WASHINGTON REAL ESTATE INVESTMENT TRUST
Form DEF 14A
March 28, 2014

SCHEDULE 14A
(RULE 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant ý
Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement
o Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
ý Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Under Rule 14a-12

Washington Real Estate Investment Trust
(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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1. Amount previously paid:
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3. Filing Party:
4. Date Filed:

WASHINGTON REAL ESTATE INVESTMENT TRUST
6110 Executive Boulevard, Suite 800
Rockville, Maryland 20852
Telephone 301-984-9400
Facsimile 301-984-9610
Website www.writ.com

March 28, 2014

Dear Shareholder,

You are cordially invited to attend the Annual Meeting of Shareholders of Washington Real Estate Investment Trust to be held on Thursday, May 15, 2014. A formal Notice of the meeting and a Proxy Statement describing the proposals to be considered and voted upon are enclosed.

The Board of Trustees has nominated two individuals for election as trustees at the meeting and recommends that shareholders vote in favor of their election. In addition to the election of the trustees, we are recommending your ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2014. Lastly, with respect to executive compensation matters, we are recommending your approval of our executive compensation program in a non-binding advisory vote.

Regardless of the number of shares you own, your vote is important. Please read the Proxy Statement, then complete, sign and return your Proxy Card in the enclosed envelope. You may also authorize a proxy to vote via telephone or the Internet. Just follow the instructions on the enclosed card.

Best Regards,

/s/ Charles T. Nason
Charles T. Nason
Chairman of the Board

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be Held on May 15, 2014
This Proxy Statement and our 2013 Annual Report to Shareholders are available at http://www.edocumentview.com/wre.

WASHINGTON REAL ESTATE INVESTMENT TRUST
NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

March 28, 2014

Notice is hereby given that the Annual Meeting of Shareholders of Washington Real Estate Investment Trust, a Maryland real estate investment trust (“Washington REIT,” “we” or “us”), will be held at the office of Arent Fox LLP at 1717 K Street, NW, Washington, D.C. on Thursday, May 15, 2014, at 8:30 a.m., for the following purposes:

1. To elect two trustees to serve until the annual meeting of shareholders in 2017 and until their successors are duly elected and qualify;
2. To consider and vote upon ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2014;
3. To consider and vote on a non-binding, advisory basis upon the compensation of the named executive officers as disclosed in this Proxy Statement pursuant to Item 402 of Regulation S-K; and
4. To transact such other business as may properly come before the meeting.

The trustees have fixed the close of business on March 14, 2014, as the record date for determining holders of shares entitled to notice of and to vote at the Annual Meeting.

Our Annual Report, Proxy Statement and a Proxy Card accompany this Notice.

You are requested, whether or not you plan to be present at the Annual Meeting, to sign and promptly return the Proxy Card. Alternatively, you may authorize a proxy to vote by telephone or the Internet, if you prefer. To do so, you should follow the instructions on the Proxy Card.

By order of the Board of
Trustees:

/s/ Laura M. Franklin
Laura M. Franklin
Corporate Secretary

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WASHINGTON REAL ESTATE INVESTMENT TRUST
6110 Executive Boulevard, Suite 800
Rockville, Maryland 20852

PROXY STATEMENT

General

This Proxy Statement is furnished by the Board of Trustees (the "Board") of Washington Real Estate Investment Trust, a Maryland real estate investment trust ("Washington REIT," "we" or "us"), in connection with its solicitation of proxies for exercise at the Annual Meeting of Shareholders to be held on May 15, 2014, and at any and all postponements or adjournments thereof. On or about March 28, 2014, we mailed a Shareholder Meeting Notice (including an Important Notice Regarding the Availability of Proxy Materials) to shareholders of record as of the close of business on March 14, 2014. This Proxy Statement, the form of Proxy and our Annual Report are first being furnished to shareholders on or about March 28, 2014.

Voting Matters

All properly executed proxies will be voted in accordance with the instructions contained therein. If no instructions are specified, proxies will be voted FOR the election of the trustee nominees listed on the Proxy Card, FOR the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2014 and FOR approval of the compensation of our named executive officers as disclosed in this Proxy Statement pursuant to Item 402 of Regulation S-K. All proxies will be voted in the discretion of the proxy holders on any other matter to come before the meeting, unless otherwise instructed on the Proxy Card.

Abstentions and broker non-votes, if any, are counted for purposes of determining the presence or absence of a quorum for the transaction of business at the Annual Meeting. A broker non-vote occurs when a broker holding shares for a beneficial owner does not authorize a proxy to cast a vote with respect to a particular proposal because the broker does not have discretionary voting power with respect to that matter and has not received voting instructions from the beneficial owner. The treatment of abstentions and broker non-votes and the vote required to approve each proposal are set forth under each proposal below under the caption "Voting Matters." You may revoke your proxy at any time prior to its exercise at the Annual Meeting by submitting, to the Corporate Secretary, a duly executed Proxy Card bearing a later date or by attending the Annual Meeting and voting in person or signing a written revocation of the Proxy Card.

If you hold your shares in "street name" (that is, through a broker or other nominee), you should instruct your broker or nominee how to vote your shares by following the directions provided by your broker or nominee.

Our voting securities consist of common shares of beneficial interest, $0.01 par value per share ("common shares"), of which 66,624,498 common shares were outstanding at the close of business on March 14, 2014. Washington REIT has no other outstanding voting security. Each common share outstanding as of the close of business on March 14, 2014 will be entitled to one vote. The presence in person or by proxy of shareholders entitled to cast a majority of all the votes entitled to be cast at the Annual Meeting on any matter will constitute a quorum at the Annual Meeting. Shareholders do not have cumulative voting rights.

BOARD OF TRUSTEES AND MANAGEMENT

Board and Committee Matters

General

The Board currently consists of nine trustees divided into three classes of three trustees each. We currently have one vacancy on the Board due to the resignation of Terence C. Golden, which occurred on March 11, 2013. The Board expects to determine to either fill such vacancy in the coming months or reduce the size of the Board to eliminate such vacancy.

The terms of the current trustees continue until the Annual Meetings to be held in 2014, 2015 and 2016, and until their successors are duly elected and qualify. At each annual meeting, trustees are elected for a term of three years and until their successors are duly elected and qualify. Washington REIT's bylaws provide that no person shall be nominated for election as a trustee after his or her 72nd birthday, except under circumstances set forth in the bylaws.

The Board has determined that all trustees, with the exception of Mr. McDermott, are "independent," as that term is defined in the applicable listing standards of the New York Stock Exchange.

The Board provides a process for shareholders and other interested parties to send communications to the entire Board or to any of the trustees. Shareholders and interested parties may send these written communications c/o Corporate Secretary, Washington Real Estate Investment Trust, 6110 Executive Boulevard, Suite 800, Rockville, Maryland 20852. All communications will be compiled by the Corporate Secretary and submitted to the Board or the trustees on a periodic basis.

All members of the Board attended the Annual Meeting in 2013. The Board does not have a formal written policy requiring trustees to attend the Annual Meeting, although trustees have traditionally attended.

The Board held ten meetings in 2013. During 2013, each incumbent trustee attended at least 75% of the total number of meetings of the Board and committees on which he or she served. Washington REIT's non-management trustees meet without management at regularly scheduled executive sessions that are presided over by Mr. Nason in his capacity as Chairman. In 2013, the Board met in executive session without the Chief Executive Officer five times.

Corporate Governance/Nominating Committee

The Corporate Governance/Nominating Committee met six times in 2013. The Corporate Governance/Nominating Committee members are Chairwoman White and Messrs. McDaniel, Russell and Winns. All members of the Corporate Governance/Nominating Committee are "independent," as that term is defined in the applicable listing standards of the New York Stock Exchange. The Corporate Governance/Nominating Committee performs the duties described in the Corporate Governance/Nominating Committee Charter adopted by the Board. The Corporate Governance/Nominating Committee Charter is available on our website, www.writ.com, and upon written request. Among other things, the Corporate Governance/Nominating Committee develops and recommends Corporate Governance Guidelines for Board approval and recommends nominees for election to the Board as outlined in the Corporate Governance/Nominating Committee Charter.

Trustee Selection Process

The Corporate Governance/Nominating Committee's process for the recommendation of trustee candidates, as it exists from time to time, is described in our Corporate Governance Guidelines. Set forth below is a summary of the process that the Corporate Governance/Nominating Committee currently utilizes for the consideration of trustee candidates. The Corporate Governance/Nominating Committee may, in the future, modify or deviate from this process in connection with the selection of a particular trustee candidate.

- The Corporate Governance/Nominating Committee develops and maintains a list of potential candidates for Board membership on an ongoing basis. Corporate Governance/Nominating Committee members and other Board members may recommend potential candidates for inclusion on such list. In addition, the Corporate Governance/Nominating Committee, in its discretion, may seek potential candidates from organizations, such as the National Association of Corporate Directors, that maintain databases of potential candidates. As well, shareholders may put forward potential candidates for the Corporate Governance/Nominating Committee's consideration by submitting candidates to the attention of the Corporate Governance/Nominating Committee at our executive offices in Rockville, Maryland. The Corporate Governance/Nominating Committee screens all potential candidates in the same manner regardless of the source of the recommendation.

- The Corporate Governance/Nominating Committee reviews the attributes, skill sets and other qualifications for potential candidates (see current attributes, skill sets and other qualifications below) from time to time and may modify

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them based upon the Corporate Governance/Nominating Committee's assessment of the needs of the Board and the skill sets required to meet those needs.

