WASHINGTON REAL ESTATE INVESTMENT TRUST
Form 10-Q
October 29, 2018

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

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For quarterly period ended September 30, 2018
OR
o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.
COMMISSION FILE NO. 1-6622
WASHINGTON REAL ESTATE
INVESTMENT TRUST
(Exact name of registrant as specified in its charter)

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

1775 EYE STREET, NW, SUITE 1000, WASHINGTON, DC 20006
(Address of principal executive office) (Zip code)
Registrant's telephone number, including area code: (202) 774-3200

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. YES x NO o
Indicate by checkmark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). YES x NO o
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	x	Accelerated filer	o
Non-accelerated filer	o	Smaller reporting company	o
		Emerging growth company	o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

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

As of October 25, 2018, 79,846,002 common shares were outstanding.

WASHINGTON REAL ESTATE INVESTMENT TRUST
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PART I
FINANCIAL INFORMATION

ITEM 1: FINANCIAL STATEMENTS

The information furnished in the accompanying unaudited Consolidated Balance Sheets, Condensed Consolidated Statements of Income, Condensed Consolidated Statements of Comprehensive Income, Consolidated Statement of Equity and Consolidated Statements of Cash Flows reflects all adjustments, consisting of normal recurring items, which are, in the opinion of management, necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods. The accompanying financial statements and notes thereto should be read in conjunction with the financial statements and notes for the three years ended December 31, 2017 included in Washington Real Estate Investment Trust’s 2017 Annual Report on Form 10-K.

WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	September 30, 2018 (Unaudited)	December 31, 2017
Assets		
Land	$ 614,659	$ 588,025
Income producing property	2,239,917	2,113,977
	2,854,576	2,702,002
Accumulated depreciation and amortization	(745,829)	(683,692)
Net income producing property	2,108,747	2,018,310
Properties under development or held for future development	81,765	54,422
Total real estate held for investment, net	2,190,512	2,072,732
Investment in real estate held for sale, net	—	68,534
Cash and cash equivalents	4,810	9,847
Restricted cash	1,352	2,776
Rents and other receivables, net of allowance for doubtful accounts of $2,927 and $2,426, respectively	74,395	69,766
Prepaid expenses and other assets	145,448	125,087
Other assets related to properties held for sale	—	10,684
Total assets	$ 2,416,517	$ 2,359,426
Liabilities		
Notes payable, net	$ 995,130	$ 894,358
Mortgage notes payable, net	60,541	95,141
Line of credit	183,000	166,000
Accounts payable and other liabilities	63,683	61,565
Dividend payable	—	23,581
Advance rents	10,597	12,487
Tenant security deposits	9,857	9,149
Other liabilities related to properties held for sale	—	1,809
Total liabilities	1,322,808	1,264,090
Equity		
Shareholders' equity		
Preferred shares; $0.01 par value; 10,000 shares authorized; no shares issued or outstanding	—	—
Shares of beneficial interest, $0.01 par value; 100,000 shares authorized; 79,844 and 78,510 shares issued and outstanding, respectively	798	785
Additional paid in capital	1,526,125	1,483,980
Distributions in excess of net income	(450,749)	(399,213)
Accumulated other comprehensive income	17,181	9,419
Total shareholders' equity	1,093,355	1,094,971
Noncontrolling interests in subsidiaries	354	365
Total equity	1,093,709	1,095,336
Total liabilities and equity	$ 2,416,517	$ 2,359,426

See accompanying notes to the consolidated financial statements.

WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Revenue				
Real estate rental revenue	$82,502	$82,819	$253,989	$243,776
Expenses				
Real estate expenses	28,571	29,646	87,975	86,200
Depreciation and amortization	30,272	27,941	90,119	83,271
General and administrative	5,267	5,327	16,737	16,712
Real estate impairment	—	5,000	1,886	5,000
	64,110	67,914	196,717	191,183
Other operating income				
Gain on sale of real estate	—	—	2,495	—
Real estate operating income	18,392	14,905	59,767	52,593
Other (expense) income				
Interest expense	(12,499)	(12,176)	(38,647)	(35,634)
Loss on extinguishment of debt	—	—	(1,178)	—
Other income	—	84	—	209
Income tax benefit	—	—	—	107
	(12,499)	(12,092)	(39,825)	(35,318)
Net income	5,893	2,813	19,942	17,275
Less: Net loss attributable to noncontrolling interests in subsidiaries	—	20	—	56
Net income attributable to the controlling interests	$5,893	$2,833	$19,942	$17,331
Basic net income attributable to the controlling interests per common share	$0.07	$0.04	$0.25	$0.22
Diluted net income attributable to the controlling interests per common share	$0.07	$0.04	$0.25	$0.22
Weighted average shares outstanding – basic	79,076	77,291	78,695	76,292
Weighted average shares outstanding – diluted	79,238	77,423	78,802	76,415
Dividends declared per share	$0.30	$0.30	$0.90	$0.90

