

**Washington Real Estate Investment Trust**

**Fourth Quarter 2017**



**Supplemental Operating and Financial Data**

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## **Company Background and Highlights**

### **Fourth Quarter 2017**

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

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

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

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

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

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

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

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



Certain statements in our earnings release and on our conference call, including with respect to the potential sale of 2445 M Street, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements in this earnings release preceded by, followed by or that include the words "believe," "expect," "intend," "anticipate," "potential," "project," "will" and other similar expressions. Such statements involve known and unknown risks, uncertainties, and other factors that may cause actual results to differ materially. Such risks, uncertainties and other factors include, but are not limited to, the potential for federal government budget reductions, changes in general and local economic and real estate market conditions, the timing and pricing of lease transactions, the availability and cost of capital, fluctuations in interest rates, tenants' financial conditions, levels of competition, the effect of government regulation, the impact of newly adopted accounting principles, and other risks and uncertainties detailed from time to time in our filings with the SEC, including our 2016 Form 10-K and subsequent Quarterly Reports on Form 10-Q. We assume no obligation to update or supplement forward-looking statements that become untrue because of subsequent events.

## Supplemental Financial and Operating Data

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

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

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

|  | 12/31/2017   | 9/30/2017    | 6/30/2017    | 3/31/2017    | 12/31/2016   |
|--|--------------|--------------|--------------|--------------|--------------|
| <b>Assets</b>  |              |              |              |              |              |
| Land   | \$ 588,025   | \$ 615,280   | \$ 616,444   | \$ 573,315   | \$ 573,315   |
| Income producing property  | 2,113,977    | 2,214,864    | 2,201,846    | 2,123,807    | 2,112,088    |
|  | 2,702,002    | 2,830,144    | 2,818,290    | 2,697,122    | 2,685,403    |
| Accumulated depreciation and amortization                                  | (683,692)    | (715,228)    | (691,515)    | (680,231)    | (657,425)    |
| Net income producing property  | 2,018,310    | 2,114,916    | 2,126,775    | 2,016,891    | 2,027,978    |
| Development in progress, including land held for development               | 54,422       | 49,065       | 46,154       | 42,914       | 40,232       |
| Total real estate held for investment, net                                 | 2,072,732    | 2,163,981    | 2,172,929    | 2,059,805    | 2,068,210    |
| Investment in real estate held for sale, net                               | 68,534       | 7,011        | 6,983        | —            | —            |
| Cash and cash equivalents  | 9,847        | 11,326       | 13,237       | 15,214       | 11,305       |
| Restricted cash  | 2,776        | 1,442        | 1,506        | 1,430        | 6,317        |
| Rents and other receivables, net of allowance for doubtful accounts        | 69,766       | 73,545       | 72,149       | 69,038       | 64,319       |
| Prepaid expenses and other assets  | 125,087      | 126,589      | 121,005      | 108,622      | 103,468      |
| Other assets related to properties sold or held for sale                   | 10,684       | 400          | 303          | —            | —            |
| Total assets   | \$ 2,359,426 | \$ 2,384,294 | \$ 2,388,112 | \$ 2,254,109 | \$ 2,253,619 |
| <b>Liabilities</b>   |              |              |              |              |              |
| Notes payable  | \$ 894,358   | \$ 894,103   | \$ 893,763   | \$ 893,424   | \$ 843,084   |
| Mortgage notes payable, net  | 95,141       | 96,045       | 96,934       | 97,814       | 148,540      |
| Lines of credit/short-term note payable                                    | 166,000      | 189,000      | 228,000      | 123,000      | 120,000      |
| Accounts payable and other liabilities                                     | 61,565       | 66,393       | 60,165       | 50,684       | 46,967       |
| Dividend payable   | 23,581       | —            | —            | —            | 22,414       |
| Advance rents  | 12,487       | 10,723       | 11,956       | 11,948       | 11,750       |
| Tenant security deposits   | 9,149        | 9,528        | 9,263        | 9,002        | 8,802        |
| Other liabilities related to properties sold or held for sale              | 1,809        | 311          | 322          | —            | —            |
| Total liabilities  | 1,264,090    | 1,266,103    | 1,300,403    | 1,185,872    | 1,201,557    |
| <b>Equity</b>  |              |              |              |              |              |
| Preferred shares; \$0.01 par value; 10,000 shares authorized               | —            | —            | —            | —            | —            |
| Shares of beneficial interest, \$0.01 par value; 100,000 shares authorized | 785          | 785          | 769          | 757          | 746          |
| Additional paid-in capital   | 1,483,980    | 1,487,157    | 1,435,994    | 1,400,093    | 1,368,636    |
| Distributions in excess of net income                                      | (399,213)    | (377,968)    | (357,308)    | (342,020)    | (326,047)    |
| Accumulated other comprehensive loss                                       | 9,419        | 6,848        | 6,857        | 8,346        | 7,611        |
| Total shareholders' equity   | 1,094,971    | 1,116,822    | 1,086,312    | 1,067,176    | 1,050,946    |
| Noncontrolling interests in subsidiaries                                   | 365          | 1,369        | 1,397        | 1,061        | 1,116        |
| Total equity   | 1,095,336    | 1,118,191    | 1,087,709    | 1,068,237    | 1,052,062    |
| Total liabilities and equity   | \$ 2,359,426 | \$ 2,384,294 | \$ 2,388,112 | \$ 2,254,109 | \$ 2,253,619 |

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

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

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

<sup>(2)</sup> Adjustment to the numerators for FFO and Core FFO per share calculations when applying the two-class method for calculating EPS.



