



WASH★REIT

SUSTAINABILITY

2017–2018

washreit.com

Transforming environmentally and socially responsible strategies into sustainable actions that deliver value to our tenants, shareholders, and communities.



LETTER TO OUR STAKEHOLDERS

Sustainable and efficient properties deliver significant value to our tenants and shareholders.

With this report, I'm pleased to highlight our recent ESG achievements and delineate the additional commitments WashREIT will be making over the short and long term. The stories, statistics, and programs presented throughout this report demonstrate our commitment to provide sustainable, efficient, and healthy spaces for our tenants and residents. In a nutshell, tenants in the DC Metro region demand high performance properties and WashREIT meets this demand by unlocking economic, social, and environmental value for all of our stakeholders.

Over the past decade, we have evolved from implementing targeted sustainability initiatives to establishing a comprehensive ESG program focused on delivering substantial results. Our team has demonstrated superior ESG performance by achieving the GRESB Green Star recognition for the past three years. Our property teams have also been implementing more creative ways to engage tenants in our sustainability mission. We have kicked off our first composting programs, installed urban rooftop gardens and beehives, and run energy reduction competitions. Our tenants and residents are key to our success and we are taking steps to formalize this cooperation at the earliest stages in the tenant-landlord relationship by implementing standard green lease clauses. In June 2017, WashREIT was recognized by DOE and IMT as a Green Lease Leader and we have executed 240,000 square feet of new green leases since the beginning of 2017. We have also maintained our commitment to our local communities by donating over 2,500 service hours and have completed several high-impact service projects. In addition, we have established a wellness committee to develop programs to support the total health—physical, mental, and financial—of our employees, including both corporate and field staff.

As policymakers in the area have demonstrated, the DC Metro region is a sustainability and climate change leader. And as a leader in energy management ourselves, WashREIT is committed to doing our part to achieve our regional goals. We are therefore pleased to announce the establishment of long-term energy and carbon reduction targets. We aim to reduce energy consumption and greenhouse gas emissions 20% by 2025. We have previously established year-to-year property-level goals, but recognize that making a durable, portfolio-wide commitment creates additional value through scale, strategy, and collaboration. Our targets are ambitious, but with the proper allocation of capital and personnel we believe they are achievable and will contribute to reducing operational costs and risk.

I encourage our stakeholders to review and celebrate the achievements described further in this report and to know that we possess the ambition and rigor to continue progressing on our ESG commitments. We intend to embrace the opportunity posed by this challenge and look forward to updating you on our progress.

A handwritten signature in black ink, appearing to read "Paul T. McDermott".

Paul T. McDermott, President and CEO

Corporate Overview

WashREIT owns and operates uniquely positioned real estate assets in the Washington D.C. market. Backed by decades of experience, expertise, and ambition, we create value by transforming insights into strategy and strategy into action.

Our portfolio of 48 properties includes more than 6.1 million square feet of commercial space and 4,268 multifamily apartment units. Our shares trade on the NYSE and our company currently has an enterprise value exceeding \$3 billion.

With a track record of driving returns and delivering satisfaction, we are a trusted authority in one of the nation's most competitive real estate markets.

48

properties



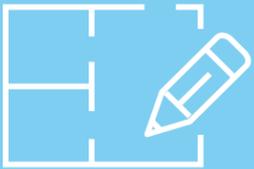
4,268

multifamily apartment units



6.1M

square feet of commercial space



\$3B

enterprise value trading on the NYSE



Sustainability Strategy

WashREIT invests in sustainable solutions across our portfolio of office, retail, and multifamily properties. With decades of sustainability and efficiency expertise, we've proven a commitment to operating high-performing properties that serve our tenants, investors, and communities in a responsible manner. Because of the unique challenges posed by climate change, we embrace uncommon solutions for increasing asset value, mitigating risks, and preparing for future market demands. We establish portfolio-wide standards and execute property-specific solutions.



