

## **NOTE 16: SHAREHOLDERS' EQUITY**

During the second quarter of 2016, we issued approximately 5.3 million common shares, including 0.7 million shares issued pursuant to the underwriters' over-allotment option, at a price to the public of \$28.20 per share. We received net proceeds of approximately \$143.4 million.

During the second quarter of 2015, we entered into four separate equity distribution agreements (collectively, the "Equity Distribution Agreements") with each of Wells Fargo Securities, LLC, BNY Mellon Capital Markets, LLC, Citigroup Global Markets Inc. and RBC Capital Markets, LLC relating to the issuance and sale of up to \$200.0 million of our common shares from time to time. Sales of our common shares are made at market prices prevailing at the time of sale. We use net proceeds from the sale of common shares under this program for general corporate purposes, including, without limitation, working capital, the acquisition, renovation, expansion, improvement, development or redevelopment of income producing properties or the repayment of debt. During the 2016, we issued 0.9 million common shares under the Equity Distribution Agreements at a weighted average price of \$33.32 per share, raising \$29.6 million in net proceeds. We did not issue any shares under the Equity Distribution Agreements during 2015.

The Equity Distribution Agreements replace Washington REIT's prior sales agency financing agreement ("Prior ATM") with BNY Mellon Capital Markets, LLC, which expired by its terms in June 2015. During 2015 and 2014, Washington REIT issued 0.2 million and 1.1 million common shares, respectively, at a weighted average price of \$28.34 and \$27.86, respectively, for net proceeds of \$5.2 million and \$30.7 million, respectively.

We have a dividend reinvestment program, whereby shareholders may use their dividends and optional cash payments to purchase common shares. The common shares sold under this program may either be common shares issued by us or common shares purchased in the open market. Net proceeds under this program are used for general corporate purposes. During the 2016, we issued approximately 23,000 common shares under this program at a weighted average price of \$30.98 per share, raising \$0.7 million in net proceeds.

## **NOTE 17: DEFERRED COSTS**

As of December 31, 2016 and 2015, deferred leasing costs and deferred leasing incentives were included in prepaid expenses and other assets as follows (in thousands):

	December 31,					
	2016			2015		
	Gross Carrying Value	Accumulated Amortization	Net	Gross Carrying Value	Accumulated Amortization	Net
Deferred leasing costs	\$ 58,391	\$ 22,748	\$ 35,643	\$ 59,382	\$ 22,897	\$ 36,485
Deferred leasing incentives	21,157	8,061	13,096	18,701	6,066	12,635

Amortization, including write-offs, of deferred leasing costs and deferred leasing incentives from continuing operations for the three years ended December 31, 2016 were as follows (in thousands):

	Year Ended December 31,		
	2016	2015	2014
Deferred leasing costs amortization	\$ 6,076	\$ 5,983	\$ 4,699
Deferred leasing incentives amortization	2,994	2,848	1,704