## Funds Available for Distribution

(In thousands)  
(Unaudited)

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

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



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

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

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

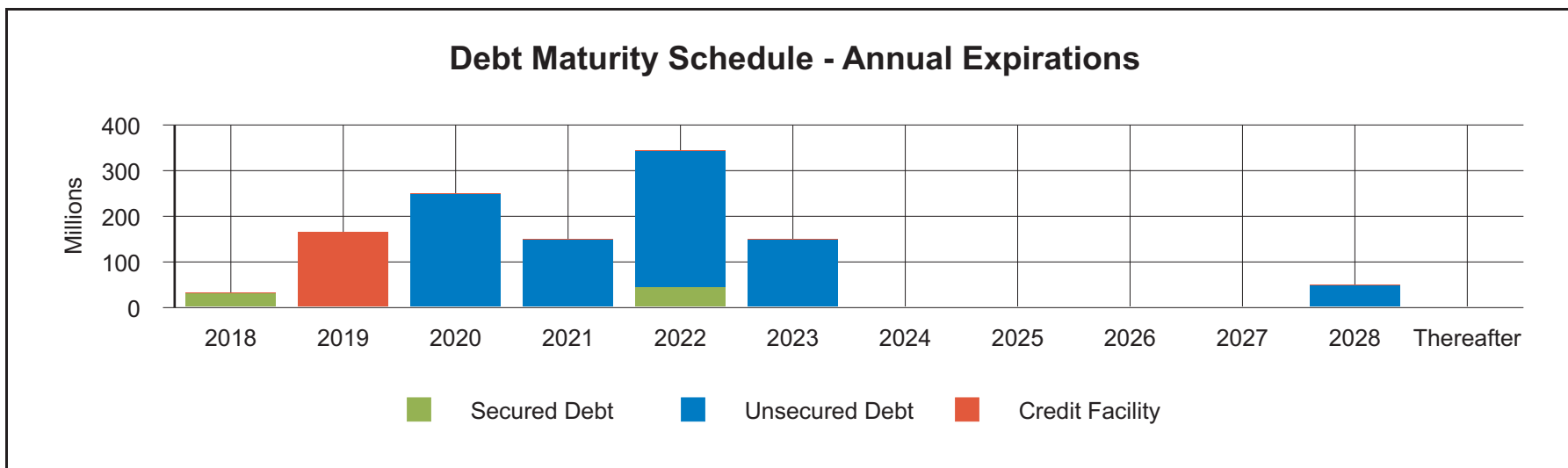
**Long Term Debt Analysis**  
(\$'s in thousands)

|  | <u>12/31/2017</u>   | <u>9/30/2017</u>    | <u>6/30/2017</u>    | <u>3/31/2017</u>    | <u>12/31/2016</u>   |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Balances Outstanding</b>            |                     |                     |                     |                     |                     |
| <b>Secured</b>                         |                     |                     |                     |                     |                     |
| Mortgage note payable, net             | \$ 95,141           | \$ 96,045           | \$ 96,934           | \$ 97,814           | \$ 148,540          |
| <b>Unsecured</b>                       |                     |                     |                     |                     |                     |
| Fixed rate bonds and notes             | 595,972             | 595,809             | 595,562             | 595,315             | 595,067             |
| Term loans                             | 298,386             | 298,294             | 298,201             | 298,109             | 248,017             |
| Credit facilities                      | 166,000             | 189,000             | 228,000             | 123,000             | 120,000             |
| Unsecured total                        | <u>1,060,358</u>    | <u>1,083,103</u>    | <u>1,121,763</u>    | <u>1,016,424</u>    | <u>963,084</u>      |
| Total                                  | <u>\$ 1,155,499</u> | <u>\$ 1,179,148</u> | <u>\$ 1,218,697</u> | <u>\$ 1,114,238</u> | <u>\$ 1,111,624</u> |
| <b>Weighted Average Interest Rates</b> |                     |                     |                     |                     |                     |
| <b>Secured</b>                         |                     |                     |                     |                     |                     |
| Mortgage note payable, net             | 4.5%                | 4.5%                | 4.5%                | 4.5%                | 4.0%                |
| <b>Unsecured</b>                       |                     |                     |                     |                     |                     |
| Fixed rate bonds                       | 4.7%                | 4.7%                | 4.7%                | 4.7%                | 4.7%                |
| Term loans <sup>(1)</sup>              | 2.8%                | 2.8%                | 2.8%                | 2.8%                | 2.6%                |
| Credit facilities                      | 2.5%                | 2.2%                | 2.2%                | 2.0%                | 1.6%                |
| Unsecured total                        | <u>3.8%</u>         | <u>3.8%</u>         | <u>3.7%</u>         | <u>3.8%</u>         | <u>3.8%</u>         |
| Weighted Average                       | <u>3.9%</u>         | <u>3.8%</u>         | <u>3.8%</u>         | <u>3.9%</u>         | <u>3.8%</u>         |

