committee decides that any company shall cease to be a peer during the Performance Period, it shall be deleted from the peer group, but no new companies shall be added to the peer group during the Performance Period).

This amendment shall be effective as of January 1, 2016.

WASHINGTON REAL ESTATE INVESTMENT TRUST

By: /s/ Stephen E. Riffee

Stephen E. Riffee

Executive Vice President and

Chief Financial Officer

October 21, 2015

Exhibit A

Peer Group of Companies for Performance Periods Commencing on or after January 1, 2016

American Assets Trust, Inc.
Brandywine Realty Trust
Columbia Property Trust, Inc.
Corporate Office Properties Trust
Cousins Properties Incorporated
Equity One, Inc.
First Potomac Realty Trust
Highwoods Properties, Inc.
Liberty Property Trust
Piedmont Office Realty Trust, Inc.
Post Properties, Inc.
Saul Centers, Inc.
Weingarten Realty Investors

WASHINGTON REAL ESTATE INVESTMENT TRUST

DEFERRED COMPENSATION PLAN FOR DIRECTORS

(As Amended and Restated, Effective October 21, 2015)

TABLE OF CONTENTS

WASHINGTON REAL ESTATE INVESTMENT TRUST

DEFERRED COMPENSATION PLAN FOR DIRECTORS

(AS AMENDED AND RESTATED, EFFECTIVE OCTOBER 21, 2015)

ARTICLE 1

PURPOSE; EFFECTIVE DATE

1.1 Purpose

The purpose of this amended and restated Deferred Compensation Plan for Directors is to provide current tax planning opportunities to Board Members of the Company.

1.2 Effective Date

The Plan was originally effective as of December 1, 2000. The Plan, as amended and restated, is approved, executed and is effective on October 21, 2015.

ARTICLE 2

DEFINITIONS

For the purposes of this Plan, the following terms shall have the meanings indicated, unless the context clearly indicates otherwise:

2.1 Account

“Account” means the account maintained by the Company, including the subaccounts described in Section 4.1, to measure and determine the amounts to be paid to a Participant under the Plan. The maintenance of these Accounts is for recordkeeping purposes only and shall not require any segregation of assets.

2.2 Beneficiary

“Beneficiary” means the person, persons or entity as designated by the Participant, entitled under Article VI to receive any Plan Benefits payable after the Participant’s death.

2.3 Board

“Board” means the Board of Trustees of the Company.

2.4 Change in Control

"Change in Control" means an occasion upon which (i) any 'person' (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as now in effect or as hereafter amended ("Exchange Act")) other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company or a corporation controlled by the Company, acquires (either directly and/or through becoming the 'beneficial owner' (as defined in Rule 13d-3 under the Exchange Act)), directly or indirectly, securities of the Company representing 40% or more of the combined voting power of the Company's then outstanding securities (or has acquired securities representing 40% or more of the combined voting power of the Company's then outstanding securities during the 12-month period ending on the date of the most recent acquisition of Company securities by such person); or (ii) during any period of twelve (12) consecutive months (not including any period prior to the adoption of this Plan), individuals who at the beginning of such period constitute the Board and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in clauses (i) or (iii) of this Paragraph) whose election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least a majority of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or (iii) any of (a) the Company consummates a merger, consolidation, reorganization, recapitalization or statutory share exchange (a "Business Combination"), other than a Business Combination which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least 50% of the combined voting power and at least 50% of the combined total fair market value of the securities of the Company or such surviving entity outstanding immediately after such Business Combination, (b) the Company's shareholders approve a plan of complete liquidation of the Company, or (c) the Company completes the sale or other disposition of all or substantially all of its assets in one or a series of transactions.

2.5 Committee

"Committee" means the committee appointed by the Board to administer the Plan pursuant to Article VII. The Compensation Committee is the "Committee" as of the date hereof.

2.6 Company

"Company" means Washington Real Estate Investment Trust, a Maryland real estate investment trust, and directly or indirectly affiliated subsidiary entities, any other affiliate designated by the Board, or any successor to the business thereof.