- When the Corporate Governance/Nominating Committee is required to recommend a candidate for nomination for election to the Board at an annual or special meeting of shareholders, or otherwise expects a vacancy on the Board to occur, it commences a candidate selection process by reviewing all potential candidates against the current attributes, skill sets and other qualifications to determine whether a candidate is suitable for Board membership. This review may also include an examination of publicly available information and consideration of the New York Stock Exchange independence requirement, the number of boards on which the candidate serves, the possibility of interlocks, other requirements or prohibitions imposed by applicable laws, regulations or Washington REIT policies and practices, and any actual or potential conflicts of interest.

- The Corporate Governance/Nominating Committee then determines whether to remove any candidate from consideration as a result of the foregoing review. Thereafter, the Corporate Governance/Nominating Committee determines a proposed interview list from among the remaining candidates and recommends such interview list to the Board prior to direct discussion with any candidate.

- Following the Board's approval of the interview list, the Chairman of the Corporate Governance/Nominating Committee or, at his or her discretion, other trustees contact and interview the potential candidates on such list. After the completion of candidate interviews, the Corporate Governance/Nominating Committee determines a priority ranking of the potential candidates on the interview list and recommends such priority ranking to the Board.

- Following the Board's approval of the priority ranking, the Chairman of the Corporate Governance/Nominating Committee or, at his or her discretion, other trustees contact the potential candidates based on their order in the priority ranking. When a potential candidate indicates his or her willingness to accept nomination to the Board, the recommendation process is substantially complete. Subject to a final review of eligibility under Washington REIT policies and applicable laws and regulations using information supplied directly by the candidate, the Board then nominates the candidate.

The Corporate Governance/Nominating Committee's minimum qualifications and specific qualities and skills required for trustees, as they exist from time to time, are also set forth in our Corporate Governance Guidelines. Our Corporate Governance Guidelines currently provide that each trustee candidate, at a minimum, should possess the following attributes: integrity, business judgment, credibility, collegiality, professional achievement, constructiveness and public awareness. Our Corporate Governance Guidelines also provide that, as a group, the independent trustees should possess the following skill sets and characteristics: financial acumen equivalent to the level of a public company chief financial officer or senior executive of a capital market, investment or financial services firm; operational or strategic acumen germane to the real estate industry or another industry with similar characteristics; public and/or government affairs acumen; corporate governance acumen, gained through service as a senior officer or director of a publicly-owned corporation or comparable academic or other experience; and diversity in terms of both the gender and ethnicity of the individuals involved and their various experiences and areas of expertise.

Policy Regarding Diversity

The Board maintains a policy with regard to consideration of diversity in identifying trustee nominees. In October 2009, the Board revised our Corporate Governance Guidelines to add diversity as one of the five primary skill sets and characteristics that the independent trustees should possess as a group. As a result, consistent with this policy, the Corporate Governance/Nominating Committee specifically considers diversity as a factor in the selection of trustee nominees. As noted above, the Board defines diversity in our Corporate Governance Guidelines in terms of both the gender and ethnicity of the individuals involved and their various experiences and areas of expertise.

The Board and the Corporate Governance/Nominating Committee both assess the policy to be effective insofar as it has been actively incorporated into discussions of the Corporate Governance/Nominating Committee with respect to Board membership occurring since the policy was adopted.

Compensation Committee

The Compensation Committee met ten times in 2013. Compensation Committee members are Chairman Civera, Messrs. Byrnes and Russell and Ms. White. All members of the Compensation Committee are “independent,” as that term is defined in the applicable listing standards of the New York Stock Exchange. The Compensation Committee is responsible for making decisions and recommendations to the Board with respect to executive compensation. The Compensation Committee Charter is available on our website, www.writ.com, and upon written request.

Audit Committee

The Audit Committee met six times in 2013. The Audit Committee members are Chairman Byrnes and Messrs. Civera, McDaniel and Winns. Mr. Golden was a member during 2013, but resigned as a trustee effective March 11, 2013. All members of the Audit Committee are, and were during 2013, “independent,” as that term is defined in the applicable listing standards of the New York Stock Exchange. The Board has determined that each member of the Audit Committee other than Mr. Winns qualifies as an audit committee financial expert, as that term is defined in the rules of the Securities and Exchange Commission (“SEC”). The Audit Committee assists the Board in oversight of financial reporting, but the existence of the Audit Committee does not alter the responsibilities of Washington REIT's management and the independent accountant with respect to the accounting and control functions and financial statement presentation. For a more detailed description of the Audit Committee's duties and responsibilities, please refer to the “Audit Committee Report” below in this Proxy Statement. The Audit Committee Charter is available on our website, www.writ.com, and upon written request.

Board Leadership Structure

The Board has concluded that Washington REIT should maintain a Board leadership structure in which either the Chairman or a lead trustee is independent under the rules of the New York Stock Exchange. As a result, the Board adopted a Corporate Governance Guideline setting forth this policy on Board leadership. The Corporate Governance Guideline, which was originally adopted by the Board on October 22, 2009, and later updated on February 18, 2010 and May 18, 2010, is set forth below:

The Board annually elects one of its trustees as Chairman of the Board. The current Chairman of the Board is independent under the rules of the NYSE.

In the future, the Chairman of the Board may or may not be an individual who is independent under the rules of the NYSE (and may or may not be the same individual as the Chief Executive Officer). At any time that the Chairman of the Board is not an individual who is independent under the rules of the New York Stock Exchange, the Board will appoint a Lead Independent Trustee elected by the independent trustees. The Lead Independent Trustee has authority to:

- preside at all meetings of the Board at which the Chairman of the Board is not present, including executive sessions of the independent trustees;
- serve as a liaison between the Chairman of the Board and the independent trustees;
- approve information sent to the Board;
- approve meeting agendas for the Board;
- approve meeting schedules to assure that there is sufficient time for discussion of all agenda items;
- call meetings of the independent trustees; and
- if requested by major shareholders, consult and directly communicate with such shareholders.

In 2013, the Board elected Mr. Nason as Chairman. Mr. Nason is an independent trustee under the listing standards of the New York Stock Exchange.

The Board believes the leadership structure described in its Corporate Governance Guideline set forth above is appropriate because it ensures that the Board will have significant independent leadership regardless of whether, in the future, the Chairman is independent under the rules of the New York Stock Exchange.

Board Role in Risk Oversight

The Board has adopted a policy delineating the roles of the Board and its various committees in an ongoing risk oversight program for Washington REIT. As an initial matter, the Board considers actual risk monitoring and management to be a function appropriately delegated to Washington REIT management, with the Board and its committees functioning in only an oversight role. In this oversight role, the Board's policy provides that:

- the Board will coordinate all risk oversight activities of the Board and its committees, including appropriate coordination with Washington REIT's business strategy
- the Audit Committee will oversee financial reporting risk, risk relating to information technology systems and risk relating to REIT non-compliance
- the Compensation Committee will oversee financial risk, financial reporting risk and operational risk, in each case arising from Washington REIT's compensation plans

- the Corporate Governance/Nominating Committee will oversee executive succession risk and board function risk

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- the Investment Committee (which is currently comprised of all of Washington REIT's trustees) will oversee risks related to Washington REIT's acquisitions, dispositions and developments
- the Board will oversee all other risks applicable to Washington REIT, including operational, catastrophic and financial risks that may be relevant to Washington REIT's business

Under its policy, the Board also involves the Audit Committee in its risk oversight functions as required by applicable New York Stock Exchange rules.

Related Party Transactions

Washington REIT notes the following transactions involving members of the Board of Trustees:

- MedStar Health Systems is a tenant under commercial leases with Washington REIT entered into in the ordinary course of business. Mr. Civera served in a board capacity (i.e., as a director and the non-executive Chairman) with MedStar Health until November 2013, but was not an employee, executive officer or shareholder of such organization (MedStar Health is a non-profit corporation).
- Lockheed Martin Corporation is a tenant under commercial leases with Washington REIT entered into in the ordinary course of business. Mr. Winns serves as an employee of Lockheed Martin but is not an executive officer, board member or 1% shareholder of such company. In addition, payments from Lockheed Martin to Washington REIT under the leasing arrangements are significantly less than 1% of either Washington REIT's or Lockheed Martin's 2013 gross revenues.
- Pepco Holdings, Inc. is a regulated utility in the Washington, D.C. area and provides electric supply to Washington REIT's properties in the ordinary course of business. Mr. Golden (a former member of the Board of Trustees who resigned in March 2013) serves in a board capacity (i.e., as a director) with Pepco Holdings, Inc., but is not an employee, executive officer or 1% shareholder of such company.

For the specific reasons set forth above, we believe -

- Messrs. Civera and Winns are (and Mr. Golden was during his service) independent under applicable NYSE standards, and
- Messrs. Civera and Winns constitute (and Mr. Golden constituted during his service) "independent outsiders" under applicable Institutional Shareholder Services (ISS) guidance.

Trustee Compensation

General

For 2013, our non-employee trustees (other than our Chairman) received an annual retainer of $35,000 plus $1,500 per committee meeting. Our Chairman received an annual retainer of $110,000, with no additional compensation for committee meetings attended (other than for the CEO Search Committee). Our Chairman does not sit on any of our committees, but routinely attends committee meetings in the course of exercising his duties as Chairman. Our Committee Chairs also received additional retainers as follows: Audit Committee, $15,000; Corporate Governance/Nominating Committee, $11,000; Compensation Committee, $11,000; and Finance Committee, $11,000. Audit Committee members were also paid an additional retainer of $3,750. With respect to the CEO Search Committee, the members received a monthly retainer of $1,833 plus a $9,000 fee for the interviews. The CEO Search Committee Chair received a retainer of $6,000 in lieu of the monthly retainer.