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

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

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



**Future Maturities of Debt**

| Year                            | Secured Debt     | Unsecured Debt         | Credit Facility        | Total Debt          | Average Interest Rate |
|---------------------------------|------------------|------------------------|------------------------|---------------------|-----------------------|
| 2018                            | \$ 31,674        | \$ —                   | \$ —                   | \$ 31,674           | 5.4%                  |
| 2019                            | —                | —                      | 166,000 <sup>(1)</sup> | 166,000             | 2.5%                  |
| 2020                            | —                | 250,000                | —                      | 250,000             | 5.1%                  |
| 2021                            | —                | 150,000 <sup>(2)</sup> | —                      | 150,000             | 2.7%                  |
| 2022                            | 44,517           | 300,000                | —                      | 344,517             | 4.0%                  |
| 2023                            | —                | 150,000 <sup>(3)</sup> | —                      | 150,000             | 2.9%                  |
| 2024                            | —                | —                      | —                      | —                   |                       |
| 2025                            | —                | —                      | —                      | —                   |                       |
| 2026                            | —                | —                      | —                      | —                   |                       |
| 2027                            | —                | —                      | —                      | —                   |                       |
| 2028                            | —                | 50,000                 | —                      | 50,000              | 7.4%                  |
| Thereafter                      | —                | —                      | —                      | —                   |                       |
| Scheduled principal payments    | \$ 76,191        | \$ 900,000             | \$ 166,000             | \$ 1,142,191        | 3.9%                  |
| Scheduled amortization payments | 15,723           | —                      | —                      | 15,723              | 4.8%                  |
| Net discounts/premiums          | 3,385            | (1,580)                | —                      | 1,805               |                       |
| Loan costs, net of amortization | (158)            | (4,062)                | —                      | (4,220)             |                       |
| <b>Total maturities</b>         | <b>\$ 95,141</b> | <b>\$ 894,358</b>      | <b>\$ 166,000</b>      | <b>\$ 1,155,499</b> | <b>3.9%</b>           |

Weighted average maturity = 3.9 years

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

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

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

## Debt Covenant Compliance

|   | Unsecured Notes Payable         |          | Unsecured Line of Credit and Term Loans |          |
|---|---------------------------------|----------|---|----------|
|   | Quarter Ended December 31, 2017 | Covenant | Quarter Ended December 31, 2017         | Covenant |
| % of Total Indebtedness to Total Assets <sup>(1)</sup>  | 38.5%                           | ≤ 65.0%  | N/A                                     | N/A      |
| Ratio of Income Available for Debt Service to Annual Debt Service                                 | 4.3                             | ≥ 1.5    | N/A                                     | N/A      |
| % of Secured Indebtedness to Total Assets <sup>(1)</sup>  | 3.2%                            | ≤ 40.0%  | N/A                                     | N/A      |
| Ratio of Total Unencumbered Assets <sup>(2)</sup> to Total Unsecured Indebtedness                 | 2.7                             | ≥ 1.5    | N/A                                     | N/A      |
| % of Net Consolidated Total Indebtedness to Consolidated Total Asset Value <sup>(3)</sup>         | N/A                             | N/A      | 35.4%                                   | ≤ 60.0%  |
| Ratio of Consolidated Adjusted EBITDA <sup>(4)</sup> to Consolidated Fixed Charges <sup>(5)</sup> | N/A                             | N/A      | 3.76                                    | ≥ 1.50   |
| % of Consolidated Secured Indebtedness to Gross Total Asset Value <sup>(3)</sup>                  | N/A                             | N/A      | 2.9%                                    | ≤ 40.0%  |
| % of Consolidated Unsecured Indebtedness to Unencumbered Pool Value <sup>(6)</sup>                | N/A                             | N/A      | 34.4%                                   | ≤ 60.0%  |
| Ratio of Unencumbered Adjusted Net Operating Income to Consolidated Unsecured Interest Expense    | N/A                             | N/A      | 4.69                                    | ≥ 1.75   |

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

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

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

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

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

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

## Capital Analysis

(In thousands, except per share amounts)

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

## Dividend Data

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

<sup>(1)</sup> The ratio of earnings to fixed charges is computed by dividing earnings by fixed charges. For this purpose, earnings consist of income from continuing operations attributable to the controlling interests plus fixed charges, less capitalized interest. Fixed charges consist of interest expense, including amortized costs of debt issuance, plus interest costs capitalized. The earnings to fixed charges ratio for the three months ended December 31, 2017 include gains on the sale of real estate of \$25.0 million.

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

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

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

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

Acquisitions:

Multifamily - Riverside Apartments

Office - Watergate 600

Development/Redevelopment:

Office - The Army Navy Building

Held for sale:

Office - Braddock Metro Center

Sold properties:

Multifamily - Walker House Apartments

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

|                        | <b>Percentage of<br/>Q4 2017 NOI</b> | <b>Percentage of<br/>YTD 2017 NOI</b> |
|------------------------|--------------------------------------|---------------------------------------|
| <b>DC</b>              |                                      |                                       |
| Multifamily            | 5.6%                                 | 5.6%                                  |
| Office                 | 29.8%                                | 28.1%                                 |
| Retail                 | 1.7%                                 | 1.8%                                  |
|                        | <b>37.1%</b>                         | <b>35.5%</b>                          |
| <b>Maryland</b>        |                                      |                                       |
| Multifamily            | 1.6%                                 | 2.1%                                  |
| Retail                 | 13.5%                                | 13.7%                                 |
|                        | <b>15.1%</b>                         | <b>15.8%</b>                          |
| <b>Virginia</b>        |                                      |                                       |
| Multifamily            | 20.4%                                | 19.8%                                 |
| Office                 | 20.4%                                | 21.9%                                 |
| Retail                 | 7.0%                                 | 7.0%                                  |
|                        | <b>47.8%</b>                         | <b>48.7%</b>                          |
| <b>Total Portfolio</b> | <b>100.0%</b>                        | <b>100.0%</b>                         |