See accompanying notes to the consolidated financial statements.

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WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(IN THOUSANDS)
(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net income	$5,893	$2,813	$19,942	$17,275
Other comprehensive income:				
Unrealized gain (loss) on interest rate hedges	1,474	(9)	7,762	(763)
Comprehensive income	7,367	2,804	27,704	16,512
Less: Comprehensive loss attributable to noncontrolling interests	—	20	—	56
Comprehensive income attributable to the controlling interests	$7,367	$2,824	$27,704	$16,568

See accompanying notes to the consolidated financial statements.

WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF EQUITY
(IN THOUSANDS)
(UNAUDITED)

	Shares Issued and Out-standing	Shares of Beneficial Interest at Par Value	Additional Paid in Capital	Distributions in Excess of Net Income	Accumulated Other Comprehensive Income	Total Shareholders' Equity	Noncontrolling Interests in Subsidiaries	Total Equity
Balance at December 31, 2017	78,510	$ 785	$ 1,483,980	$ (399,213)	$ 9,419	$ 1,094,971	$ 365	$ 1,095,336
Net income attributable to the controlling interests	—	—	—	19,942	—	19,942	—	19,942
Unrealized gain on interest rate hedges	—	—	—	—	7,762	7,762	—	7,762
Distributions to noncontrolling interests	—	—	—	—	—	—	(11)	(11)
Dividends	—	—	—	(71,478)	—	(71,478)	—	(71,478)
Equity issuances, net of issuance costs	1,165	11	35,461	—	—	35,472	—	35,472
Shares issued under dividend reinvestment program	74	1	1,810	—	—	1,811	—	1,811
Share grants, net of forfeitures and tax withholdings	95	1	4,874	—	—	4,875	—	4,875
Balance at September 30, 2018	79,844	$ 798	$ 1,526,125	$ (450,749)	$ 17,181	$ 1,093,355	$ 354	$ 1,093,709

See accompanying notes to the consolidated financial statements.

WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES

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

	Nine Months Ended September 30, 2018			2017		
Cash flows from operating activities						
Net income	$	19,942		$	17,275	
Adjustments to reconcile net income to net cash provided by operating activities:						
Depreciation and amortization	90,119			83,271		
Provision for losses on accounts receivable	1,077			768		
Real estate impairment	1,886			5,000		
Gain on sale of real estate	(2,495		)	—		
Share-based compensation expense	5,064			3,561		
Deferred tax benefit	—			(107		)
Amortization of debt premiums, discounts and related financing costs	1,565			1,422		
Loss on extinguishment of debt	1,178			—		
Changes in operating other assets	(9,233		)	(21,603		)
Changes in operating other liabilities	(8,229		)	4,381		
Net cash provided by operating activities	100,874			93,968		
Cash flows from investing activities						
Real estate acquisitions, net	(106,400		)	(138,371		)
Net cash received for sale of real estate	174,297			—		
Capital improvements to real estate	(33,437		)	(35,186		)
Development in progress	(25,036		)	(12,988		)
Real estate deposits, net	—			775		
	(626		)	(3,306		)

Non-real estate capital improvements				
Net cash provided by (used in) investing activities	8,798		(189,076	)
Cash flows from financing activities				
Line of credit borrowings, net	17,000		69,000	
Dividends paid	(95,059	)	(91,666	)
Principal payments – mortgage notes payable	(169,480	)	(51,815	)
Repayments of unsecured term loan debt	(150,000	)	—	
Proceeds from term loan	250,000		50,000	
Payment of financing costs	(5,565	)	(234	)
Distributions to noncontrolling interests	(11	)	(67	)
Proceeds from dividend reinvestment program	1,811		2,482	
Net proceeds from equity issuances	35,472		113,225	
Payment of tax withholdings for restricted share awards	(301	)	(671	)
Net cash (used in) provided by financing activities	(116,133	)	90,254	
Net decrease in cash, cash equivalents and restricted cash	(6,461	)	(4,854	)
Cash, cash equivalents and restricted cash at beginning of period	12,623		17,622	
Cash, cash equivalents and restricted cash at end of period	$ 6,162		$ 12,768	