In addition, on December 17, 2013, each of the non-employee trustees (including our Chairman) received an annual $55,000 common share grant, with the number of common shares determined by the closing price of the common shares on the date of grant. These common shares vested immediately but are restricted in transfer so long as the trustee serves on the Board. As a result of the foregoing, our Board members may only sell their common shares received as compensation for Board service after the conclusion of their service on the Board. We believe this transfer restriction strongly promotes the alignment of our Board members' interests with the interests of our shareholders.

Washington REIT has adopted a non-qualified deferred compensation plan for non-employee trustees which was amended and restated effective October 22, 2013. The plan allows any non-employee trustee to defer a percentage or dollar amount of his or her cash compensation and/or all of his or her share compensation. Cash compensation deferred is credited with interest equivalent to the weighted average interest rate on Washington REIT's fixed rate bonds as of December 31 of each calendar year. The non-employee trustee may alternatively elect to designate that all of his or her annual board retainer and/or all of his or her share compensation be converted into restricted share units at the market price of common shares as of the end of the applicable quarter. The restricted share units are credited with an amount equal to the corresponding dividends paid on Washington REIT's common

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shares. Upon the expiration of a trustee's term, the deferred compensation plus earnings can be paid in either a lump sum or in installments pursuant to a prior election of the trustee, with compensation deferred into restricted share units being paid in the form of shares. Upon a trustee's death, the trustee's beneficiary will receive a lump sum pay out. The plan is unfunded and payments are to be made from general assets of Washington REIT.

Trustee Compensation Table

The following table summarizes the compensation paid by Washington REIT to non-employee trustees for the fiscal year ended December 31, 2013.

(a)	(b)	(c)	(f)	(j)
Name	Fees Earned or Paid in Cash (1) ($)	Stock Awards (2) ($)	Change in Pension Value and Deferred Compensation Earnings (3) ($)	Total ($)
William G. Byrnes	$82,645	$54,996	$—	$137,641
Edward S. Civera	63,188	54,996	—	118,184
Terence C. Golden (4)	15,438	—	95	15,533
John P. McDaniel	92,438	54,996	18,401	165,835
Charles T. Nason	110,332	54,996	15,494	180,822
Thomas Edgie Russell, III	63,563	54,996	—	118,559
Wendelin A. White	87,000	54,996	2,418	144,414
Vice Adm. Anthony L. Winns (RET.)	56,750	54,996	—	111,746

(1) Includes CEO Search Committee fees as follows: Mr. Byrnes, $16,132; Mr. McDaniel, $15,000; Mr. Nason, $16,332 and Ms. White, $20,000.

(2) Aggregate options held by each non-employee trustee at December 31, 2013, are as follows: Mr. Byrnes, 0: Mr. Civera, 0; Mr. Golden, 0; Mr. McDaniel, 2,000; Mr. Nason, 2,000; Mr. Russell, 0; Ms. White, 0; and Mr. Winns, 0. Aggregate share awards to each non-employee trustee, including deferred compensation shares, as of December 31, 2013, are as follows: Mr. Byrnes, 11,465; Mr. Civera, 14,722; Mr. Golden, 9,267; Mr. McDaniel, 18,878; Mr. Nason, 18,078; Mr. Russell, 14,722; Ms. White, 14,098; and Mr. Winns, 5,297. All share awards are fully vested. See "Ownership of Common Shares by Trustees and Executive Officers" on page 12.

(3) Represents above market earnings on deferred compensation pursuant to the deferred compensation plan.

(4) Mr. Golden resigned as a trustee effective March 11, 2013.

Trustee Background

General

The following table sets forth the names and biographical information concerning each of our continuing trustees and our trustee nominees. Each of our trustee nominees currently serves as a trustee.

NAME	PRINCIPAL OCCUPATION	SERVED AS TRUSTEE SINCE	AGE	TERM EXPIRES
Continuing Trustees				
William G. Byrnes	Chairman, CapitalSource Inc.	2010	63	2016
John P. McDaniel	Retired Chief Executive Officer, MedStar Health	1998	71	2016
Paul T. McDermott	President and Chief Executive Officer, Washington REIT	2013	52	2016
Charles T. Nason	Chairman, Washington REIT; Retired Chairman, President and Chief Executive Officer, The Acacia Group	2000	67	2015
Thomas Edgie Russell, III	Retired President, Partners Realty Trust, Inc.	2006	71	2015
Vice Adm. Anthony L. Winns (RET.)	President, Middle East-Africa Region, Corporate International Business Development, Lockheed Martin Corporation	2011	58	2015
Trustees Nominees				
Edward S. Civera	Retired Chairman, Catalyst Health Solutions, Inc.	2006	63	2014
Wendelin A. White	Partner, Pillsbury Winthrop Shaw Pittman LLP	2008	61	2014

Continuing Trustees

Mr. William G. Byrnes has been a private investor since 2001. He is currently Chairman of the Board of Directors of CapitalSource Inc., a commercial lender operating principally through its subsidiary CapitalSource Bank. He founded, and was Managing Member of, Wolverine Partners, LLC, that operated MUTUALdecision, a mutual fund research business, from September 2006 to October 2012. Mr. Byrnes was co-founder of Pulpfree d/b/a BuzzMetrics, a consumer-generated media research and marketing firm, and served as its Chairman from June 1999 until its sale in September 2005. He was on the Board of Directors of LoopNet, Inc., an information services provider to the commercial real estate industry, from September 2006 until its sale in April 2012. Mr. Byrnes spent 17 years with Alex Brown & Sons, most recently as a Managing Director and head of the investment banking financial institutions group. He has been a full-time and adjunct professor and member of the Board of Regents at Georgetown University.

Mr. Byrnes brings the following experience, qualifications, attributes and skills to the Board:

- Real estate investment banking and capital markets experience from his 17 years as an investment banker with Alex. Brown & Sons
- REIT industry experience from his involvement over the last 13 years as an independent director of three publicly-traded REITs and an institutional fund focused on investing in REITs
- Retail and residential real estate industry experience from his involvement as an independent director of Sizeler Property Investors from 2002 to 2006
- Financial and accounting acumen from his 17 years in investment banking and his service as a public company director
- General familiarity with D.C. area real estate by virtue of living and working in the Washington, D.C./Baltimore corridor for 39 years

Mr. John P. McDaniel served as Chief Executive Officer of MedStar Health, a multi-institutional healthcare organization, from 1982 until his retirement in January 2008. Since August 2008, he has served as Chairman of the Hickory Ridge Group, a private healthcare consulting and facilities development organization, providing strategic advice, tactical support and access to capital to senior management in the healthcare and technology spaces to improve operations, grow enterprise value or prepare for an exit event. He is also Chairman of Hickory Ridge Capital LLC, a venture capital fund focused on early growth stage healthcare services companies, investing in technology-enabled businesses that have established a strong foundation in emerging healthcare markets. Mr. McDaniel also serves on the boards of Medifast, Inc., Wittenberg University and the Mary and Daniel Loughran Foundation. Mr. McDaniel is immediate past chairman of Washington REIT, past Chairman and current board member of the Greater Washington Board of Trade, a member and past Chairman of the Maryland State Racing Commission, a member of the Board of Heroes, Inc. and a member of the Greater Baltimore Committee. Mr. McDaniel is a Fellow of the American College of Healthcare Executives, a member of the Economic Club of Washington, a member of the National Association of Corporate Directors, and a trustee of the National Capitol Area Foundation. In the past, Mr. McDaniel has also served as a director of Georgetown University, the

Federal City Council, the Greater Baltimore Committee and 1st Mariner Bancorp. Mr. McDaniel brings the following experience, qualifications, attributes and skills to the Board:

- General business management and strategic planning experience from his 26 years as a chief executive of MedStar Health
- Medical office real estate industry experience from his involvement in real estate matters as chief executive of MedStar Health
- Financial and accounting acumen from his 26 years as chief executive of a multi-institutional healthcare organization
- Involvement in the D.C. business community, including past service as Chairman of the Greater Washington Board of Trade
- General familiarity with D.C. area real estate by virtue of living and working in the Washington, D.C./Baltimore corridor for 44 years

Mr. Paul T. McDermott was elected to the Board of Trustees and named President and Chief Executive Officer of Washington REIT in October 2013. Prior to joining Washington REIT, he was Senior Vice President and Managing Director for Rockefeller Group Investment Management Corp., a wholly owned subsidiary of Mitsubishi Estate Co., Ltd. Prior to joining The Rockefeller Group, he served from 2006 to 2010 as Principal and Chief Transaction Officer at PNC Realty Investors. Between 2002 and 2006, Mr. McDermott held two primary officer roles at Freddie Mac - Chief Credit Officer of the Multifamily Division and Head of Multifamily Structured Finance and Affordable Housing. From 1997 to 2002, he served as Head of the Washington, D.C. Region for Lend Lease Real Estate Investments. Mr. McDermott brings the following experience, qualifications, attributes and skills to the Board:

- General business management and strategic planning experience from his service as chief executive of Washington REIT and his previous service as Senior Vice President of Rockefeller Group
- Office, retail and residential real estate industry operating and investment experience from his experience as Senior Vice President of Rockefeller Group, Principal and Chief Transaction Officer at PNC Realty Investors and Chief Credit Officer of the Multifamily Division of Freddie Mac
- Office and residential development experience from his experience as Head of Washington, D.C. Region for Lend Lease Real Estate Investments
- Extensive familiarity with D.C. area real estate by virtue of living and working in the Washington, D.C. region for 52 years

Mr. Charles T. Nason is retired Chairman and Chief Executive Officer of The Acacia Group of Washington, D.C. (including Acacia Life, Acacia Federal Savings Bank and the Calvert Group LTD.), now a member company of the Ameritas Group as a result of the merger of the two organizations in 1999. He served Acacia from 1977 to 2005, including as Chief Executive Officer from 1988 to 2003. Mr. Nason is a past Chairman and director of The Greater Washington Board of Trade and the Federal City Council. He served as a director of MedStar Health from 2001 to 2010 and was a member of the Economic Club of Washington. He is also a member of the Board of Trustees of Washington and Jefferson College, and served as its Chairman from 2007 to 2010. In addition, he is a past director of The American Council of Life Insurers and past Chairman of the Insurance Marketplace Standards Association.