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

| Sector                                   | Ending Occupancy - Same-Store Properties <sup>(1), (2)</sup> |              |              |              |              |
|--|--|--------------|--------------|--------------|--------------|
|  | 12/31/2017   | 9/30/2017    | 6/30/2017    | 3/31/2017    | 12/31/2016   |
| Multifamily (calculated on a unit basis) | 94.8%  | 94.9%        | 95.4%        | 94.6%        | 95.8%        |
| Multifamily                              | 93.6%  | 94.5%        | 95.0%        | 94.0%        | 95.3%        |
| Office                                   | 93.1%  | 93.4%        | 93.0%        | 93.1%        | 91.7%        |
| Retail                                   | 91.2%  | 93.5%        | 91.4%        | 93.8%        | 95.7%        |
| <b>Overall Portfolio</b>                 | <b>92.7%</b>   | <b>93.8%</b> | <b>93.2%</b> | <b>93.6%</b> | <b>94.0%</b> |

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

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

Acquisition:

Multifamily - Riverside Apartments

Office - Watergate 600

Development/Redevelopment:

Office - The Army Navy Building

Held for sale:

Office - Braddock Metro Center

Sold properties:

Multifamily - Walker House Apartments

Office - Dulles Station II, Maryland Office Portfolio: Transaction I (6110 Executive Boulevard, 600 Jefferson Plaza, West Gude and Wayne Plaza) and Transaction II (51 Monroe and One Central Plaza)

<sup>(2)</sup> Ending occupancy is calculated as occupied square footage as a percentage of total square footage as of the last day of that period, except for the rows labeled "Multifamily (calculated on a unit basis)," which is calculated as occupied units as a percentage of total available units as of the last day of the that period. The occupied square footage for office and retail properties includes temporary lease agreements.

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

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

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

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

Acquisitions:

Multifamily - Riverside Apartments

Office - Watergate 600

Development/Redevelopment:

Office - The Army Navy Building

Held for sale:

Office - Braddock Metro Center

Sold properties:

Multifamily - Walker House Apartments

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

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

## Acquisition and Disposition Summary

### Acquisition

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

### Disposition

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



## Development/Redevelopment Summary

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

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

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

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

## Multifamily Rental Rate Growth

| Year over Year Rental Rate Growth | 4th Quarter<br>2017 | 3rd Quarter<br>2017 | 2nd Quarter<br>2017 | 1st Quarter<br>2017 | 4th Quarter<br>2016 |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Same-store                        | 1.8%                | 2.0%                | 1.8%                | 1.3%                | 1.0%                |
| Riverside                         | 4.6%                | 2.5%                | N/A                 | N/A                 | N/A                 |
| <b>Overall</b>                    | <b>2.2%</b>         | <b>2.1%</b>         | <b>1.8%</b>         | <b>1.2%</b>         | <b>0.9%</b>         |
| Average Monthly Rent per Unit     | 4th Quarter<br>2017 | 4th Quarter<br>2016 | % Change            |                     |                     |
| Class A                           | 2,297               | 2,269               | 1.2%                |                     |                     |
| Class B                           | 1,626               | 1,586               | 2.5%                |                     |                     |
| <b>Overall</b>                    | <b>1,732</b>        | <b>1,695</b>        | <b>2.2%</b>         |                     |                     |