2.7 Deferral Commitment

"Deferral Commitment" means a commitment made by a Participant to defer a percentage or flat dollar amount of any or each of the three types of Fees pursuant to Article III or to defer all but not less than all of an annual Stock Award pursuant to Article III. The Deferral Commitment may, but need not, specify a different percentage or flat dollar amount in respect of (i) the Annual Board

Retainer, (ii) a Committee Chair Retainer, and (iii) Committee Meeting Fees. All but not less than all of the Annual Board Retainer and all but not less than all of an annual Stock Award may be deferred into Share Units. A specified percentage or a flat dollar amount of the Annual Board Retainer, a Committee Chair Retainer and Committee Meeting Fees may be deferred into the appropriate subaccount of a Participant's Account. No portion of a Committee Chair Retainer or any Committee Meeting Fee can be deferred into Share Units. The Deferral Commitment shall apply to each installment of Fees otherwise payable to a Participant and to each grant of an annual Stock Award otherwise payable to a Participant. A Deferral Commitment shall remain in effect until amended or revoked as provided under Section 3.2. Although the Annual Board Retainer is otherwise payable on a monthly basis, if the Participant elects to defer the Annual Board Retainer into Share Units, such Share Units will be credited as of the last business day of each quarter during the applicable calendar year, unless an earlier crediting date is necessary to satisfy the Plan's payment timing requirements.

2.8 Deferral Period

"Deferral Period" means each calendar year.

2.9 Determination Date

"Determination Date" means the last day of each calendar month.

2.10 Director

"Director" means a member of the Board of Washington Real Estate Investment Trust.

2.11 Earnings

"Earnings" means, with respect to Fees deferred into a Director's Account pursuant to Article III, a rate of interest. The rate shall equal the Company's weighted average interest rate on its fixed rate bonds as of December 31 of each calendar year. Such rate may be changed to any other rate approved by the Board as of any subsequent January 1. With respect to any amounts which have been deferred into Share Units pursuant to Article III, "Earnings" means the aggregate amount of dividends which would have been paid on a number of Shares equal to the number of Share Units credited to the Participant on such dividend declaration date (which shall be computed and converted into a number of additional Share Units based on the fair market value of a Share, which additional Share Units then shall be credited to such Participant as of the date such dividends are declared).

2.12 Fees

"Fees" means the Directors' fees otherwise payable to the Participant by the Company. The term Fees shall include (i) the Annual Board Retainer, (ii) a Committee Chair Retainer and (iii) Committee Meeting Fees.

2.13 Form of Payment Designation

"Form of Payment Designation" means the form prescribed by the Committee and completed by the Participant, indicating the chosen form of payment for benefits payable under this Plan, as elected by the Participant.

2.14 Participant

"Participant" means any Director who is eligible, pursuant to Section 3.1, to participate in this Plan, and who has elected to defer Fees or an annual Stock Award under this Plan.

2.15 Plan

"Plan" means this Deferred Compensation Plan for Directors as amended from time to time.

2.16 Plan Benefit

"Plan Benefit" means the benefit payable to the Participant as calculated in Article V.

2.17 Plan Year

"Plan Year" means the consecutive twelve (12) month period ending on each December 31.

2.18 Retirement

"Retirement" means the end of a Director's term as a result of his being ineligible to stand for reelection as a member of the Board following meeting the then-applicable Director retirement age, including a resignation in connection therewith.

2.19 Separation from Service

"Separation from Service" means (i) the Retirement, death or other termination of service of a Director, or (ii) with respect to any portion of a Participant's Account or Share Units which are subject to Section 409A, any event that satisfies the definition set forth in Treas. Reg. § 1.409A-1(h).

2.20 Share

"Share" means a share of beneficial interest in the Company that is publicly traded on the New York Stock Exchange.

2.21 Stock Award

"Stock Award" means the annual award of Shares which is otherwise paid to a Director in accordance with the schedule established by the Company from time to time.

2.22 Share Unit

"Share Unit" means the unfunded right to receive a Share at a future date, issued under the authority of the 2007 Omnibus Long Term Incentive Plan, or any successor of such plan.

ARTICLE 3

PARTICIPATION AND DEFERRAL COMMITMENTS

3.1 Eligibility and Participation.

(a) **Eligibility**. Eligibility to participate in the Plan shall be limited to individuals who are Directors.

(b) **Participation**. A Director's participation in the Plan shall be effective upon election to the Board of Directors of the Company and completion and submission of a Deferral Commitment and a Form of Payment Designation to the Committee by December 31 of the year that precedes the beginning of the Deferral Period or such other earlier time as determined by the Committee. Such Deferral Commitment and Form of Payment Designation shall remain in effect with respect to each succeeding Deferral Period, until such time as another Deferral Commitment is filed with the Committee as described in Section 3.2(b) below.