Mr. Nason brings the following experience, qualifications, attributes and skills to the Board:

- General business management and strategic planning experience from his 15 years as a chief executive of The Acacia Group
- Real estate investment and lending experience from his roles in supervising as chief executive The Acacia Group's real estate purchase and sale decisions and in supervising as Chairman Acacia Federal Savings Bank's real estate construction and acquisition lending
- Financial and accounting acumen from his 15 years of service as a chief executive of an insurance holding company
- Involvement in the D.C. business community, including past service as Chairman of the Greater Washington Board of Trade
- General familiarity with D.C. area real estate by virtue of living and working in the Washington, D.C. region for 26 years

Mr. Thomas Edgie Russell, III served as President of Partners Realty Trust, Inc., a private real estate company which was previously engaged in the ownership of apartments, offices, and shopping centers, from 1990 until his retirement from active involvement in 2005. Mr. Russell currently serves as a director of Good Samaritan Hospital, a healthcare facility operated by MedStar Health; the Keswick Multi-Care Center, a not-for-profit organization providing skilled nursing care, rehabilitation and adult day services; and The Robert Packard Center for ALS Research at Johns Hopkins, a not-for-profit organization. From 1988 to 1990, Mr. Russell was a director of Florida Rock Industries, a publicly traded construction materials company, prior to its being acquired by Vulcan

Properties Company in 2007, and the Chief Operating Officer of its wholly-owned subsidiary, The Arundel Corporation. He held various executive positions with The Arundel Corporation for approximately 15 years prior to its being acquired by Florida Rock, including serving as Chief Financial Officer from 1981 to 1988. Mr. Russell brings the following experience, qualifications, attributes and skills to the Board:

- General business management and strategic planning experience from his 15 years as a chief executive of Partners Realty Trust
- Office, retail and residential real estate industry experience from his involvement as a chief executive of Partners Realty Trust
- Industrial real estate development experience from his involvement as Chief Financial Officer of The Arundel Corporation, which developed industrial properties in the Washington, D.C./Baltimore corridor
- Financial and accounting acumen from his 15 years of service as a chief executive and seven years of service as a chief financial officer
- General familiarity with D.C. area real estate by virtue of living and working in the Washington, D.C./Baltimore corridor for 65 years (Mr. Russell is a Baltimore native)

Vice Adm. Anthony L. Winns (RET.) is President, Middle East-Africa Region, Corporate International Business Development, at Lockheed Martin Corporation, a position he has held since January 2013. Between October 2011 and January 2013, Mr. Winns was Vice President, International Maritime Programs, at Lockheed. Between July 2011 and October 2011, Mr. Winns was a defense industry consultant. Mr. Winns retired in June 2011 after 32 years of service in the United States Navy. He served as Naval Inspector General from 2007 to his retirement. From 2005 to 2007, Mr. Winns served as Director/Vice Director for Operations of the Joint Chiefs of Staff. Between 2003 and 2005, he was Deputy Director, Air Warfare Division for the Chief of Naval Operations. Prior to 2003, Mr. Winns served in other staff and leadership positions in Washington, D.C., including at the Bureau of Naval Personnel. He also served as commanding officer of several major commands, including the Pacific Patrol/Reconnaissance task force, the USS Essex, an amphibious assault carrier, and a naval aircraft squadron. Mr. Winns brings the following experience, qualifications, attributes and skills to the Board:

- General enterprise management and strategic planning experience from his 10 years of service as a commanding officer of various military units (including a naval vessel) and 11 years of service in senior staff positions in the Pentagon
- Government contracting experience from his three years of service managing U.S. Navy procurement programs as Deputy Director, Air Warfare Division for the Chief of Naval Operations (Washington REIT is a federal contractor and many of Washington REIT's largest tenants and potential future tenants are federal contractors)
- Washington, D.C. area defense industry experience from his 15 years of service in staff positions in the Pentagon and current service as President, Middle East-Africa Region, Corporate International Business Development, for Lockheed
- General familiarity with D.C. area real estate by virtue of living and working in the Washington, D.C. region for 19 years

Trustee Nominees

Mr. Edward S. Civera served as the Chairman of the Board of Catalyst Health Solutions, Inc., a publicly traded pharmacy benefit management company (formerly known as HealthExtras, Inc.), from 2005 until his retirement in December 2011. In 2012, he served as a senior advisor to management and the Board of Directors of Catalyst Health Solutions in connection with the sale of the company. Mr. Civera also served as Chairman of the MedStar Health System, a multi-institutional healthcare organization until his retirement from the board in November 2013. He currently serves as a trustee on the Board of Notre Dame of Maryland University. From 1997 to 2001, Mr. Civera was the Chief Operating Officer and Co-Chief Executive Officer of United Payors & United Providers, Inc. (UP&UP), a publicly-traded healthcare company that was sold in 2000. Prior to that, Mr. Civera spent 25 years with Coopers & Lybrand (now PricewaterhouseCoopers LLP), most recently as Managing Partner, focused on financial advisory and auditing services. Mr. Civera is a Certified Public Accountant. Mr. Civera has also served as a director of The Mills Corporation and MCG Capital Corporation. Mr. Civera brings the following experience, qualifications, attributes and skills to the Board:

- General business management and strategic planning experience from his ten years as a public company chief executive or chairman at UP&UP and Catalyst Health Solutions
- REIT industry experience from his involvement as an independent director of The Mills Corporation from 2005 to 2006 leading its reorganization and sale as Chairman of the Special Committee and Executive Committee
- Medical office real estate industry experience from his involvement in real estate matters as Chairman of MedStar Health

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- Financial and accounting acumen from his 25 years in public accounting and his service as a public company chief executive
- General familiarity with D.C. area real estate by virtue of living and working in the Washington, D.C./Baltimore corridor for 25 years

Ms. Wendelin A. White is a partner at Pillsbury Winthrop Shaw Pittman LLP ("Pillsbury"), where she has practiced law since 1981. Ms. White is a former member of Pillsbury's Managing Board and Compensation Committee and is currently the head of the firm's Washington, D.C. real estate practice group. In each of the past seven years, Ms. White has been ranked by Chambers USA as a leading real estate attorney in the District of Columbia. She is also included in U.S. News - Best Lawyers and Washington Post - Super Lawyers and in 2005 was named by Washington Business Journal as the top real estate transactional attorney in the Washington, D.C. region. Ms. White concentrates her practice on acquisitions and dispositions, development, financing, and joint ventures, including public-private partnerships, involving commercial properties in various industry segments: office, multi-family, retail, hotel and mixed use. Ms. White sits on the boards of Chevy Chase Trust Company and MedStar Georgetown University Hospital, is the General Counsel of the Economic Club of Washington and the Secretary of the International Women's Forum - Washington, D.C., and serves on the Advisory Board, and is Past President, of Commercial Real Estate Women of Washington, D.C. Ms. White brings the following experience, qualifications, attributes and skills to the Board:

- Real estate transactional experience from her involvement in numerous purchase and sale, financing, joint venture, leasing, workout and other real estate transactions in her 33 years as a real estate attorney with Pillsbury and its predecessors
- REIT industry experience from her past and current representation of other REITs in her law practice at Pillsbury and its predecessors

- General legal experience from her 33 years as an attorney with Pillsbury and its predecessors
- Involvement in the D.C. business community, including current service as General Counsel of the Economic Club of Washington and past service as President of CREW
- General familiarity with D.C. area real estate by virtue of living and working in the Washington, D.C. region for 33 years

Management Background

The following table contains information regarding our officers (other than our President and Chief Executive Officer, Mr. McDermott, who is listed above).

NAME OF EXECUTIVE OFFICER	AGE	POSITION
William T. Camp	51	Executive Vice President and Chief Financial Officer
Laura M. Franklin	53	Executive Vice President Accounting, Administration and Corporate Secretary
James B. Cederdahl	55	Senior Vice President, Property Operations
Thomas C. Morey	42	Senior Vice President and General Counsel
Thomas L. Regnell	57	Senior Vice President and Managing Director, Office Division
NAME OF OFFICER	AGE	POSITION
Paul S. Weinschenk	48	Managing Director and Vice President, Retail Division
Edward J. Murn	46	Managing Director, Residential Division

Mr. William T. "Bill" Camp joined Washington REIT in November 2008 as Executive Vice President and Chief Financial Officer - Elect and was elected to Executive Vice President and Chief Financial Officer on March 3, 2009. Prior to joining Washington REIT, he was Vice President, Assistant Director of Equities at Wachovia Securities, LLC where he was one of the lead portfolio managers overseeing the investment of approximately $7 billion. Prior to the merger between Wachovia Securities, LLC and A.G. Edwards & Sons, Inc. in October 2007, Mr. Camp served as Assistant Director of Equity and Fixed Income Research at A.G. Edwards from 2004. Previously, Mr. Camp served five years as Vice President, REIT Research Group Leader and seven years as a Senior Public Finance Investment

Banker, also with A.G. Edwards.