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

## Commercial Leasing Summary - New Leases

|  | 4th Quarter 2017     |                     | 3rd Quarter 2017     |                     | 2nd Quarter 2017     |                     | 1st Quarter 2017     |                     | 4th Quarter 2016     |                     |
|--|----------------------|---------------------|----------------------|---------------------|----------------------|---------------------|----------------------|---------------------|----------------------|---------------------|
| <b>Gross Leasing Square Footage</b>                |                      |                     |                      |                     |                      |                     |                      |                     |                      |                     |
| Office   | 21,729               |                     | 45,318               |                     | 192,352              |                     | 36,102               |                     | 39,047               |                     |
| Retail   | 11,061               |                     | 6,961                |                     | 35,582               |                     | 8,355                |                     | 10,362               |                     |
| <b>Total</b>                                       | <b>32,790</b>        |                     | <b>52,279</b>        |                     | <b>227,934</b>       |                     | <b>44,457</b>        |                     | <b>49,409</b>        |                     |
| <b>Weighted Average Term (years)</b>               |                      |                     |                      |                     |                      |                     |                      |                     |                      |                     |
| Office   | 5.4                  |                     | 8.9                  |                     | 11.7                 |                     | 8.5                  |                     | 4.9                  |                     |
| Retail   | 5.3                  |                     | 6.6                  |                     | 11.6                 |                     | 6.2                  |                     | 9.2                  |                     |
| <b>Total</b>                                       | <b>5.4</b>           |                     | <b>8.6</b>           |                     | <b>11.7</b>          |                     | <b>8.1</b>           |                     | <b>5.8</b>           |                     |
| <b>Weighted Average Free Rent Period (months)</b>  |                      |                     |                      |                     |                      |                     |                      |                     |                      |                     |
| Office Buildings                                   | 3.7                  |                     | 7.2                  |                     | 12.5                 |                     | 9.1                  |                     | 3.0                  |                     |
| Retail Centers                                     | 2.5                  |                     | 2.2                  |                     | 6.9                  |                     | 2.7                  |                     | 1.0                  |                     |
| <b>Total</b>                                       | <b>3.4</b>           |                     | <b>6.8</b>           |                     | <b>11.6</b>          |                     | <b>8.0</b>           |                     | <b>2.5</b>           |                     |
| <b>Rental Rate Increases:</b>                      | <b>GAAP</b>          | <b>CASH</b>         | <b>GAAP</b>          | <b>CASH</b>         | <b>GAAP</b>          | <b>CASH</b>         | <b>GAAP</b>          | <b>CASH</b>         | <b>GAAP</b>          | <b>CASH</b>         |
| <b>Rate on expiring leases</b>                     |                      |                     |                      |                     |                      |                     |                      |                     |                      |                     |
| Office   | \$ 44.80             | \$ 47.40            | \$ 51.09             | \$ 52.17            | \$ 36.32             | \$ 38.30            | \$ 32.50             | \$ 33.83            | \$ 40.36             | \$ 42.92            |
| Retail   | 25.39                | 25.27               | 30.95                | 31.18               | 21.80                | 21.06               | 37.15                | 35.16               | 38.26                | 38.99               |
| <b>Total</b>                                       | <b>\$ 38.25</b>      | <b>\$ 39.94</b>     | <b>\$ 48.41</b>      | <b>\$ 49.37</b>     | <b>\$ 34.13</b>      | <b>\$ 35.69</b>     | <b>\$ 33.37</b>      | <b>\$ 34.08</b>     | <b>\$ 39.92</b>      | <b>\$ 42.10</b>     |
| <b>Rate on new leases</b>                          |                      |                     |                      |                     |                      |                     |                      |                     |                      |                     |
| Office   | \$ 52.58             | \$ 50.19            | \$ 61.14             | \$ 55.43            | \$ 31.14             | \$ 30.63            | \$ 43.20             | \$ 38.67            | \$ 42.64             | \$ 39.96            |
| Retail   | 27.45                | 26.46               | 35.91                | 34.48               | 36.28                | 33.14               | 36.39                | 34.46               | 44.14                | 40.37               |
| <b>Total</b>                                       | <b>\$ 44.11</b>      | <b>\$ 42.19</b>     | <b>\$ 57.78</b>      | <b>\$ 52.64</b>     | <b>\$ 31.92</b>      | <b>\$ 31.01</b>     | <b>\$ 41.92</b>      | <b>\$ 37.88</b>     | <b>\$ 42.96</b>      | <b>\$ 40.05</b>     |
| <b>Percentage Increase</b>                         |                      |                     |                      |                     |                      |                     |                      |                     |                      |                     |
| Office   | 17.4%                | 5.9%                | 19.7%                | 6.3%                | (14.2)%              | (20.0)%             | 33.0 %               | 14.3 %              | 5.7%                 | (6.9)%              |
| Retail   | 8.1%                 | 4.7%                | 16.0%                | 10.6%               | 66.4 %               | 57.4 %              | (2.1)%               | (2.0)%              | 15.4%                | 3.5 %               |
| <b>Total</b>                                       | <b>15.3%</b>         | <b>5.6%</b>         | <b>19.4%</b>         | <b>6.6%</b>         | <b>(6.5)%</b>        | <b>(13.1)%</b>      | <b>25.6 %</b>        | <b>11.1 %</b>       | <b>7.6%</b>          | <b>(4.9)%</b>       |
|  | <b>Total Dollars</b> | <b>\$ per Sq Ft</b> | <b>Total Dollars</b> | <b>\$ per Sq Ft</b> | <b>Total Dollars</b> | <b>\$ per Sq Ft</b> | <b>Total Dollars</b> | <b>\$ per Sq Ft</b> | <b>Total Dollars</b> | <b>\$ per Sq Ft</b> |
| <b>Tenant Improvements</b>                         |                      |                     |                      |                     |                      |                     |                      |                     |                      |                     |
| Office Buildings                                   | \$ 1,378,204         | \$ 63.43            | \$ 3,740,775         | \$ 82.55            | \$ 11,732,915        | \$ 61.00            | \$ 2,333,378         | \$ 64.63            | \$ 1,244,745         | \$ 31.88            |
| Retail Centers                                     | 54,410               | 4.92                | 244,213              | 35.08               | 1,923,540            | 54.06               | 60,030               | 7.18                | 307,953              | 29.72               |
| <b>Subtotal</b>                                    | <b>\$ 1,432,614</b>  | <b>\$ 43.69</b>     | <b>\$ 3,984,988</b>  | <b>\$ 76.23</b>     | <b>\$ 13,656,455</b> | <b>\$ 59.91</b>     | <b>\$ 2,393,408</b>  | <b>\$ 53.84</b>     | <b>\$ 1,552,698</b>  | <b>\$ 31.43</b>     |
| <b>Leasing Commissions</b>                         |                      |                     |                      |                     |                      |                     |                      |                     |                      |                     |
| Office Buildings                                   | \$ 312,397           | \$ 14.38            | \$ 1,299,136         | \$ 28.67            | \$ 3,263,054         | \$ 16.96            | \$ 688,811           | \$ 19.08            | \$ 424,951           | \$ 10.88            |
| Retail Centers                                     | 78,751               | 7.12                | 79,597               | 11.43               | 620,605              | 17.44               | 98,930               | 11.84               | 212,162              | 20.48               |
| <b>Subtotal</b>                                    | <b>\$ 391,148</b>    | <b>\$ 11.93</b>     | <b>\$ 1,378,733</b>  | <b>\$ 26.37</b>     | <b>\$ 3,883,659</b>  | <b>\$ 17.04</b>     | <b>\$ 787,741</b>    | <b>\$ 17.72</b>     | <b>\$ 637,113</b>    | <b>\$ 12.89</b>     |
| <b>Tenant Improvements and Leasing Commissions</b> |                      |                     |                      |                     |                      |                     |                      |                     |                      |                     |
| Office Buildings                                   | \$ 1,690,601         | \$ 77.81            | \$ 5,039,911         | \$ 111.22           | \$ 14,995,969        | \$ 77.96            | \$ 3,022,189         | \$ 83.71            | \$ 1,669,696         | \$ 42.76            |
| Retail Centers                                     | 133,161              | 12.04               | 323,810              | 46.51               | 2,544,145            | 71.50               | 158,960              | 19.02               | 520,115              | 50.20               |
| <b>Total</b>                                       | <b>\$ 1,823,762</b>  | <b>\$ 55.62</b>     | <b>\$ 5,363,721</b>  | <b>\$ 102.60</b>    | <b>\$ 17,540,114</b> | <b>\$ 76.95</b>     | <b>\$ 3,181,149</b>  | <b>\$ 71.56</b>     | <b>\$ 2,189,811</b>  | <b>\$ 44.32</b>     |