(c) **Part-Year Participation**. When an individual first becomes eligible to participate during a Deferral Period, a Deferral Commitment may be submitted to the Committee within thirty (30) days after the Committee notifies the individual of eligibility to participate. Such Deferral Commitment will be effective only with regard to Fees and Stock Awards earned following submission of the Deferral Commitment to the Committee.

3.2 Form of Deferral

A Participant may elect a Deferral Commitment as follows:

(a) **Form of Deferral Commitment**. A Deferral Commitment may apply to each installment of Fees otherwise payable by the Company to a Participant during the Deferral Period. The Deferral Commitment may provide that all or any portion of such deferred Fees be credited to the Participant's Account. In addition, and if so elected by the Participant, a Deferral Commitment also may cause the full amount of the Annual Board Retainer and/or the full amount of the annual Stock Award to be deferred into (i) in the case of the Annual Board Retainer, a number of Share Units (including fractional Share Units) based on the fair market value of Shares at the time set forth in Section 2.7, and (ii) in the case of the annual Stock Award, a number of Share Units (including fractional Share Units, if applicable) equal to the number of Shares (including fractional shares, if applicable) attributable to such annual Stock Award.

(b) **Period of Commitment**. Once a Participant has made a Deferral Commitment, that Commitment shall remain in effect for that Deferral Period and shall remain in effect for all future Deferral Periods unless revoked or amended in writing by the Participant and delivered to the

Committee no later than December 31 of the year preceding the Deferral Period or such earlier time as determined by the Committee, for which it is in intended to be effective.

3.3 Deferral Period Limited by Separation from Service

If a Participant incurs a Separation from Service prior to the end of the Deferral Period, the Deferral Period shall end as of the date of the Separation from Service since no additional services will be performed after such Separation from Service to which an ongoing election would relate and payments shall be made in accordance with the provisions of Article V.

3.4 Modification of Deferral Commitment

A Deferral Commitment shall be irrevocable by the Participant during a Deferral Period.

ARTICLE 4

DEFERRED COMPENSATION ACCOUNT

4.1 Account

For recordkeeping purposes only, an Account shall be maintained for each Participant and shall be subject to periodic credits and adjustments as described herein. A separate subaccount shall be maintained within the Account to reflect deferrals attributable to (i) the Annual Board Retainer, (ii) a Committee Chair Retainer and (iii) Committee Meeting Fees, as the case may be. The Account shall be a bookkeeping device utilized for the sole purpose of determining the benefits payable under the Plan and shall not constitute a separate fund of assets.

4.2 Determination of Accounts and Share Unit Credits

Each Account as of each Determination Date shall consist of the balance of all subaccounts within the Account as of the immediately preceding Determination Date, adjusted as follows:

(a) **New Deferrals**. The appropriate subaccount of each Account shall be increased by any deferred Fees credited since such Determination Date.

(b) **Distributions**. The Account shall be reduced by any benefits distributed to the Participant since such immediately preceding Determination Date.

(c) **Earnings.** The Account shall be increased by the Earnings on the average daily balance in the Account since such immediately preceding Determination Date.

Share Units credited to a Participant shall be recorded in the Plan’s files but shall not be treated as a component of a Participant’s Account. Participants also shall be credited in the Plan’s files with any Earnings amount on such Share Units under the divided equivalent mechanism under Section 2.11.

4.3 Vesting of Accounts and Share Units

A Participant shall be one hundred percent (100%) vested at all times in (i) the full amount of Fees elected to be deferred under this Plan and Earnings thereon credited to the Participant's Account, and (ii) all Share Units credited to the Participant (whether through the deferral of the annual Stock Award, the deferral of the Annual Board Retainer or through the dividend equivalent mechanism described in Section 2.11).

4.4 Statement of Accounts and Share Units

The Committee shall give to each Participant a statement showing the balances in the Participant's Account (including all subaccounts maintained for such Account, to the extent applicable) and the outstanding number of Share Units credited to such Participant both on an annual basis and at such times as may be determined by the Committee.

ARTICLE 5

PLAN BENEFITS

5.1 Benefits Upon Separation from Service

Upon a Participant's Separation from Service, the Company shall pay the Participant benefits equal to (i) all Share Units credited to the Participant at the time set forth in Section 5.3 and (ii) the full balance in the Participant's Account at the time or times set forth in the Participant's Form of Payment Designation as provided in Section 5.3.