Ms. Laura M. Franklin joined Washington REIT in August 1993 as Assistant Vice President, Finance. In 1995, she was named Vice President, Chief Accounting Officer and Corporate Secretary of Washington REIT. Ms. Franklin was named Senior Vice President, Accounting, Administration and Corporate Secretary in May 2002 and was promoted to Executive Vice President in June 2007. Prior to joining Washington REIT, she was employed by CohnReznick (formerly The Reznick Group), specializing in audit and tax services for real estate clients. Ms. Franklin formerly served on the NAREIT Best Financial Practices Council and was a director of KEEN USA and KEEN Greater DC, a non-profit organization that provides recreational opportunities for children and young adults with mental and physical disabilities. Ms. Franklin is a Certified Public Accountant.

Mr. James B. Cederdahl was promoted to Senior Vice President, Property Operations in May 2012. Previously, he had served as Managing Director, Property Management since January 2006. He joined Washington REIT as Senior Property Manager in August 1994 and was promoted to Director in 1999. Between 1984 and 1994, he performed management and leasing operations for a portfolio consisting of both retail and office buildings at Gates, Hudson, & Associates.

Mr. Thomas C. Morey joined Washington REIT in October 2008 as Senior Vice President and General Counsel. Prior to joining Washington REIT, he served in a business role as Chief Operating Officer of Medical Funding Services, Inc., a provider of financial and administrative services to healthcare companies, from February 2006 to September 2008. Previously, Mr. Morey was a corporate partner with Hogan & Hartson LLP, a multi-national law firm (now known as Hogan Lovells), where he focused on capital market transactions, mergers and acquisitions, strategic investments and general business matters for national and regional office, retail, residential, lodging and other REITs. From 1997 to 1998, Mr. Morey was a corporate attorney with Jones Day in Dallas, Texas. Mr. Morey is a member of the Board of Directors of the Maryland Chamber of Commerce and also serves on the Executive Committee of the Maryland Chamber of Commerce.

Mr. Thomas L. Regnell joined Washington REIT in January 1995 as Vice President, Acquisitions. Mr. Regnell was named Managing Director, Acquisitions in 2001 and was promoted to Senior Vice President, Acquisitions in October 2007. In November 2012, Mr. Regnell assumed responsibilities as head of our Office Division and currently serves as Senior Vice President and Managing Director, Office Division. From 1992 through 1994, Mr. Regnell served as an Investment (Acquisitions) Officer with Federal Realty Investment Trust. Previously, Mr. Regnell was a Vice President with Spaulding & Slye Company, a real estate development, brokerage and management company.

Mr. Edward J. Murn, IV, joined Washington REIT in April 2013 as Managing Director, Residential Division. Prior to joining Washington REIT, he was Director of Development at The Tower Companies from September 2008 to March 2013, where he was responsible for metro DC area projects including The Blairs, White Flint Mall, and Tower Oaks. His previous experience was as Vice President of Multifamily Development and Team Leader at Kettler, Inc. from 2004 to 2008; as Director of Acquisitions & Development, Northeast Investment Group at Archstone-Smith Trust from 2001 to 2004; and as Director of Capital Markets at Charles E. Smith Residential Realty, Inc. from 2000 to 2001. Mr. Murn began his professional career as a banker with Citizens Bank of Maryland and First Horizon Construction Lending. Mr. Murn is an active member of the Urban Land Institute and Johns Hopkins Real Estate Forum.

Paul S. Weinschenk, LEED AP, joined Washington REIT in February 2013 as Managing Director and Vice President, Retail Division. Prior to joining Washington REIT, he was Vice President, Retail at The Peterson Companies, a leading Washington, D.C.-based retail development company, for 16 years since 1997. Prior to that, Mr. Weinschenk worked for three years at Apple South, Inc. from 1994 to 1997 acquiring real estate for the company in a five-state area. He also worked for the Chase Manhattan Bank, N.A. in its Owned Real Estate Department from 1992 to 1994. Mr. Weinschenk's professional career began as an architect working for Dewberry. Mr. Weinschenk is an active member of the International Council of Shopping Centers (ICSC), currently serving as State Director for Maryland, Northern Virginia and the District of Columbia.

There are no family relationships between any trustee and/or executive officer. There are no reportable related-party transactions between any members of management and Washington REIT.

Ownership of Common Shares by Trustees and Executive Officers

The following table sets forth certain information concerning all common shares beneficially owned as of March 14, 2014 by each trustee, by each of the NEOs (as defined in “Executive Compensation” below) and by all trustees and executive officers as a group. Unless otherwise indicated, the voting and investment powers for the common shares listed are held solely by the named holder and/or the holder's spouse.

NAME	SHARES OWNED (1)(2)	PERCENTAGE OF TOTAL
William G. Byrnes	32,548	0.05%
William T. Camp	69,547	0.10%
James B. Cederdahl	22,379	0.03%
Edward S. Civera	25,669	0.04%
Laura M. Franklin	94,917	0.14%
John P. McDaniel	26,731	0.04%
Paul T. McDermott	21,000	0.03%
Charles T. Nason	45,530	0.07%
Thomas L. Regnell	72,307	0.11%
Thomas Edgie Russell, III	18,177	0.03%
Wendelin A. White	14,703	0.02%
Vice Adm. Anthony L. Winns (RET.)	5,523	0.01%
All Trustees and Executive Officers as a group (13 persons)	485,153	0.73%

(1) Includes common shares subject to options exercisable within 60 days, as follows: Mr. McDaniel, 2,000; Mr. Nason, 2,000; and all trustees and executive officers as a group, 4,000.

(2) Includes common shares issuable, pursuant to vested restricted share units, upon the person's volitional departure from Washington REIT, as follows: Mr. Byrnes, 10,927; Mr. Camp, 10,491; Mr. Cederdahl, 3,150; Ms. Franklin, 10,799; Mr. Nason, 6,865; Mr. Regnell, 5,371; Mr. Russell, 6,865; Ms. White, 9,543; Mr. Winns, 5,523; and all trustees and executive officers as a group, 74,905.

Ownership of Common Shares by Certain Beneficial Owners

Washington REIT, based upon Schedules 13G filed with the SEC, believes that the following persons currently beneficially own more than five percent of the outstanding common shares.

NAME	SHARES OWNED	PERCENTAGE OF TOTAL
The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355	8,641,741 (1)	13.0%
Thornburg Investment Management Inc. 2300 North Ridgetop Road Sante Fe, NM 87506	5,723,233 (2)	8.6%
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	5,411,871 (3)	8.1%
Vanguard Specialized Funds - Vanguard REIT Index Fund 100 Vanguard Blvd. Malvern, PA 19355	4,495,931 (4)	6.7%
T. Rowe Price Associates, Inc. 100 East Pratt Street Baltimore, MD 21202	4,228,620 (5)	6.3%

(1) Based upon Schedule 13G/A filed February 12, 2014. These securities are owned by various individual and institutional investors for which The Vanguard Group, Inc. serves as investment adviser with power to direct investments and/or power to vote the securities.

(2) Based upon Schedule 13G filed January 21, 2014.

(3) Based upon Schedule 13G/A filed January 31, 2014.

(4) Based upon Schedule 13G/A filed February 4, 2014.

(5) Based upon Schedule 13G filed February 12, 2014. These securities are owned by various individual and institutional investors for which T. Rowe Price Associates, Inc. (Price Associates) serves as investment adviser with power to direct investments and/or power to vote the securities. For the purposes of the reporting requirements of the Securities Exchange Act of 1934, Price Associates is deemed to be a beneficial owner of such securities; however, Price Associates expressly disclaims that it is, in fact, the beneficial owner of such securities.

EXECUTIVE COMPENSATION
Compensation Discussion and Analysis
CD&A Executive Summary

The objectives of our executive compensation program are -

- to allow Washington REIT to attract and retain talented executives
- to provide incentives to achieve various financial performance objectives and strategic initiatives, and
- to link compensation to shareholder results by rewarding competitive and superior performance.

The Compensation Committee designed our compensation program to reward the achievement of specific annual and long-term goals by providing the majority of compensation in the form of variable pay based on financial performance. The Compensation Committee believes this design motivates performance consistent with Washington REIT's short- and long-term business objectives.