## Commercial Leasing Summary - Renewal Leases

|  | 4th Quarter 2017     |                     | 3rd Quarter 2017     |                     | 2nd Quarter 2017     |                     | 1st Quarter 2017     |                     | 4th Quarter 2016     |                     |
|--|----------------------|---------------------|----------------------|---------------------|----------------------|---------------------|----------------------|---------------------|----------------------|---------------------|
| <b>Gross Leasing Square Footage</b>                |                      |                     |                      |                     |                      |                     |                      |                     |                      |                     |
| Office Buildings                                   | 49,090               |                     | 10,531               |                     | 22,026               |                     | 104,283              |                     | 64,956               |                     |
| Retail Centers                                     | 11,481               |                     | 40,780               |                     | 116,740              |                     | 47,279               |                     | 65,934               |                     |
| <b>Total</b>                                       | <b>60,571</b>        |                     | <b>51,311</b>        |                     | <b>138,766</b>       |                     | <b>151,562</b>       |                     | <b>130,890</b>       |                     |
| <b>Weighted Average Term (years)</b>               |                      |                     |                      |                     |                      |                     |                      |                     |                      |                     |
| Office Buildings                                   | 4.4                  |                     | 5.9                  |                     | 6.5                  |                     | 11.8                 |                     | 4.9                  |                     |
| Retail Centers                                     | 7.7                  |                     | 4.4                  |                     | 5.0                  |                     | 5.7                  |                     | 4.9                  |                     |
| <b>Total</b>                                       | <b>5.0</b>           |                     | <b>4.7</b>           |                     | <b>5.3</b>           |                     | <b>9.9</b>           |                     | <b>4.9</b>           |                     |
| <b>Weighted Average Free Rent Period (months)</b>  |                      |                     |                      |                     |                      |                     |                      |                     |                      |                     |
| Office Buildings                                   | 0.3                  |                     | 2.2                  |                     | 3.0                  |                     | 12.1                 |                     | 3.1                  |                     |
| Retail Centers                                     | 1.5                  |                     | —                    |                     | —                    |                     | —                    |                     | —                    |                     |
| <b>Total</b>                                       | <b>0.6</b>           |                     | <b>0.8</b>           |                     | <b>0.9</b>           |                     | <b>9.1</b>           |                     | <b>1.8</b>           |                     |
| <b>Rental Rate Increases:</b>                      | <b>GAAP</b>          | <b>CASH</b>         | <b>GAAP</b>          | <b>CASH</b>         | <b>GAAP</b>          | <b>CASH</b>         | <b>GAAP</b>          | <b>CASH</b>         | <b>GAAP</b>          | <b>CASH</b>         |
| <b>Rate on expiring leases</b>                     |                      |                     |                      |                     |                      |                     |                      |                     |                      |                     |
| Office Buildings                                   | \$ 34.21             | \$ 37.14            | \$ 47.80             | \$ 48.03            | \$ 50.64             | \$ 51.78            | \$ 46.52             | \$ 50.00            | \$ 43.31             | \$ 43.62            |
| Retail Centers                                     | 32.21                | 32.49               | 25.80                | 26.09               | 21.10                | 21.35               | 32.13                | 33.61               | 27.52                | 27.66               |
| <b>Total</b>                                       | <b>\$ 33.86</b>      | <b>\$ 36.34</b>     | <b>\$ 30.32</b>      | <b>\$ 30.59</b>     | <b>\$ 25.79</b>      | <b>\$ 26.18</b>     | <b>\$ 42.03</b>      | <b>\$ 44.88</b>     | <b>\$ 35.36</b>      | <b>\$ 35.58</b>     |
| <b>Rate on new leases</b>                          |                      |                     |                      |                     |                      |                     |                      |                     |                      |                     |
| Office Buildings                                   | \$ 34.14             | \$ 32.60            | \$ 56.91             | \$ 55.80            | \$ 58.15             | \$ 55.54            | \$ 58.13             | \$ 50.05            | \$ 46.84             | \$ 44.18            |
| Retail Centers                                     | 37.18                | 36.07               | 26.49                | 26.28               | 23.43                | 23.21               | 37.10                | 35.64               | 30.27                | 29.81               |
| <b>Total</b>                                       | <b>\$ 34.67</b>      | <b>\$ 33.20</b>     | <b>\$ 32.74</b>      | <b>\$ 32.34</b>     | <b>\$ 28.94</b>      | <b>\$ 28.34</b>     | <b>\$ 51.57</b>      | <b>\$ 45.56</b>     | <b>\$ 38.49</b>      | <b>\$ 36.94</b>     |
| <b>Percentage Increase</b>                         |                      |                     |                      |                     |                      |                     |                      |                     |                      |                     |
| Office Buildings                                   | (0.2)%               | (12.2)%             | 19.1%                | 16.2%               | 14.8%                | 7.3%                | 25.0%                | 0.1%                | 8.1%                 | 1.3%                |
| Retail Centers                                     | 15.4%                | 11.0%               | 2.7%                 | 0.7%                | 11.1%                | 8.7%                | 15.5%                | 6.0%                | 10.0%                | 7.8%                |
| <b>Total</b>                                       | <b>2.4%</b>          | <b>(8.6)%</b>       | <b>8.0%</b>          | <b>5.7%</b>         | <b>12.2%</b>         | <b>8.3%</b>         | <b>22.7%</b>         | <b>1.5%</b>         | <b>8.9%</b>          | <b>3.8%</b>         |
|  | <b>Total Dollars</b> | <b>\$ per Sq Ft</b> | <b>Total Dollars</b> | <b>\$ per Sq Ft</b> | <b>Total Dollars</b> | <b>\$ per Sq Ft</b> | <b>Total Dollars</b> | <b>\$ per Sq Ft</b> | <b>Total Dollars</b> | <b>\$ per Sq Ft</b> |
| <b>Tenant Improvements</b>                         |                      |                     |                      |                     |                      |                     |                      |                     |                      |                     |
| Office Buildings                                   | \$ 687,818           | \$ 14.01            | \$ 126,994           | \$ 12.06            | \$ 279,990           | \$ 12.71            | \$ 9,703,224         | \$ 93.05            | \$ 1,068,629         | \$ 16.45            |
| Retail Centers                                     | —                    | —                   | —                    | —                   | 22,800               | 0.20                | 111,925              | 2.37                | 56,940               | 0.86                |
| <b>Subtotal</b>                                    | <b>\$ 687,818</b>    | <b>\$ 11.36</b>     | <b>\$ 126,994</b>    | <b>\$ 2.47</b>      | <b>\$ 302,790</b>    | <b>\$ 2.18</b>      | <b>\$ 9,815,149</b>  | <b>\$ 64.76</b>     | <b>\$ 1,125,569</b>  | <b>\$ 8.60</b>      |
| <b>Leasing Commissions</b>                         |                      |                     |                      |                     |                      |                     |                      |                     |                      |                     |
| Office Buildings                                   | \$ 303,570           | \$ 6.18             | \$ 89,452            | \$ 8.49             | \$ 196,926           | \$ 8.94             | \$ 2,981,750         | \$ 28.59            | \$ 735,713           | \$ 11.33            |
| Retail Centers                                     | 38,753               | 3.38                | 32,754               | 0.80                | 59,431               | 0.51                | 137,765              | 2.91                | 120,858              | 1.83                |
| <b>Subtotal</b>                                    | <b>\$ 342,323</b>    | <b>\$ 5.65</b>      | <b>\$ 122,206</b>    | <b>\$ 2.38</b>      | <b>\$ 256,357</b>    | <b>\$ 1.85</b>      | <b>\$ 3,119,515</b>  | <b>\$ 20.58</b>     | <b>\$ 856,571</b>    | <b>\$ 6.54</b>      |
| <b>Tenant Improvements and Leasing Commissions</b> |                      |                     |                      |                     |                      |                     |                      |                     |                      |                     |
| Office Buildings                                   | \$ 991,388           | \$ 20.19            | \$ 216,446           | \$ 20.55            | \$ 476,916           | \$ 21.65            | \$ 12,684,974        | \$ 121.64           | \$ 1,804,342         | \$ 27.78            |
| Retail Centers                                     | 38,753               | 3.38                | 32,754               | 0.80                | 82,231               | 0.71                | 249,690              | 5.28                | 177,798              | 2.69                |
| <b>Total</b>                                       | <b>\$ 1,030,141</b>  | <b>\$ 17.01</b>     | <b>\$ 249,200</b>    | <b>\$ 4.85</b>      | <b>\$ 559,147</b>    | <b>\$ 4.03</b>      | <b>\$ 12,934,664</b> | <b>\$ 85.34</b>     | <b>\$ 1,982,140</b>  | <b>\$ 15.14</b>     |