5.2 Benefits Remaining in Account Upon Death following Separation from Service

Upon the death of the Participant following a Separation from Service, the Company shall pay to the Participant's Beneficiary an amount equal to the remaining unpaid balance of the Participant's Account at the time or times set forth in the Participant's Form of Payment Designation as provided in Section 5.3.

5.3 Form and Timing of Payments

Benefits attributable to Share Units credited to the Participant will be paid in a lump sum in the form of Shares upon the Participant's Separation from Service.

Benefits attributable to a Participant's Account shall be paid at the time or times specified by the Participant in the Form of Payment Designation, unless the benefit is based on a "small account" as defined in Subsection (c) below. Payments shall commence no later than sixty (60) days after the date of the Participant's Separation from Service unless a re-deferral election has been made in accordance with Section 5.6. The Form of Payment Designation selected in (a) or (b) below shall be for the entire Account. If, upon the Participant's Separation from Service, the Participant's most recent re-deferral election under Section 5.6 as to the form of payment was made within one (1) year of such Separation from Service, then the most recent re-deferral election shall be ignored and the rules applicable to the Participant, or the Participant's Beneficiary as the case may be, immediately prior to such most recent re-deferral election, shall be used to determine the form of payment. The forms of benefit payment associated with the Account are:

(a) A lump-sum amount which is equal to the balance of the Account at the time of Separation from Service; or

(b) Equal annual installments commencing on the Participant's Separation from Service which, in the aggregate, are equal to the Account, amortized over a period of up to five (5), ten (10), fifteen (15) or twenty (20) years.

Earnings on the unpaid balance of the Account in connection with (i) payments made on an installment basis and/or (ii) the deferred commencement date of payment of the Account due to a re-deferral election under 5.6 shall be equal to the average rate of Earnings which would have been applicable on the Account over the thirty-six (36) months immediately preceding commencement of benefit payments.

(c) Small Account. If the aggregate value of the Participant's Account is under fifty thousand dollars ($50,000) on the Valuation Date as defined in Section 5.4, the benefit shall be paid in a lump sum.

5.4 Valuation and Settlement

The last day of the month in which the Participant has a Separation from Service shall be the Valuation Date. The amount of any lump sum payment and the initial amount of installments shall be based on the value of the Participant's Account balance on the Valuation Date. The date on which a lump sum is paid or the date on which installments commence shall be the settlement date. The settlement date shall be no more than sixty (60) days after the date on which the Participant has a Separation from Service.

5.5 Payment to Guardian

If a Plan Benefit is otherwise payable to a minor or a person declared incompetent or to a person incapable of handling the disposition of property, the Committee may direct payment to the guardian, legal representative or person having the care and custody of such minor, incompetent or person. The Committee may require proof of incompetency, minority, incapacity or guardianship as it may deem appropriate prior to distribution. Such distribution shall completely discharge the Committee and Company from all liability with respect to such benefit.

5.6 Re-Deferral Elections

A Participant may elect to defer the distribution date of the Participant's Account by electing, at least 12 months in advance of the date on which distributions would otherwise have commenced under the Plan, a new distribution date that is not less than five years after the date on which distributions would otherwise have commenced under the Plan; provided, however, that such election shall not take effect until at least 12 months after the date the re-deferral election is made and that no such election shall apply to a Separation from Service due to death. For example, a Participant who has elected to receive installment payments over a period of ten years and who wishes to receive a lump sum distribution must elect to receive the lump sum distribution paid no earlier than five years after the date upon which the Participant would otherwise have received the first installment payment under the ten year installment payment option. Alternatively, such Participant could elect to have a designated percentage of his Account paid to him in the form of a lump sum distribution at least five years after the date upon which the Participant would otherwise have received the first installment payment under the ten-year installment payment option and to have the remainder of his Account paid to him in annual installments thereafter. In all cases, and notwithstanding anything to the contrary in Section 5.6, any such re-deferral must be done in a manner that complies with Section 409A.

ARTICLE 6

BENEFICIARY DESIGNATION

6.1 Beneficiary Designation

Each Participant shall have the right, at any time, to designate one (1) or more persons or entities as Beneficiary (both primary as well as secondary) to whom benefits under this Plan shall be paid in the event of Participant’s death prior to complete distribution of the Participant’s Account balance and Share Units. Each Beneficiary designation shall be in a written form prescribed by the Committee and shall be effective only when filed with the Committee during the Participant’s lifetime.