Key Performance Indicators



2.5k
HOURS
company-sponsored
community service

2.8M
SQUARE FEET
LEED certified space

office portfolio is:
66%
LEED certified
67%
ENERGY STAR certified

240k
SQUARE FEET
green leases
executed

3.9M
SQUARE FEET
ENERGY STAR
certified space



65 GRESB
SCORE
OUT OF 100
3 GRESB
Green
Star
YEARS

1.6
MW
Demand Response
Capacity



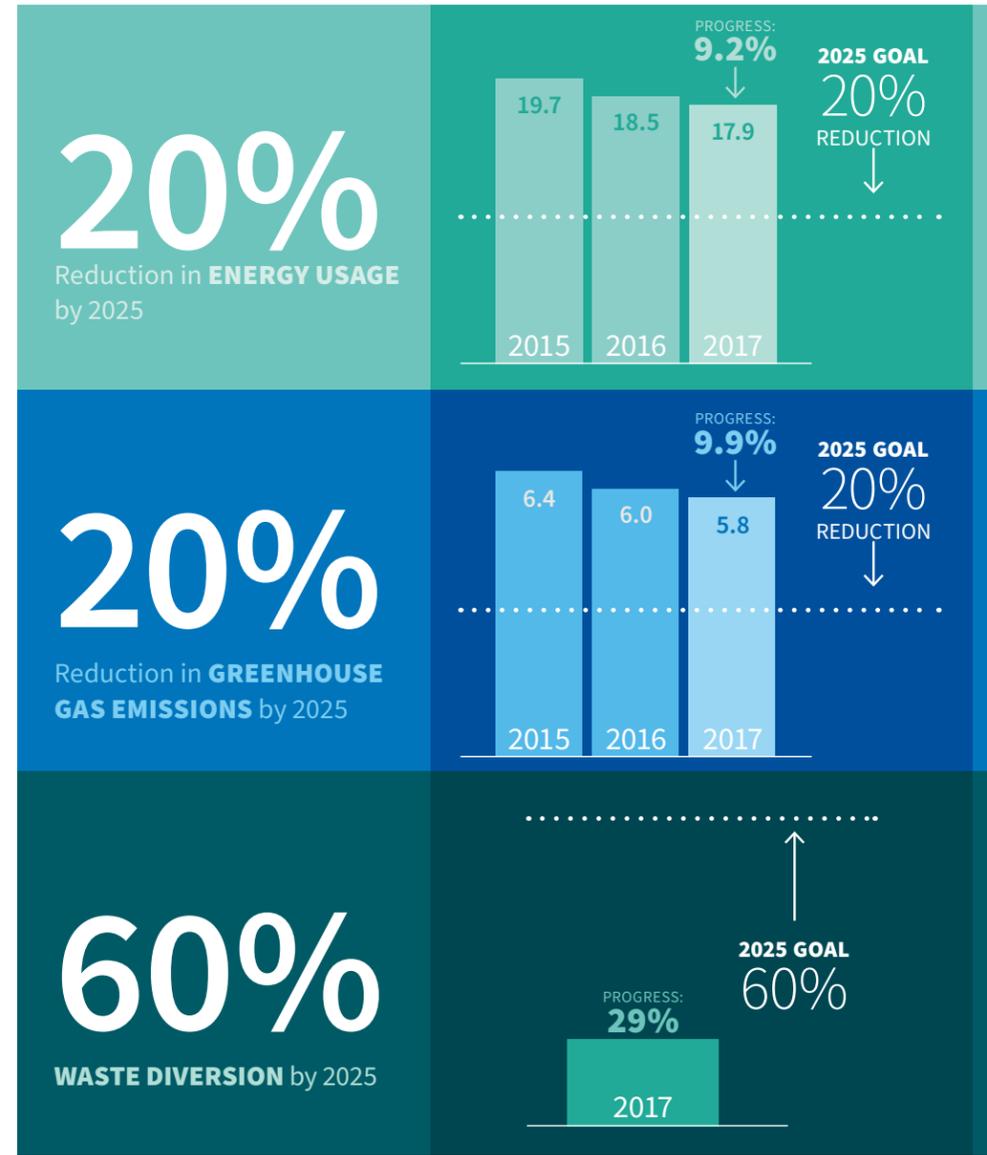
40k
POUNDS
of electronics waste
recycled