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WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES

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

	Nine Months Ended September 30,	
	2018	2017
Supplemental disclosure of cash flow information:		
Cash paid for interest, net of amounts capitalized	$32,021	$29,188
Change in accrued capital improvements and development costs	6,352	3,959
Operating partnership units issued with acquisition	—	376
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents	$4,810	$11,326
Restricted cash	1,352	1,442
Cash, cash equivalents and restricted cash	$6,162	$12,768

See accompanying notes to the consolidated financial statements.

WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(UNAUDITED)

NOTE 1: NATURE OF BUSINESS

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

Federal Income Taxes

We believe that we qualify as a real estate investment trust (“REIT”) under Sections 856-860 of the Internal Revenue Code of 1986, as amended (the "Code"), and intend to continue to qualify as such. We have considered the provisions of the Tax Cuts and Jobs Act (the "TCJA"), which was signed into law on December 22, 2017 and which generally takes effect for taxable years beginning on or after January 1, 2018, and do not expect the TCJA to have a material impact on our ability to continue to qualify as a REIT. To maintain our status as a REIT, we are, among other things, required to distribute 90% of our REIT taxable income (which is, generally, our ordinary taxable income, with certain modifications), excluding any net capital gains and any deductions for dividends paid to our shareholders on an annual basis. When selling a property, we generally have the option of (a) reinvesting the sales proceeds of property sold, in a way that allows us to defer recognition of some or all taxable gain realized on the sale, (b) distributing gains to the shareholders with no tax to us or (c) treating net long-term capital gains as having been distributed to our shareholders, paying the tax on the gain deemed distributed and allocating the tax paid as a credit to our shareholders. During 2018, we sold our interests in Braddock Metro Center, a 356,000 square foot office property in Alexandria, Virginia, and 2445 M Street, a 292,000 square foot office property in Washington, DC (see note 3).

Generally, and subject to our ongoing qualification as a REIT, no provisions for income taxes are necessary except for taxes on undistributed taxable income and taxes on the income generated by our taxable REIT subsidiaries (“TRSs”). Our TRSs are subject to corporate federal and state income tax on their taxable income at regular statutory rates, or as calculated under the alternative minimum tax, as appropriate. As of both September 30, 2018 and December 31, 2017, our TRSs had a deferred tax asset of $1.4 million that was fully reserved. As of both September 30, 2018 and December 31, 2017, we had a deferred state and local tax liability of $0.6 million. This deferred tax liability is primarily related to temporary differences in the timing of the recognition of revenue, depreciation and amortization.

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

Significant Accounting Policies

We have prepared our consolidated financial statements using the accounting policies described in our Annual Report on Form 10-K for the year ended December 31, 2017.

Pronouncements Adopted

In August 2017, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2017-12, Derivatives and Hedging: Targeted Improvements to Accounting for Hedging Activities. The purpose of this updated guidance is to better align a company’s financial reporting for hedging activities with the economic objectives of those activities. The transition guidance provides companies with the option of early adopting the new standard using a modified retrospective transition method in any interim period after issuance of the update, or alternatively requires adoption for fiscal years beginning after December 15, 2018. We adopted the new standard as of January 1, 2018 and the adoption did not have a material impact on our consolidated financial statements.

In May 2017, the FASB issued ASU 2017-09, Compensation - Stock Compensation (Topic 718) - Scope of Modification Accounting, which provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting. The new standard is effective for all entities for fiscal years beginning after December 15, 2017 and for interim periods therein, with early adoption permitted. We adopted the new standard as of January 1, 2018 and the adoption did not have a material impact on our consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, Classification of Certain Cash Receipts and Cash Payments, which provides specific guidance on how cash receipts and payments should be presented and classified in the statement of cash flows for eight specific issues. The new standard is effective for public entities for fiscal years beginning after December 15, 2017 and for interim periods therein, with early adoption permitted. We adopted the new standard as of January 1, 2018 and the adoption did not have a material impact on our consolidated financial statements.