6.2 Changing Beneficiary

Any Beneficiary designation may be changed by an unmarried Participant without the consent of the previously named Beneficiary by the filing of a new Beneficiary designation with the Committee. The filing of a new designation shall cancel all designations previously filed.

6.3 No Beneficiary Designation

If any Participant fails to designate a Beneficiary in the manner provided above, if the designation is void, or if the Beneficiary designated by a deceased Participant dies before the Participant or before complete distribution of the Participant’s benefits, the Participant’s Beneficiary shall be the person in the first of the following classes in which there is a survivor:

(a) The Participant’s surviving spouse;

(b) The Participant’s children in equal shares, except that if any of the children predeceases the Participant but leaves issue surviving, then such issue shall take, by right of representation, the share the deceased child would have taken if living;

(c) The Participant’s estate.

6.4 Effect of Payment

Payment to the Beneficiary shall completely discharge the Company's obligations under this Plan.

ARTICLE 7

ADMINISTRATION

7.1 Committee; Duties

This Plan shall be administered by the Committee, which shall consist of not less than three (3) persons appointed by the Board, except after a Change in Control as provided in Section 7.5 below. The Committee shall have the authority to make, amend, interpret and enforce all appropriate rules and regulations for the administration of the Plan and decide or resolve any and all questions, including interpretations of the Plan, as may arise in such administration. A majority vote of the Committee members shall control any decision. Members of the Committee may be Participants under this Plan.

7.2 Agents

The Committee may, from time to time, employ agents and delegate to them such administrative duties as it sees fit, and may from time to time consult with counsel who may be counsel to the Company.

7.3 Binding Effect of Decisions

The decision or action of the Committee with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final, conclusive and binding upon all persons having any interest in the Plan.

7.4 Indemnity of Committee

The Company shall indemnify and hold harmless the members of the Committee against any and all claims, loss, damage, expense or liability arising from any action or failure to act with respect to this Plan on account of such member's service on the Committee, except in the case of gross negligence or willful misconduct.

7.5 Election of Committee After Change in Control

After a Change in Control, vacancies on the Committee shall be filled by majority vote of the remaining Committee members and Committee members may be removed only by such a vote. If no Committee members remain, a new Committee shall be elected by majority vote of the Participants in the Plan immediately preceding such Change in Control. No amendment shall be made to Article VII or other Plan provisions regarding Committee authority with respect to the Plan without prior approval by the Committee.

ARTICLE 8

CLAIMS PROCEDURE

8.1 Claim

Any person or entity claiming a benefit, requesting an interpretation or ruling under the Plan (hereinafter referred to as "Claimant"), or requesting information under the Plan shall present the request in writing to the Committee, which shall respond in writing as soon as practicable.

8.2 Denial of Claim

If the claim or request is denied, the written notice of denial shall state:

(a) The reasons for denial, with specific reference to the Plan provisions on which the denial is based;

(b) A description of any additional material or information required and an explanation of why it is necessary; and

(c) An explanation of the Plan's claim review procedure.

8.3 Review of Claim

Any Claimant whose claim or request is denied or who has not received a response within sixty (60) days may request a review by notice given in writing to the Committee. Such request must be made within sixty (60) days after receipt by the Claimant of the written notice of denial, or in the event Claimant has not received a response sixty (60) days after receipt by the Committee of Claimant's claim or request. The claim or request shall be reviewed by the Committee which may, but shall not be required to, grant the Claimant a hearing. On review, the Claimant may have representation, examine pertinent documents, and submit issues and comments in writing.

8.4 Final Decision

The decision on review shall normally be made within sixty (60) days after the Committee's receipt of Claimant's claim or request. If an extension of time is required for a hearing or other special circumstances, the Claimant shall be notified and the time limit shall be one hundred twenty (120) days. The decision shall be in writing and shall state the reasons and the relevant Plan provisions. All decisions on review shall be final and bind all parties concerned.

ARTICLE 9

AMENDMENT AND TERMINATION OF PLAN

9.1 Amendment

The Board may at any time amend the Plan by written instrument, notice of which is given to all Participants and to Beneficiaries receiving installment payments, subject to the following:

(d) Preservation of Account Balance. No amendment shall reduce the amount accrued in any Account or the outstanding amount of any Share Units to the date such notice of the amendment is given.