5.5k
POUNDS
of organic waste
composted



Goals & Progress

Because WashREIT is committed to the efficient and sustainable operation of our properties over the entire lifespan of our ownership, we are establishing energy, greenhouse gas, and waste reduction targets to continue driving year-over-year improvement. We set a base year of 2015 because this aligns with the first full year of operations under our revamped energy management and sustainability regime. To account for an evolving portfolio of properties, we report energy consumption and greenhouse gas emissions on a per square foot basis. We believe data coverage is critical, and therefore collect consumption data for as much of our portfolio as available, which means our targets cover spaces for which WashREIT does not have direct operational or financial control. In these cases, we work with our tenants and residents to encourage their cooperation in contributing to reductions. These targets ensure that our teams will continue to deliver operational excellence across the portfolio. Our progress through 2017 is shown here.



Energy

WashREIT takes a comprehensive approach to energy management at our properties, actively pursuing strategies to optimize all aspects of energy consumption, demand, and cost within our control through programs including:

- **Energy Intelligence Software:** We have Enel X meters and software in place across the entire office portfolio to view each property's load profile in real time. The system's analytics provide site-specific recommendations to better control energy consumption and demand.
- **Benchmarking:** All properties are benchmarked in ENERGY STAR Portfolio Manager—including energy, water, and waste data—to compare performance across the portfolio and track changes over time. In 2018, properties totaling 3.9 million square feet demonstrated superior energy efficiency performance and achieved ENERGY STAR certification.
- **Demand Response:** 94% of our office portfolio participates in demand response, curtailing energy loads during times of grid stress. In 2018, we nominated and delivered 1.6 MW of power capacity to the grid.
- **Energy Audits:** At all properties, we perform an annual in-house energy assessment, with our on-site teams conducting a review of building performance and searching for additional efficiency opportunities. We supplement these assessments with third-party energy audits at select properties to evaluate and prioritize the strategic allocation of capital to energy savings projects.
- **Energy Supply:** In locations with deregulated markets, we execute electricity and natural gas contracts with third-party suppliers to take advantage of market conditions and align supply rates with our operational approach.
- **Utility Bill Management:** We use a utility bill management system to automatically flag consumption anomalies, confirm proper billing of expenses, and ensure that each account is on the most cost effective rate class.



ENERGY PROJECT SPOTLIGHT

Energy Audit at 1776 G Street

An energy audit was performed at 1776 G Street in January 2017 to review current equipment and operations. The property is a 280,000 square foot commercial office building originally constructed in 1978 with eight floors and an open interior atrium, and is located one block from the White House. After debriefing on the audit report's findings, our engineering and property management team implemented certain recommended energy conservation measures, such as:

- Programmed building automation controls for cooling tower operation to improve fan staging, increase off-hour temperature setbacks, and account for outdoor wet-bulb temperature conditions
- Installed variable frequency drives on two 40 horsepower condenser water pumps
- Reprogrammed air handlers to reset supply air temperature based on return air temperatures
- Implemented a more efficient morning warm-up and cool-down sequence of operations
- Replaced existing fluorescent lamps in the building atrium and garage with LED bulbs

In the 18 months since the audit, these measures have resulted in a seven-point increase in the building's ENERGY STAR score, a 252,000 kWh reduction in annual energy consumption, and a 50% decrease in tenant comfort complaints.



properties totaling

3.9M
SQUARE FEET
ENERGY STAR
certified



Green Buildings

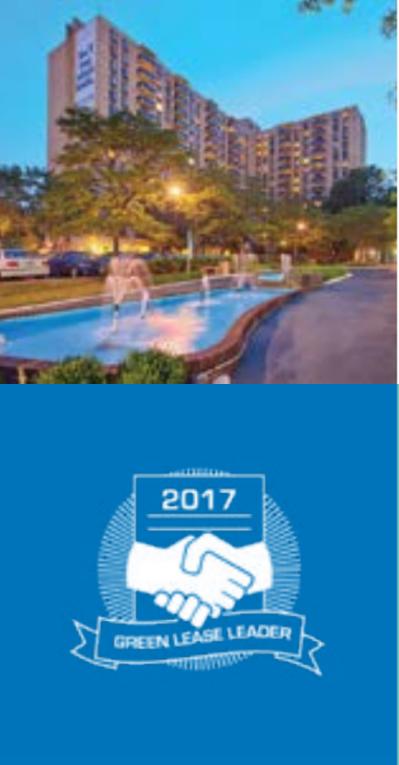
WashREIT operates all of our properties with sustainability goals in mind in order to ensure that our building occupants are working and living in efficient and healthy spaces. The U.S. Green Building Council’s LEED for Existing Buildings rating system is the industry standard for establishing sustainable practices for commercial building operation. In addition to using the rating system to certify properties throughout our portfolio, 100% of the office portfolio is operated according to the LEED-EB standard. This means that our property teams and service providers are cooperating to implement uniform practices for sustainable cleaning, pest management, exterior maintenance, and waste management. WashREIT has been supporting USGBC’s mission as a corporate member since 2013.