The Compensation Committee undertook the following actions with respect to the short-term incentive plan ("STIP") -

- Established challenging STIP guideline target performance levels for 2013 for Core FFO per share, Core FAD per share and same-store NOI growth of $1.83, $1.46 and 0.9%, respectively
  - ¡ Core FFO and FAD per share guideline target performance levels reflect adjustments by the Compensation Committee for the actual timing of the medical office division sale and related reinvestment of proceeds, because the timing of these events was significantly outside of the control of management
  - ¡ the STIP guideline target performance levels were not adjusted to reflect the ongoing slowdown in the Washington, D.C. area commercial real estate industry
- Recognized final STIP Core FFO per share, Core FAD per share and same-store NOI growth performance levels of $1.79, $1.27 and -0.4%, respectively
  - ¡ in recognition of such financial performance, the Compensation Committee determined a combined score for the financial goals (60% weighting) portion of the STIP at a level of 1.0 (on a scale of 1 to 3, with 3 being the highest level of achievement)
  - ¡ the 1.0 score for the aggregate financial goals was the lowest possible level of achievement which still permitted a payout under the STIP

The Compensation Committee undertook the following actions with respect to the long-term incentive plan ("LTIP") -

- Determined a 1.0 score (on a scale of 1 to 3, with 3 being the highest level of achievement) with respect to the strategic plan fulfillment goal for the three-year performance period which ended at year end 2013
  - ¡ in making such determination, the Compensation Committee recognized (among other factors) management’s achievement of two entire division sales during the three-year period, representing approximately one-third of Washington REIT’s real estate portfolio
  - ¡ the 1.0 score for the strategic plan fulfillment goal portion of the LTIP was the lowest possible level of achievement which still permitted a payout under the LTIP
- Á consistent with the LTIP terms, no awards were made with respect to the relative or absolute total shareholder return (TSR) portions of the LTIP

The Compensation Committee determined 2013 salary levels to be the same as 2012. As a result, there were no executive officer salary raises in 2013.

Lastly, the Board adopted the following policies in 2013:

- a "clawback" policy (see "Additional Executive Compensation Matters - Clawback Policy" below)
- a hedging prohibition policy (see "Additional Executive Compensation Matters - Hedging Prohibition Policy" below")

Compensation Objectives and Peer Group Analysis

Washington REIT's executive compensation program primarily consists of base salary, the short-term incentive plan (the "STIP") and the long-term incentive plan (the "LTIP"). The STIP consists of annual cash and restricted share awards. The LTIP consists of awards of unrestricted shares and restricted shares. The objectives of our executive compensation program are to -

- allow Washington REIT to attract and retain talented executives
- provide incentives to achieve various financial performance objectives and strategic initiatives, and
- link compensation to shareholder results by rewarding competitive and superior performance.

The Compensation Committee designed our compensation program to reward the achievement of specific annual and long-term goals by providing the majority of compensation in the form of variable pay that is based on financial performance. The Compensation Committee believes this design motivates performance consistent with Washington REIT's short- and long-term business objectives.

In developing our executive compensation program, the Compensation Committee established the following compensation guidelines:

- executive base salaries should generally approximate the median, but there should also be flexibility to address particular individual circumstances that might require a different result, and
- total direct compensation should approximate the 75th percentile of the peer group in circumstances where management has achieved “top level performance” in operational performance and strategic initiatives.

For the 2011 - 2013 period, the Compensation Committee used the 20-company peer group set forth below for comparative purposes in determining future executive compensation. Due to Washington REIT's unique property-type diversification and geographic focus, it is difficult to build a peer group that matches Washington REIT's exact business model. The Compensation Committee's comparison was based on survey data compiled by FPL Associates L.P., in its capacity as an independent consultant serving the Compensation Committee. FPL Associates L.P. compared the compensation of Washington REIT's named executive officers listed on page 31 (NEOs) to the compensation of similarly situated executives employed by companies in the NAREIT compensation survey and the 20-company peer group. The companies in the selected group vary in size, both smaller and larger than Washington REIT, but were recommended by FPL Associates L.P. as appropriate comparable companies based on their approximate size and the complexity of their real estate businesses. The 20-company peer group set forth below was also utilized for the relative total shareholder return component of the LTIP.

Brandywine Realty Trust	Eastgroup Properties, Inc.	Home Properties Inc.	PS Business Parks, Inc.
Corporate Office Properties Trust	Equity One Inc.	Lexington Realty Trust	Realty Income Corporation
Cousins Properties Incorporated	Federal Realty Investment Trust	Liberty Property Trust	Regency Centers Corporation
DCT Industrial Trust Inc.	First Potomac Realty Trust	National Retail Properties, Inc.	Saul Centers, Inc.
Duke Realty Corporation	Highwoods Properties Inc.	Post Properties, Inc.	Weingarten Realty Investors

FPL Associates L.P.'s data compared the compensation of Washington REIT officers based on base salary and total direct compensation, which included base salary, annual incentive compensation and an annualized present value of long-term incentive compensation. The Compensation Committee considers the amount and mix of base and variable compensation by referencing, for each executive level and position, the prevalence of each element and the level of compensation that are provided in the market based on the FPL Associates L.P. comparison analysis.

The Compensation Committee takes into account current financial performance in its evaluation of executive compensation. In particular, the Compensation Committee takes into account current financial performance in determining the payouts of short-term and long-term incentives.

Base Salary

The Compensation Committee reviews and approves salary recommendations annually. For 2013, the Compensation Committee determined base salaries based on the considerations described above. In particular, the Compensation Committee, acting in consultation with FPL Associates L.P., elected to maintain 2012 levels for base salaries of the Chief Executive Officer, the two Executive Vice Presidents and the three Senior Vice Presidents. As a result, the 2013 base salaries determined by the Compensation Committee were $500,000 for the Chief Executive Officer, $350,000 for each of the two

Executive Vice Presidents and $288,000 for each of the three Senior Vice Presidents. These salary levels, when they were set in 2012, were intended to ensure that executive salaries generally approximate the median of the peer group. Based on the fair value of equity awards granted to the NEOs in 2013 and the base salary of the NEOs, salary accounted for approximately 40% of the total compensation of the NEOs while incentive and other compensation accounted for approximately 60% of the total compensation.

Short-Term Incentive Plan (STIP)

Plan Summary

Under the STIP as it existed in 2013, executives were provided the opportunity to earn awards, payable 50% in cash and 50% in restricted shares, based on achieving various performance objectives within a one-year performance period (except for a portion of such restricted share awards equivalent to 15% of an executive's base salary which were exclusively service-based). Each executive's total award opportunity under the STIP, stated as a percentage of base salary, for the achievement of threshold, target and high performance requirements is set forth in the table below:

		Cash Component (50%)			Restricted Share Component (50%)		
		Threshold	Target	High	Threshold	Target	High
President and Chief Executive Officer (1)	Performance-based	58%	113%	195%	43%	98%	180%
	Service-based	—%	—%	—%	15%	15%	15%
Executive Vice President	Performance-based	48%	93%	160%	33%	78%	145%
	Service-based	—%	—%	—%	15%	15%	15%
Senior Vice President	Performance-based	35%	65%	115%	20%	50%	100%
	Service-based	—%	—%	—%	15%	15%	15%

(1) These percentages reflect the standard percentages under the STIP with respect to the CEO position. With respect to Mr. McKenzie only for the year 2013, please refer to “Departing CEO Compensation Agreements.”

STIP performance was evaluated on the following performance goals and weightings:

Financial Goals (60%)

- Core funds from operations (FFO) per share
- Core funds available for distribution (FAD) per share
- Same-store net operating income (NOI) growth

Our performance under these metrics was judged by the Compensation Committee in the aggregate and their aggregate weighting equaled 60%. The specific guideline target, threshold and high levels underlying the aggregate financial performance goals were set by the Compensation Committee within the first 90 days of the one-year performance period (taking into account input from the Board and the Chief Executive Officer). At the completion of the one-year performance period, fulfillment of our financial performance goals was evaluated in the aggregate by the Compensation Committee in its discretion (taking into account input from the Board and a written presentation on satisfaction of such financial performance goals provided by the Chief Executive Officer). At the conclusion of the performance period, the Compensation Committee evaluated aggregate financial goal performance on a scale of 1 (threshold), 2 (target) or 3 (high). The Compensation Committee's evaluation included an assessment of our absolute performance, our performance relative to other companies in our industry, the challenges faced by us and/or the positive external circumstances that may have beneficially impacted our performance. If achievement of the aggregate financial goal performance fell below threshold level (i.e., rated by the Compensation Committee below a level of 1), the portion of the award that was dependent on aggregate financial goal performance would not be paid.

Core FFO per share is calculated by adjusting FFO per share for (1) gains or losses on extinguishment of debt, (2) costs related to the acquisition of properties, (3) severance expense related to corporate reorganization and related to the CEO's retirement, and (4) property impairments not already excluded from FFO, as appropriate. Core FAD per share is calculated by adjusting FAD per share for (1) cash 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 the CEO's retirement, and (4) property impairments not already excluded from FAD, as appropriate. Core FFO per share and Core FAD per share under the STIP are interpreted to exclude the impact of the two-class method as defined in generally accepted accounting

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

FFO per share has wide acceptance as a reported measure of REIT operating performance. FFO per share is equal to a REIT's net income, excluding gains or losses from sales of property, impairment of depreciable real estate and real estate depreciation and amortization. FAD per share is calculated by subtracting from FFO per share (1) recurring expenditures, tenant improvements and leasing costs that are capitalized and amortized and are necessary to maintain our properties and revenue stream, and (2) straight line rents, then adding (3) non-real estate depreciation and amortization, (4) non-cash fair value interest expense, and (5) amortization and expensing of restricted share and unit compensation and adding or subtracting (6) non-cash gain/loss on extinguishment of debt, as appropriate, and (7) the amortization of lease intangibles, as appropriate.

Acquisition/Disposition (20%) and Individual Goals (20%)

•Strategic acquisition/disposition activity

•Individual objectives

At the completion of the one-year performance period, fulfillment of the foregoing goals was evaluated (1) with respect to strategic acquisition/disposition activity, by the Compensation Committee in its discretion, taking into account input from the Board and a written presentation on strategic acquisition/disposition activity provided by the Chief Executive Officer (this goal carried a 20% weighting), and (2) with respect to individual objectives, by the Compensation Committee in its discretion with respect to the Chief Executive Officer and by the Chief Executive Officer in his discretion with respect to all other executives (this goal also carried a 20% weighting). At the conclusion of the one-year performance period, the Compensation Committee or Chief Executive Officer, as applicable, evaluated performance on a scale of 1 (threshold), 2 (target) or 3 (high). If achievement of an acquisition/disposition or individual goal fell below threshold level, the portion of the award that was dependent on the acquisition/disposition or individual goal would not be paid.