(e) Changes in Earnings Rate. No amendment shall reduce, either prospectively or retroactively, the rate of Earnings to be credited to the amount already accrued in a Participant's Account and any Fees or other additions to be credited to the Account under Deferral Commitments already in effect on that date.

The Board may also effectuate an amendment to the Plan through a written Board resolution which shall be viewed as part of this Plan. If such resolution applies to fewer then all Participants and Beneficiaries, then only those Participants and Beneficiaries who are directly affected by such resolution need be given notice of such resolution.

9.2 Company's Right to Terminate

The Board may at any time partially or completely terminate the Plan if, in its judgment, the tax, accounting or other effects of the continuance of the Plan, or potential payments thereunder would not be in the best interests of Company.

(a) Partial Termination. The Board may partially terminate the Plan by instructing the Committee not to accept any additional Deferral Commitments. If such a partial termination occurs, the Plan shall continue to operate and be effective with regard to Deferral Commitments entered into prior to the effective date of such partial termination.

(b) Complete Termination. The Board may completely terminate the Plan by instructing the Committee not to accept any additional Deferral Commitments, and by terminating all ongoing Deferral Commitments. In the event of complete termination, the Plan shall cease to operate and Company shall pay out each Account and convert all Share Units into Shares. Payment of an Account shall be made in accordance with the plan termination rules set forth in Section 409A, including any such rules that apply if the termination of the Plan is subsequent to a Change in Control. Notwithstanding the above, the payment of any portion of an Account which is subject to Section 409A and the conversion of Share Units into Shares may not be accelerated except in compliance with the provisions of Treas. Reg. Section 1.409A-3(j)(4)(ix) or such other events and conditions which may be permitted in generally applicable guidelines published in the Internal Revenue Bulletin. The Board reserves any discretion to distribute benefits in accordance with the requirements of such regulations and/or such guidelines

Earnings shall continue to be credited on the unpaid balance in each Account.

ARTICLE 10

MISCELLANEOUS

10.1 Unfunded Plan

This Plan is an unfunded plan maintained primarily to provide deferred compensation benefits for a select group of “management or highly-compensated employees” within the meaning of Sections 201, 301 and 401 of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and therefore is exempt from the provisions of Parts 2, 3 and 4 of Title I of ERISA. Accordingly, the Board may terminate the Plan and make no further benefit payments or remove certain employees as Participants if it is determined by the United States Department of Labor, a court of competent jurisdiction, or an opinion of counsel that the Plan constitutes an employee pension benefit plan within the meaning of Section 3(2) of ERISA (as currently in effect or hereafter amended) which is not so exempt.

10.2 Company Obligation

The obligation to make benefit payments to any Participant under the Plan shall be an obligation solely of the Company.

10.3 Unsecured General Creditor

Except as provided in Section 10.4, Participants and Beneficiaries shall be unsecured general creditors, with no secured or preferential right to any assets of the Company or any other party for payment of benefits under this Plan. Any property held by the Company for the purpose of generating the cash flow for benefit payments shall remain its general, unpledged and unrestricted assets. The Company’s obligation under the Plan shall be an unfunded and unsecured promise to pay money in the future.

10.4 Trust Fund

The Company shall be responsible for the payment of all benefits provided under the Plan. At its discretion, the Company may establish one (1) or more Trusts, with such Trustees as the Board may approve, for the purpose of providing for the payment of such benefits. Although such a Trust shall be irrevocable, its assets shall be held for payment of all of the Company’s general creditors in the event of insolvency. To the extent any benefits provided under the Plan are paid from any such Trust, the Company shall have no further obligation to pay them. If not paid from the Trust, such benefits shall remain the obligation of the Company.

10.5 Nonassignability

Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

10.6 Not a Contract of Employment

This Plan shall not constitute a contract of employment between the Company and the Participant. Nothing in this Plan shall give a Participant the right to be retained in the service of the Company or to interfere with the right of the Company to discipline or discharge a Participant at any time.

10.7 Protective Provisions

A Participant will cooperate with the Company by furnishing any and all information requested by the Company, in order to facilitate the payment of benefits hereunder, and by taking such physical examinations as Company may deem necessary and taking such other action as may be requested by the Company.