In January 2016, the FASB issued ASU 2016-01, Recognition and Measurement of Financial Assets and Liabilities, which eliminates the requirement for public entities to disclose the methods and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost on the balance sheet. The new standard is effective for public entities for fiscal years beginning after December 15, 2017 and for interim periods therein. We adopted the new standard as of January 1, 2018 and the adoption did not have a material impact on our consolidated financial statements.

In June 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606) (“ASU 2014-09”), which creates a single source of revenue guidance. The new standard provides accounting guidance for all revenue arising from contracts with customers and affects all entities that enter into contracts to provide goods or services to their customers (unless the contracts are in the scope of other U.S. generally accepted accounting principles (“GAAP”) requirements, such as the leasing literature). The guidance also provides a model for the measurement and recognition of gains and losses on the sale of certain nonfinancial assets, such as property and equipment, including real estate. The new standard is effective for public entities for fiscal years beginning after December 15, 2017 and for interim periods therein. We adopted the new standard for the fiscal year beginning on January 1, 2018. We evaluated the requirements for recognition of revenue from contracts with customers and measuring gains and losses on the sale of properties in accordance with ASU 2014-09 and concluded the adoption of the new standard did not impact in any material respect the amount or timing of our revenue recognition.

Pronouncements Not Yet Adopted

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) (“ASU 2016-02”), which amends existing lease accounting standards for both lessees and lessors. The standard is effective for fiscal years beginning after December 15, 2018 and for interim periods therein with early adoption permitted. Washington REIT will adopt the standard for the fiscal year beginning on January 1, 2019.

Lessees

For lessees, ASU 2016-02 requires lessees to classify most leases as either finance or operating leases. For lease contracts, or contracts with an embedded lease, with a duration of more than one year in which we are the lessee, the present value of future lease payments will be recognized on our balance sheet as a right-of-use asset and a corresponding lease liability. We are evaluating lease contracts where we are the lessee to determine the impact they may have on Washington REIT’s consolidated financial statements.

Lessors

For lessors, lease contracts currently classified as operating leases will be accounted for similarly to existing guidance. However, under ASU 2016-02, lessors are required to account for each lease and non-lease component, such as common area maintenance or tenant service revenues, of a contract separately. In July 2018, the FASB issued 2018-11, Leases (Topic 842) - Targeted Improvements (“ASU 2018-11”), which provides lessors optional transition relief from implementing this aspect of ASU 2016-02 if the following criteria are met: (1) both components have the same timing and pattern of revenue and (2) if accounted for separately, both components would be classified as an operating lease. We currently believe that the leases where we are lessor meet both criteria and we will elect not to bifurcate lease contracts into lease and non-lease components. Accordingly, both lease and non-lease components will be presented in “Real estate rental revenue” in our consolidated financial statements subsequent to adoption.

Also under ASU 2016-02, the FASB determined that only incremental costs or initial direct costs of executing a lease contract qualify for capitalization, while current accounting standards allow for the capitalization of indirect leasing costs.

Transition

Under ASU 2018-11, the FASB offered optional transition relief, if elected as a package, and applied consistently by an entity to all of its leases. Accordingly, upon adoption, we will elect, as a package, the practical expedients for all leases as follows: (1) we will not reassess whether any expired or existing contracts are or contain leases, (2) we will not reassess the lease classification for any expired or existing leases and (3) we will not reassess initial direct costs for any existing leases. We are currently evaluating the impact ASU 2016-02 may have on our consolidated financial statements.

Under ASU 2016-02, entities are required to implement the standard as of the beginning of the earliest comparative period presented or January 1, 2017 for calendar-year public business entities. Under ASU 2018-11, the FASB offered optional transition relief that permits entities to continue to apply ASC 840, including its disclosure requirements, in the comparative periods presented in the year of adoption. Accordingly, we will make a policy election to apply ASC 840 to comparative periods on January 1, 2019.

In June 2016, the FASB issued ASU 2016-13, Measurement of Credit Losses on Financial Instruments, which requires financial assets measured at an amortized cost basis, including trade receivables, to be presented at the net amount expected to be collected. The new standard is effective for public entities for fiscal years beginning after December 15, 2019 and for interim periods therein with adoption one year earlier permitted. We are currently evaluating the impact the new standard may have on Washington REIT's consolidated financial statements.