The financial, acquisition/disposition and individual performance goals were re-evaluated on an annual basis as to their appropriateness for use in subsequent annual programs under the STIP based on any potential future changes in Washington REIT business goals and strategy. Any modification was approved by the Compensation Committee and Board.

With respect to the 50% of the STIP award payable in restricted shares, the restricted shares (i) vest over a three-year period commencing on the January 1 following the end of the one-year performance period (or, in the case of the service-based restricted shares component, on January 1 of the one-year performance period), (ii) consisted of a number of shares determined by dividing the dollar amount payable in restricted shares by the closing price per share on such January 1 (or, in the case of the service-based restricted shares component, on January 1 of the one-year performance period) and (iii) were issued within 2 1/2 months of the end of the one-year performance period (or, in the case of the service-based restricted shares component, as of January 1 of the one-year performance period). The restricted shares were awarded out of and in accordance with Washington REIT's 2007 Omnibus Long Term Incentive Plan. Washington REIT pays dividends currently on the restricted shares described in this paragraph. Because performance-based restricted shares under the STIP were only issued after the one-year performance period had ended, no dividends were paid on performance-based restricted shares until the actual performance had been achieved. If, during the three-year vesting period for the restricted shares described in the previous paragraph, the executive's employment is terminated by Washington REIT without Cause, or the executive resigns for Good Reason, retires, dies or becomes subject to a Disability while employed by Washington REIT, or a Change in Control occurs, the restricted shares awarded under the STIP would immediately vest. “Retire” in this context means to resign after reaching age 65 or after reaching age 55 and working at Washington REIT for at least 20 years. “Cause,” “Good Reason,” Disability” and “Change of Control” have the meanings set forth in the STIP.

With respect to the 50% of the award payable in cash under the STIP, 100% of such cash portion was payable within 2 1/2 months of the end of the performance period. The executive could elect to defer 100% of the cash portion pursuant to Washington REIT's Deferred Compensation Plan for Officers. If the executive made such election, the cash was converted to restricted share units and Washington REIT would match 25% of deferred amounts in restricted share units.

The executive was required to be employed on the last day of the performance period to receive a performance-based STIP award, subject to the following exceptions. If during the performance year, the executive's employment was terminated by Washington REIT without Cause, or the executive resigned for Good Reason, retired, died or became subject to a Disability while employed by Washington REIT, the executive would receive an award under the STIP calculated based upon actual results for the full one-year performance period, but the award would be prorated based on the period of employment during the one-year performance period through the date of such event and the portion of the award paid in restricted shares would immediately vest. If a Change in Control occurred during the one-year performance period, the performance goals under the STIP would be prorated based on the period of time during the one-year performance period through the date of the Change in Control, the executive would receive a performance-based award under the STIP that was prorated based on the period of employment during the one-year performance period through the date of the Change in Control and the portion of the award paid in restricted shares would immediately vest.

2013 STIP Determinations by Compensation Committee

In the case of Core FFO per share, Core FAD per share and same-store NOI growth objectives, management proposed guidelines for measuring threshold, target and high performance levels based on Washington REIT's business projection and budget materials. These guidelines were then extensively reviewed by the Compensation Committee and subsequently approved. As originally approved by the Compensation Committee at the beginning of 2013, the Core FFO per share and Core FAD per share guideline targets were $1.86 and $1.49, respectively. At the time that these guidelines were approved, however, management was in the process of initiating a strategically-desirable sale of its medical office division and a related reinvestment of the proceeds. The Compensation Committee determined that the exact timing of these events were beyond the control of management, but would directly affect the Core FFO per share and Core FAD per share guidelines (because, depending upon the particular timing of the sale of medical office assets and related reinvestment, Washington REIT could have significantly greater or smaller Core FFO per share and Core FAD per share). As a result, the Compensation Committee determined, at the time the guidelines were initially approved, to adjust the Core FFO per share and Core FAD per share guidelines based on the final timing of the sale and reinvestment, as determined by the Compensation Committee at the end of the year. For the avoidance of doubt, the Core FFO per share and Core FAD per share guidelines were not adjusted to reflect the ongoing slowdown in the Washington, D.C. area commercial real estate industry.

The resulting guidelines for each of the financial goals across threshold, target, and high performance levels under the STIP (and reflecting the medical office sale and reinvestment timing adjustments noted above) are presented in the table below, along with the 2013 actual results:

	Threshold	Target	High	Final Results Recognized by the Committee
Core FFO per share	$1.74	$1.83	$1.92	$1.79
Core FAD per share	$1.39	$1.46	$1.53	$1.27
Same-store NOI growth	(2.3)%	0.9%	4.2%	(0.4)%

In making its assessment of the performance of financial goals, the Compensation Committee noted that actual performance on one goal was below the guideline target performance level, but actual performance on the two other goals were above the guideline threshold performance level. In recognition of such performance, the combined score for the financial goals (60% weighting) portion of the STIP was determined by the Compensation Committee at a level of 1.0 (on a scale of 1 to 3, with 3 being the highest level of achievement). The 1.0 score for the aggregate financial goals was at the lowest possible level which permitted a payout. Although the Compensation Committee has the ability to subjectively adjust its scoring of the satisfaction of the financial goals in light of factors directly outside the executives' control (e.g., market based conditions), in arriving at the score for this portion of the STIP, the Compensation Committee made no such adjustments or positive consideration to account for what was widely considered to be an extensively challenged commercial real estate environment in Washington, D.C. for Washington REIT due to federal budget uncertainty.

In the case of the strategic acquisition/disposition activity goal (20% weighting), the Compensation Committee reviewed the level of Washington REIT activity in this area over the course of 2013. In particular, the Committee noted that in 2013 management initiated a sale of the medical office division, but did not complete the reinvestment of proceeds from such sale. As a result, the Compensation Committee assessed management's acquisition/disposition activity to be below target level of performance, and awarded an achievement level of 1.0 (on a scale of 1 to 3, with 3 being the highest level of achievement). Similar to the financial goals, the 1.0 score for the strategic acquisition/disposition activity goal was at the lowest possible level which still permitted a payout.

In the case of individual objectives, the objectives were set by the participant's supervisor or, in the case of the Chief Executive Officer, by the Compensation Committee. The participant's supervisor or, in the case of the Chief Executive Officer, the Compensation Committee determined each participant's actual accomplishment compared to the objectives for such participant. For 2013, the individual objectives for each NEO were as follows:

- Mr. McDermott began his service as Washington REIT's chief executive on October 1, 2013, and did not participate in the STIP in 2013. His compensation arrangements are described more fully under "New CEO Compensation Arrangements."

- Mr. McKenzie ended his service as Washington REIT's chief executive on September 30, 2013. His STIP participation and specialized individual objectives are set forth under "Departing CEO Compensation Arrangements."

- Mr. Camp's objectives included (i) managing the team responsible for the medical office division, analyzing offers and alternatives to optimize sales strategy and monitoring credit line and senior notes compliance, (ii) managing review of the medical office sales proceeds reinvestment and managing the due diligence team to ensure successful underwriting, (iii) determining retention, NOI and occupancy goals for the office and medical office divisions and completing a restructuring of the office division, (iv) working with the office division to foster higher client service, tenant retention and internal and external teamwork, and various other staffing matters, and (v) professional development activity, including expanding his knowledge in critical processes of the firm and industry relationships.

- Ms. Franklin's objectives included (i) financial/tax activity, including coordinating timely SEC and regulatory filings, ensuring operational and financial controls and assisting with tax matters related to the medical office division sale, (ii) organizational and administration activity, including matters related to the medical office division sale, launching an accounts receivable initiative, ensuring readiness for impact of new healthcare laws, and supporting the Board and its committees, and (iii) technology activity, including customer retention system implementation.

- Mr. Cederdahl's objectives included (i) leading the property management, engineering, energy and environmental, and construction and architecture groups in support of the medical office sale and related reinvestment, (ii) growing antenna revenue, establishing a specialty leasing division, managing operational expenses, increasing tenant satisfaction and retention, and prioritization of income-generating capital expenditures, (iii) industry leadership through taking a more active role in various organizations and growing Washington REIT's sustainability initiatives, and (iv) various administrative and coordination activities among the groups reporting to Mr. Cederdahl.

- Mr. Regnell's objectives included (i) providing guidance and support to the medical office division sale, (ii) completion of acquisitions in order to achieve the reinvestment of the medical office division sale, (ii) operational activity, including implementation of an asset management model, leasing vacancies, achieving targeted net operating income and maintaining satisfactory tenant retention, (iii) industry leadership through outreach and representation at industry organizations, and (iv) fostering teamwork within the office division, mentoring the office division team to improve customer focus and various personnel matters.

The actual payout amounts for 2013 under the STIP are presented in the Summary Compensation Table and related footnotes within this Proxy Statement.

At the request of the Compensation Committee, an internal audit was performed to review management's calculations for the STIP to confirm that they comply with the STIP. This internal audit was then presented to the Compensation Committee for its review and acceptance.

Revised 2013 STIP for Departing CEO

The STIP was amended, with respect to Mr. McKenzie only, for the year 2013. Such amendments related to the performance goals, weightings and award opportunities under the STIP for 2013. For a complete description, please refer to "Departing CEO Compensation Arrangements."