WashREIT owns and operates 2.8 million square feet of LEED certified properties. By floor area, 66% of the office portfolio is LEED certified. Additionally, 1.3 million square feet of new construction is currently pursuing LEED for Building Design and Construction.

We have also embraced USGBC’s Arc platform to continuously monitor sustainability performance of our properties and have begun using this platform to demonstrate ongoing sustainability excellence and achieve LEED recertification.



2.8M
SQUARE FEET
LEED certified



240K
SQUARE FEET
New green office leases

Tenant Engagement

In order to align our sustainability priorities with tenant activity, we have implemented green leasing standards for our office leases. In 2017, WashREIT was recognized by IMT and DOE as a Green Lease Leader. This award confirms that we have implemented leasing practices to align sustainability priorities between tenants and landlord. Since the beginning of 2017, we have executed more than 240,000 square feet of new green office leases.

Additionally, our property teams have been implementing creative ways to make our sustainability mission more visible to our building occupants and visitors. For example, at the Army Navy Club Building, a boutique office building located a few blocks from the White House, we installed a 700 square foot raised bed garden and a beehive on the roof. The bees help to pollinate the garden and the nearby urban landscape, and the produce grown in the garden doesn’t travel very far. The chefs in the restaurant of the Army Navy Club request what we plant—including tomatoes, salad greens, herbs, edible flowers, sweet peppers, Thai chilies, and more—and use the produce in their menu. These projects are a highlight of any event at the building’s rooftop amenity space and are a great way for us to showcase a unique and sustainable use of otherwise unused building space.



700
SQUARE FEET
Raised bed garden



Waste

In 2017, we conducted waste audits at all properties in our office portfolio to obtain better data on each building's waste streams and recycling diversion performance. We were able to identify opportunities to work with our building staff, occupants, and janitorial and waste hauler partners to improve performance. Ultimately, our goal is to reduce the amount of waste ending up in landfills and to ensure proper disposal of various waste materials. To this end, we have programs in place to handle specialized waste, such as electronics, lamps, batteries, and durable goods. All waste data is tracked and benchmarked with ENERGY STAR Portfolio Manager.

We also recently kicked off our first composting programs. We are piloting the program at one office and one multifamily property. Tenants and residents have been very excited about the program, and in just a few months we've diverted several tons of food and other organic waste from landfills to be turned into nutrient rich soil at a nearby farm. The soil is then being used for landscaping at each property.



86%
Waste Diversion Rate

PROJECT CASE STUDY Waste Improvements in Our Office

After learning about the building-wide waste audit results, our corporate employees were inspired to further reduce our waste output. A team identified a handful of initiatives to increase the percentage of waste diverted from landfills, including:

- Composting organic waste
- Improved signage
- Educating on acceptable items for each waste stream
- Replacement of desk-side trash bins to encourage recycling as the default

WashREIT employees then volunteered to participate in a follow-up waste audit and got hands-on to sort and weigh our trash and recycling materials. The audit confirmed that these simple efforts paid off, with the diversion rate improving from 60% to 86%.



Transportation

WashREIT is committed to owning and operating properties that are part of urban and walkable communities. Currently, 78% of our properties are located within urban and/or metro-centric locations.