In September 2018, the FASB issued ASU 2018-15, Intangibles - Goodwill and Other - Internal-Use Software, which requires a customer in a cloud computing arrangement that is a service contract to follow the internal-use software guidance to determine which implementation costs to capitalize as assets. The standard is effective for public entities for fiscal years beginning after December 31, 2019 and for interim periods threrein, with early adoption permitted. We are currently evaluating the impact the new standard may have on Washington REIT's consolidated financial statements.

Principles of Consolidation and Basis of Presentation

The accompanying unaudited consolidated financial statements include the consolidated accounts of Washington REIT, our majority-owned subsidiaries and entities in which Washington REIT has a controlling interest. All intercompany balances and transactions have been eliminated in consolidation.

We have prepared the accompanying unaudited financial statements pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and note disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to those rules and regulations, although we believe that the disclosures made are adequate to make the information presented not misleading. In addition, in the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the results for the periods presented have been included. These unaudited financial statements should be read in conjunction with the financial statements and notes included in our Annual Report on Form 10-K for the year ended December 31, 2017.

Within these notes to the financial statements, we refer to the three months ended September 30, 2018 and September 30, 2017 as the "2018 Quarter" and the "2017 Quarter," respectively, and the nine months ended September 30, 2018 and September 30, 2017 as the "2018 Period" and the "2017 Period," respectively.

Restricted Cash

Restricted cash includes funds escrowed for tenant security deposits, real estate tax, insurance and mortgage escrows and escrow deposits required by lenders on certain of our properties to be used for future building renovations or tenant improvements.

Use of Estimates in the Financial Statements

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

NOTE 3: REAL ESTATE

Acquisition

Our current strategy includes recycling legacy assets that lack the income growth potential we seek and to invest in high-quality assets with compelling value-add returns through redevelopment opportunities in our existing portfolio and acquisitions that meet our stringent investment criteria. We focus on properties inside the Washington metro region's Beltway, near major transportation nodes and in areas with strong employment drivers and superior growth demographics. We acquired the following property during the 2018 Period (the "2018 acquisition"):

Acquisition Date	Property	Type	Net Rentable Square Feet	Contract Purchase Price (In thousands)
January 18, 2018	Arlington Tower	Office	391,000	$ 250,000

The results of operations from the 2018 acquisition are included in the condensed consolidated statements of income from the acquisition date and are as follows (in thousands):

	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018
Real estate rental revenue	$ 5,947	$ 16,485
Net income	843	2,457

We accounted for the 2018 acquisition as an asset acquisition. Accordingly, we capitalized $0.6 million of costs directly associated with the acquisition. We measured the value of the acquired physical assets (land and building), in-place leases (tenant origination costs, leasing commissions, absorption costs and lease intangible assets/liabilities), and any other liabilities by allocating the total cost of the acquisition on a relative fair value basis.

We have recorded the total cost of the 2018 acquisition as follows (in thousands):

Land	$63,970
Building	142,900
Tenant origination costs	13,625
Leasing commissions/absorption costs	27,465
Lease intangible assets	3,142
Lease intangible liabilities	(545)
Total	$250,557

The weighted remaining average life for the 2018 acquisition components above, other than land and building, are 74 months for tenant origination costs, 64 months for leasing commissions/absorption costs, 66 months for lease intangible assets and 81 months for lease intangible liabilities.

The difference in the total contract purchase price of $250.0 million for the 2018 acquisition and cash paid for the acquisition per the consolidated statements of cash flows of $106.4 million is primarily due to a mortgage note assumed and repaid at settlement ($135.5 million), an acquisition deposit made during 2017 ($6.3 million) and a net credit to the buyer for certain expenditures ($1.8 million).

Development/Redevelopment

We have properties under development/redevelopment and held for current or future development as of September 30, 2018.

In the multifamily segment, we have The Trove, a multifamily development adjacent to The Wellington, and own land held for future multifamily development adjacent to Riverside Apartments. As of September 30, 2018, we had invested $52.7 million and $22.4 million, including the costs of acquiring the land, in The Trove and the development adjacent to Riverside Apartments, respectively.

In the retail segment, we currently have a redevelopment project to add rentable space at Spring Valley Village. As of September 30, 2018, we had invested $6.4 million in the redevelopment.