10.8 Governing Law

The provisions of this Plan shall be construed and interpreted according to the laws of the State of Maryland, except as preempted by federal law.

10.9 Validity

If any provision of this Plan shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal and invalid provision had never been inserted herein.

10.10 Notice

Any notice required or permitted under the Plan shall be sufficient if in writing and hand delivered or sent by registered or certified mail. Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification. Mailed notice to the Committee shall be directed to the Company's address. Mailed notice to a Participant or Beneficiary shall be directed to the individual's last known address in the Company's records.

10.11 Successors

The provisions of this Plan shall bind and inure to the benefit of the Company and its successors and assigns. The term successors as used herein shall include any corporate or other business entity which shall, whether by merger, consolidation, purchase or otherwise acquire all or substantially all of the business and assets of the Company, and successors of any such corporation or other business entity.

10.12 Section 409A of the Code

To the extent that such requirements are applicable, the Plan is intended to comply with the requirements of Section 409A and shall be interpreted and administered in accordance with that intent. If any provision of the Plan would otherwise conflict with or frustrate this intent, that provision will be interpreted and deemed amended so as to avoid the conflict. The nature of any such amendment shall be determined by the Board. Notwithstanding the above, if the Participant qualifies as a "specified employee," as defined in Treas. Reg. Section 1.409A-1(i), incurs a Separation from Service for any reason other than death and becomes entitled to a distribution under the Plan, then, to the extent required to avoid taxes and penalties under Section 409A, no distribution otherwise payable to the Participant during the first six (6) months after the date of such Separation from Service shall be paid to the Participant until the date which is one day after the date which is six (6) months after the date of such separation from service (or, if earlier, the date of the Participant's death).

WASHINGTON REAL ESTATE
INVESTMENT TRUST

By: /s/ Thomas C. Morey
Corporate Secretary

Dated: October 21, 2015

Exhibit 12

WASHINGTON REAL ESTATE INVESTMENT TRUST

Computation of Ratios

(In thousands)

Earnings to fixed charges ratio:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	**2014**	**2015**	**2014**
Income from continuing operations	$ 580	$ 3,658	$ 27,092	$ 2,761
Additions:				
Fixed charges				
Interest expense	14,486	15,087	44,534	44,602
Capitalized interest	96	591	555	1,445
	14,582	15,678	45,089	46,047
Deductions:				
Capitalized interest	(96)	(591)	(555)	(1,445)
Net loss attributable to noncontrolling interests	67	10	515	17
Adjusted earnings	15,133	18,755	72,141	47,380
Fixed charges (from above)	$ 14,582	$ 15,678	$ 45,089	$ 46,047
Ratio of earnings to fixed charges	**1.04**	**1.20**	**1.60**	**1.03**

Exhibit 31.1

CERTIFICATION

I, Paul T. McDermott, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Washington Real Estate Investment Trust;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of registrant’s board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

DATE: November 4, 2015

/s/ Paul T. McDermott

Paul T. McDermott
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Stephen E. Riffee, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Washington Real Estate Investment Trust;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

DATE: November 4, 2015

/s/ Stephen E. Riffee

Stephen E. Riffee
Chief Financial Officer
(Principal Financial Officer)

Exhibit 31.3

CERTIFICATION

I, W. Drew Hammond, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Washington Real Estate Investment Trust;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

DATE: November 4, 2015

/s/ W. Drew Hammond

W. Drew Hammond
Vice President
Chief Accounting Officer
(Principal Accounting Officer)

Exhibit 32

WRITTEN STATEMENT OF
CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, the President and Chief Executive Officer, the Chief Financial Officer and Chief Accounting Officer of Washington Real Estate Investment Trust ("Washington REIT"), each hereby certifies on the date hereof, that:

(a) the Quarterly Report on Form 10-Q for the quarter endedSeptember 30, 2015 filed on the date hereof with the Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13 (a) or 15(d) of the Securities Exchange Act of 1934; and

(b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Washington REIT.

DATE: November 4, 2015	/s/ Paul T. McDermott
	Paul T. McDermott Chief Executive Officer
DATE: November 4, 2015	/s/ Stephen E. Riffee
	Stephen E. Riffee Chief Financial Officer (Principal Financial Officer)
DATE: November 4, 2015	/s/ W. Drew Hammond
	W. Drew Hammond Chief Accounting Officer (Principal Accounting Officer)