We support our residents, tenants, and customers commuting to our properties by all modes, and encourage methods other than single occupancy vehicles. For bikers, we have installed bike storage and repair stations and built shower facilities, and we've worked with groups like the Tysons Partnership to bring bikeshare to new parts of the region. For drivers of electric vehicles, we have installed chargers at numerous properties, and our new development projects are designed to include charging infrastructure. For properties that are not directly accessible by transit options, we provide shuttle services to metro stations. And we have also installed monitors in building lobbies to provide tenants with a real-time snapshot of local transportation options. Building tenants and visitors can view nearby metro, bus, carshare, and bikeshare data to make informed transit decisions.

office portfolio averages

WALK SCORE

80.1

VERY WALKABLE

Most errands can be accomplished on foot

TRANSIT SCORE

63.6

GOOD TRANSIT

Many nearby public transportation options

BIKE SCORE

66.5

BIKEABLE

Some bike infrastructure

Health & Wellness

In 2018, WashREIT kicked off a wellness program to promote a culture of total wellness to improve long-term employee physical, mental, and financial well-being to build a better, healthier company. Following a survey of employee's health needs and preferences, WashREIT's wellness committee collaborated on a number of events to promote total well-being including:

- **Brown Bag Challenge:** Encouraged employees to pack their lunches to promote healthy eating habits and create awareness of the high cost of purchasing lunch every day.
- **Walk with a Leader:** Various leaders throughout the company hosted urban walks to give employees the opportunity to personally connect with the leader and learn about the real estate market, while getting active and enjoying some fresh air and natural light.
- **Step Challenge:** All employees were provided with a personal fitness tracker to participate in a daily step challenge to encourage employees to be more active with some interdepartmental competition.
- **Know Your Numbers:** This campaign provided employees with confidential biometric screenings and online health assessments to create awareness of key health factors so employees can keep their numbers within a healthy range or work to improve them.



Governance & Ethics

WashREIT is committed to robust corporate governance. Our eight member Board of Trustees (the “Board”) has responsibility for broad corporate policy and oversight of management to enhance long-term shareholder value.

All of the members of the Board, with the exception of WashREIT’s Chairman, President & Chief Executive Officer, are “independent,” as that term is defined in the NYSE listing standards. The Board annually elects one of its trustees as Chairman of the Board. The Board has concluded that WashREIT should maintain a Board leadership structure in which either the Chairman or a lead trustee is independent under the rules of the NYSE. As a result, the Board adopted a Corporate Governance Guideline setting forth this policy. The Board’s current Chairman is the Chief Executive Officer and is not independent under the NYSE rules. Accordingly, the Board has appointed a Lead Independent Trustee.

The Board is committed to a diversified membership and maintains a policy with regard to consideration of diversity in identifying trustee nominations. The Board defines diversity in its Corporate Governance Guidelines in terms of gender, ethnicity, experience and expertise.

The Board encourages interested parties, including employees and shareholders, to contact it directly regarding matters of concern or interest. The Board provides a process for shareholders and other interested parties to send communications to the entire Board or to any of the trustees by writing to:

Corporate Secretary

Washington Real Estate Investment Trust
1775 Eye Street, N.W., Suite 1000
Washington, D.C. 20006

WashREIT’s most recent Proxy Statement, which includes biographies of the members of the Board, is available on our website, www.washreit.com, under the heading “Investor” and subheading “Proxy Materials.”

CODE OF ETHICS

WashREIT expects all of its trustees, officers and employees to adhere strictly and at all times to the highest ethical and professional standards and to transact business in full compliance with all federal, state, and local laws and regulations. WashREIT has adopted a Code of Ethics and Business Conduct (the “Code of Ethics”) that applies to all of its trustees, officers and employees. Each person subject to the Code of Ethics is required to read and certify their understanding of the Code of Ethics and covenant to comply with all requirements set forth therein.

The Code of Ethics is available on our website, www.washreit.com, under the heading “Investor” and subheading “Corporate Overview—Corporate Governance.”

For any employee wishing to report a violation of the Code of Ethics or any other ethical, legal or other violations, the Code of Ethics provides instructions for making such reports. Such reports may be made anonymously, if desired.

The logo for WashREIT, featuring the word "WASH" in a large, white, sans-serif font, followed by a white star symbol, and then the word "REIT" in a smaller, white, sans-serif font.

1775 Eye Street, NW, Suite 1000, Washington, DC 20006

www.washreit.com