## 10 Largest Tenants - Based on Annualized Commercial Income

December 31, 2017

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

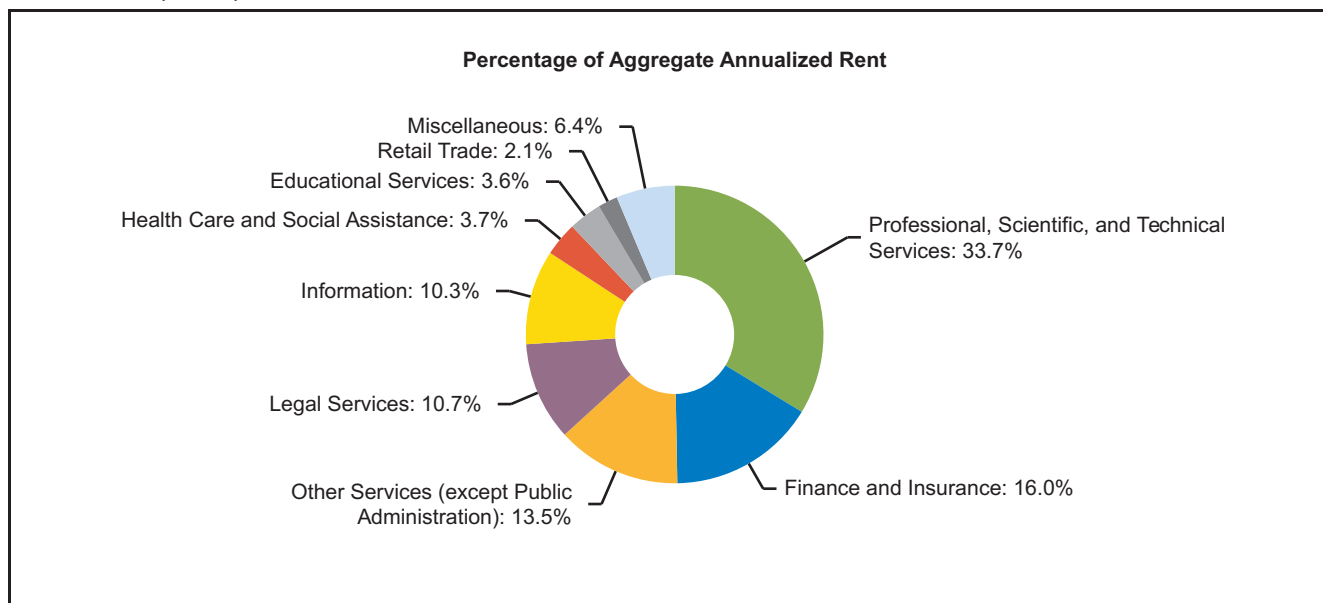
<sup>(1)</sup> The weighted average remaining lease term for Blank Rome LLP's space includes the effect of a master lease agreement, under which another tenant will assume the majority of Blank Rome LLP's space for an additional 12 months.