Future STIP Modification

On March 27, 2014, the Compensation Committee amended the STIP as follows (which will be effective in 2014) -

- The performance goals and weightings of the STIP will be revised as follows -
  Financial goals will have a 75% weighting (rather than 60%, as the STIP previously provided), comprised of the following three metrics -
  Core FFO per share
  Core FAD per share, and
  Same-store NOI growth.
  Individual goals will have a 25% weighting.
  As a result, there will no longer be a strategic acquisition/disposition activity goal (which, under the previous STIP, had been weighted at 20%).

- With respect to the restricted shares component of the STIP award, there will no longer be a service-based portion equivalent to 15% of an executive's base salary. As a result, the entire restricted shares component of each STIP award (which constitutes 50% of each annual STIP award) will be performance-based. As a further result, the entire restricted shares component of each STIP award will (i) vest over a three-year period commencing on the January 1 following the end of the one-year performance period, (ii) consist of a number of shares determined by dividing the dollar amount payable in restricted shares by the closing price per share on such January 1 and (iii) be issued within 2 1/2 months of the end of the one-year performance period. Washington REIT will continue to pay dividends currently on the restricted shares described in this paragraph. Because the performance-based restricted shares under the STIP will only be issued after the one-year performance period has ended, no dividends will be paid on performance-based restricted shares until the actual performance had been achieved.

The remaining components of the previous STIP (for example, treatment upon termination, treatment upon Change of Control and evaluation mechanisms for goal fulfillment) will generally be maintained.

Long-Term Incentive Plan (LTIP)

Plan Summary

Under the LTIP, executives were provided the opportunity to earn awards, payable 50% in unrestricted shares and 50% in restricted shares, based on achieving various performance objectives within a three-year performance period (commencing on January 1, 2011 and concluding on December 31, 2013). Each executive's total award opportunity under the LTIP, stated as a percentage of base salary, for the achievement of threshold, target and high performance requirements is set forth in the table below:

	Threshold	Target	High
President and Chief Executive Officer	80%	150%	270%
Executive Vice President	50%	95%	170%
Senior Vice President	40%	80%	140%

For comparison purposes to long-term incentive plans of other companies, the percentages in the table at left reflect annualized percentages. In order to calculate awards at the conclusion of the three-year performance period, these percentages will be multiplied by three to account for each year in the performance period.

For purposes of calculating award payouts at the conclusion of the three-year performance period, the level of salary was determined for each executive as of January 1, 2011. Notwithstanding the foregoing, Mr. McKenzie's salary, for purposes of calculating awards under the LTIP, was deemed to be $500,000 (reflecting the Compensation Committee's expectation, at the time the LTIP was adopted, to increase such salary over time to align more closely with chief executive salaries of companies in the 20-company peer group utilized by the Compensation Committee). Mr. McDermott began his service as Washington REIT's chief executive on October 1, 2013, and did not participate in the LTIP during 2013.

LTIP performance was evaluated on both of the following performance goals and weightings:

TSR Goals
- Absolute TSR (20%)
- Relative TSR (20%)

For purposes of calculating total shareholder return (TSR) metrics, the "starting price" equaled the average closing price for the 20-day period ending December 1, 2010 and the "ending price" equaled the average closing price for the 20-day period ending December 1, 2013. For absolute TSR, threshold, target and high performance levels were 6%, 8% and 10% total shareholder return over the performance period (calculated on a per annum basis). If absolute TSR fell between 6% and 8% or between 8% and 10%, absolute TSR was to be rounded to the closest TSR percentage in increments of 0.5% (e.g., 8.3% will be rounded to 8.5%) and the portion of the LTIP award that was dependent upon TSR was to be determined by linear interpolation. For relative TSR, Washington REIT's TSR performance was measured over the performance period against the 20-company peer group utilized by the Compensation Committee commencing in 2010. Threshold, target and high performance levels for relative TSR were the 33rd, the 51st and the 76th percentiles, respectively. If relative TSR fell between the these percentiles, the actual relative TSR performance level was to be isolated to a particular interim band of performance (with an associated payout level in between threshold and target performance levels, or target and high performance levels, as applicable). For both absolute and relative TSR goals, if actual TSR fell below the applicable threshold level, the portion of the award that was dependent on such goal was not to be paid.

Strategic Plan Goals
- Strategic plan fulfillment (60%)

At the completion of the three-year performance period, strategic plan fulfillment was evaluated by the Compensation Committee in its discretion (taking into account input from the Board and a written presentation on strategic plan fulfillment provided by the Chief Executive Officer). This evaluation considered among other factors:

- Maintenance of an appropriate Core FAD/share growth rate
- Maintenance of an appropriate debt/EBITDA ratio
- Maintenance of an appropriate debt service coverage ratio
- Maintenance of an appropriate Core FAD/dividend coverage ratio
- Development of Washington REIT's management team
- Formation of appropriate strategic partnerships
- Creation of appropriate development transactional activity at Washington REIT
- Overall improvement of the quality of the Washington REIT portfolio

in each case at levels and in manners that promote the fulfillment of Washington REIT's strategic plan. The Compensation Committee could provide informal guidelines from time to time with respect to the financial criteria noted above based on current market conditions, but advised Washington REIT management that its final determination of strategic plan fulfillment at the end of the three-year performance period would not be bound by any such guidelines. At the conclusion of the three-year performance period, the Compensation Committee evaluated performance on a scale of 1 (threshold), 2 (target) or 3 (high). If achievement fell below threshold level, there would be no award.

The LTIP awards were payable 50% in unrestricted shares and 50% in restricted shares, and were awarded out of and in accordance with Washington REIT's 2007 Omnibus Long Term Incentive Plan. These unrestricted shares and restricted shares were to (i) in the case of the restricted shares only, vest over a one-year period commencing on the January 1 following the end of the three-year performance period, (ii) consist of an aggregate number of shares determined by dividing the dollar amount payable in unrestricted shares and restricted shares by the closing price per share on such January 1 and (iii) be issued within 2 $^{1}/2$ months of the end of the three-year performance period.

Washington REIT must pay dividends currently on the restricted shares described above in this paragraph. Because restricted shares under the LTIP were only issued after the three-year performance period ended, no dividends were paid on these shares until performance was achieved.

If, during the one-year vesting period for the restricted shares described in the previous paragraph, the executive's employment was terminated by Washington REIT without Cause, or the executive resigned for Good Reason, retired, died or became subject to a Disability while employed by Washington REIT, or a Change in Control occurred, the restricted shares awarded under the LTIP would immediately vest. “Cause,” “Good Reason,” Disability” and “Change of Control” have the meanings set forth in the LTIP.

The executive was to be employed on the last day of the performance period to receive a LTIP award, subject to the following exceptions. If during the three-year performance period, the executive's employment was terminated by Washington REIT without Cause, or the executive resigned with Good Reason, retired, died or became subject to a Disability while employed by Washington REIT, the executive would receive an award under the LTIP calculated based on (1) actual levels of performance as of the date of such event with respect to the portions of the award that are based on absolute TSR and relative TSR (i.e., 40% in the aggregate) and (2) target levels of performance with respect to the portion of the award based on strategic plan fulfillment (i.e., 60%), but in either case the award would be prorated based on the period of employment during the three-year performance period through the date of such event and the prorated portion of the award would immediately vest. If a Change in Control occurred while the executive was employed by Washington REIT during the three-year performance period, the executive would receive an award calculated in a similar manner as described in the immediately preceding sentence (provided, however, that the award would not be prorated based on the period of employment during the performance period through the date of such event) and the award would immediately vest. In all of the foregoing cases, payment of the award would be accelerated.

The grant date fair values for the LTIP awards for 2011 are presented in the Summary Compensation Table and related footnotes within this Proxy Statement.

2013 LTIP Determinations by Compensation Committee

At the end of the 2011-2013 performance period, the Compensation Committee undertook the evaluation of performance required under the LTIP in order to make its final determinations. As noted above, the evaluation was divided into two parts - TSR goals and strategic plan goals.

TSR Goals
- Absolute TSR (20%)
- Relative TSR (20%)

With respect to TSR goals under the LTIP, the Compensation Committee reviewed the total shareholder return calculations against LTIP metrics. As noted above, for the absolute TSR goal, the threshold, target and high performance levels were 6%, 8% and 10% total shareholder return over the performance period (calculated on a per annum basis). As of the end of the performance period, Washington REIT’s absolute total shareholder return for the period was calculated to be -6.61%. As a result, consistent with the LTIP terms, the Compensation Committee made no award with respect to the absolute TSR goal.

For the relative TSR goal, Washington REIT's TSR performance was measured over the performance period against the 20-company peer group utilized by the Compensation Committee. Threshold, target and high performance levels for relative TSR were the 33rd, the 51st and the 76th percentiles, respectively. As of the end of the performance period, Washington REIT’s relative TSR ranked between the 5th and 10th percentile. As a result, consistent with the LTIP terms, the Compensation Committee also made no award with respect to the relative TSR goal.

Strategic Plan Goals
- Strategic plan fulfillment (60%)

As noted above, the strategic plan fulfillment component of the LTIP was evaluated by the Compensation Committee in its discretion (taking into account input from the Board and a written presentation on strategic plan fulfillment provided by the Chief Executive Officer). Such evaluation took place at the end of the 2011 - 2013 performance period. The LTIP performance guidelines and related performance achievements are set forth in the table below.

LTIP Factors	Guideline	Performance