## Industry Diversification - Office

December 31, 2017

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

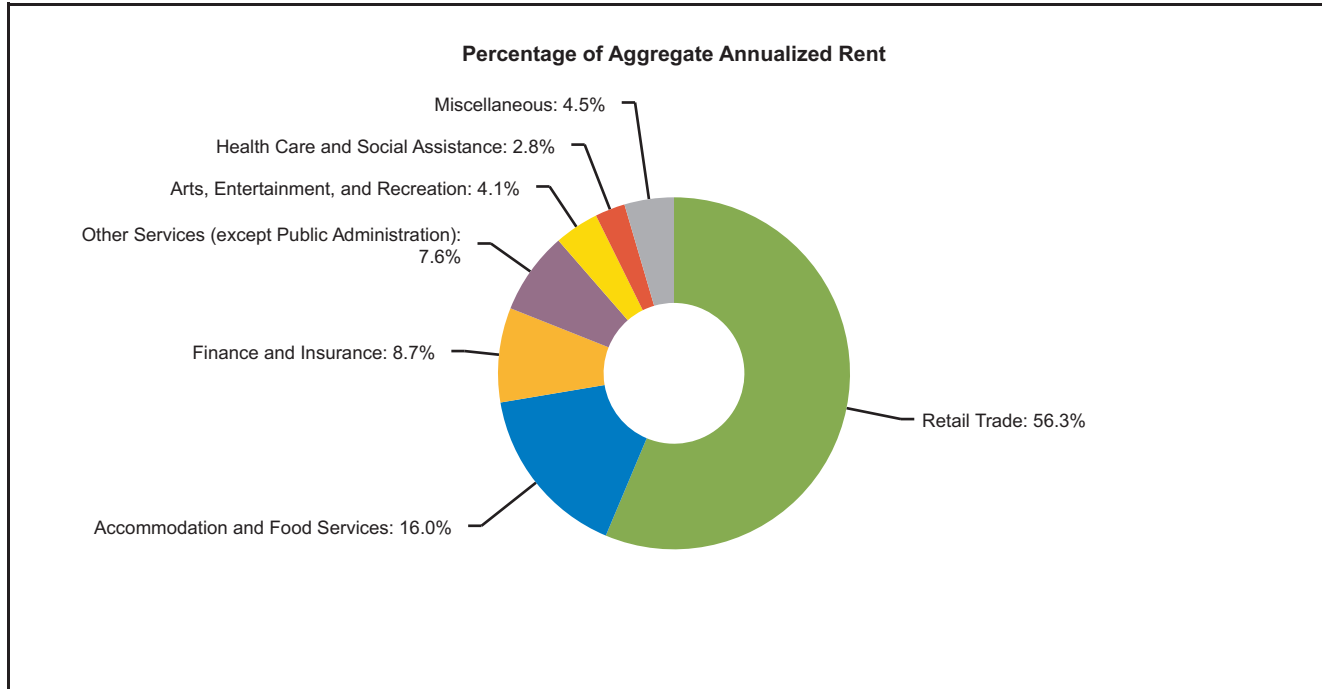
Note: Federal government tenants comprise up to 1.3% of annualized base rental revenue.



## Industry Diversification - Retail

December 31, 2017

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





## Lease Expirations

December 31, 2017

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

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

## Schedule of Properties

December 31, 2017

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

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

## Schedule of Properties

December 31, 2017

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

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

## Schedule of Properties

December 31, 2017

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

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

## Supplemental Definitions

December 31, 2017

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

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

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

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

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

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

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

**NAREIT Funds from operations ("NAREIT FFO")** is defined by National Association of Real Estate Investment Trusts, Inc. ("NAREIT") in an April, 2002 White Paper as net income (computed in accordance with generally accepted accounting principles ("GAAP") excluding gains (or losses) associated with sales of property, impairment of depreciable real estate and real estate depreciation and amortization. We consider NAREIT FFO to be a standard supplemental measure for equity real estate investment trusts ("REITs") because it facilitates an understanding of the operating performance of our properties without giving effect to real estate depreciation and amortization, which historically assumes that the value of real estate assets diminishes predictably over time. Since real estate values have instead historically risen or fallen with market conditions, we believe that NAREIT FFO more accurately provides investors an indication of our ability to incur and service debt, make capital expenditures and fund other needs. Our FFO may not be comparable to FFO reported by other real estate investment trusts. These other REITs may not define the term in accordance with the current NAREIT definition or may interpret the current NAREIT definition differently. NAREIT FFO is a non-GAAP measure.

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

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

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

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

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

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

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

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