

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A

Amendment No.1

(Mark One)

(X) ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

() TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

FOR THE FISCAL YEAR ENDED December 31, 1999 COMMISSION FILE NO. 1-6622

WASHINGTON REAL ESTATE INVESTMENT TRUST

(Exact name of registrant as specified in its charter)

<TABLE>
<CAPTION>

MARYLAND

53-0261100

<S>

(State or other jurisdiction of incorporation or organization)

<C>

(IRS Employer Identification Number)

</TABLE>

6110 EXECUTIVE BOULEVARD, SUITE 800, ROCKVILLE, MARYLAND 20852

(Address of principal executive office) (Zip code)

Registrant's telephone number, including area code (301) 984-9400

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

Table with 2 columns: Title of Each Class, Name of exchange on which registered. Row 1: 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 twelve (12) months (or such shorter period that the Registrant was required to file such report) and (2) has been subject to such filing requirements for the past ninety (90) days. YES X NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. X

As of March 10, 2000, 35,733,793 Shares of Beneficial Interest were outstanding and the aggregate market value of such shares held by non-affiliates of the registrant was approximately \$531,339,000 (based on the closing price of the stock on March 10, 2000).

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this Form 10-K is incorporated by reference from the Trust's 2000 Notice of Annual Meeting and Proxy Statement.

WASHINGTON REAL ESTATE INVESTMENT TRUST

1999 FORM 10-K ANNUAL REPORT

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PART I

ITEM 1. BUSINESS

The Trust

Washington Real Estate Investment Trust ("WRIT" or the "Trust") is a self-administered, self-managed equity real estate investment trust ("REIT"). The Trust's business consists of the ownership and operation of income-producing real properties. The Trust has a fundamental strategy of regional focus, diversification by property type and conservative financial management.

WRIT operates in a manner intended to enable it to qualify as a REIT under the Internal Revenue Code (the "Code"). In accordance with the Code, a trust which distributes its capital gains and at least 95 percent of its taxable income to its shareholders each year, and which meets certain other conditions, will not be taxed on that portion of its taxable income which is distributed to its shareholders. Over the last five years, dividends paid per share have been \$1.16 for 1999, \$1.11 for 1998, \$1.07 for 1997, \$1.03 for 1996 and \$.99 for 1995. The indicated annualized dividend rate for 2000, based upon the December 31, 1999 dividend, is \$1.17. Gains on sale of real estate of \$7.9 million in 1999 were tax deferred. Such gains were used to acquire real estate assets and will not be distributed.

WRIT's geographic focus is based on two principles:

1. Real estate is a local business and is much more effectively selected and managed by owners located and expert in the region.
2. Geographic markets deserving of focus must be among the nation's best markets with a strong primary industry foundation but be diversified enough to withstand downturns in its primary industry.

WRIT considers markets to be local if they can be reached from the operations center within two hours by car. WRIT's Washington centered market reaches north to Philadelphia, Pennsylvania and south to Richmond, Virginia. While WRIT has historically focused most of its investments in the Greater Washington-Baltimore Region, in order to maximize acquisition opportunities, WRIT will consider investments within the two-hour radius described above. WRIT also will consider opportunities to duplicate its Washington focused approach in other geographic markets which meet the criteria described above.

All of WRIT's Trustees, officers and employees live and work in the Greater Washington-Baltimore region and WRIT's officers average over 19 years of experience in this region.

The Greater Washington-Baltimore Economy and Real Estate Markets

The Greater Washington-Baltimore area today is an economic machine driven by the federal government at its center and the growth that results from being the #1 high tech center in the nation (see below). The Technology/Biotechnology sector

has surpassed the federal government as largest employer in the region, and the Washington region now ranks #1 in the nation in number of high technology firms and number of high technology employees.

Washington, D.C.	12,183	230,660
Silicon Valley	11,930	199,230
Los Angeles	11,058	152,850
New York	7,874	142,410
Boston	7,442	139,400
Atlanta	6,383	98,080
Austin	2,681	44,730

Source: Greater Washington Initiative, December 1999

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While federal employment in the region has decreased from 22% in 1970 to 11% in 1999, federal procurement (purchase of goods and services) has continued to grow in the region. Federal procurement in the Washington region totaled \$25.7 billion in 1999 making the region #1 in the nation exceeding the combined total of the #2 and #3 metro areas (Los Angeles and St. Louis). Though the region may not be recession proof, this federal procurement makes it substantially better positioned than others to withstand an economic downturn.

Mae East, located in Tysons Corner, Virginia is one of only two Internet convergence centers in the U.S. As a result, it is estimated that up to 60% of the world's Internet traffic flows through Northern Virginia. The presence of Mae East and of the thousands of high tech firms in the area has spawned a concentration of data centers in the region where large Internet and other high tech firms process tremendous amounts of data.

This concentration of high tech companies has served to attract even more high tech firms. Amazon.com, Cisco Systems, Global Crossing and Winstar Communications are all new presences in the Washington-Baltimore market.

Data Centers in the Washington Metro Area

AboveNet	Global Crossing
Amazon.com	GTE
AOL	IBM
AT&T	Intel
Bell Atlantic	Interliant
Cable & Wireless	Mae East
Covad	MCI/Worldcom/UUNet
Digex	Pacific Gateway
Equinex	PSINet
Exodus	Qwest

Source: Delta Associates/Transwestern Carey Winston

This region serves as the headquarters for several of the largest U.S. and international financial institutions including the World Bank, International Monetary Fund, Inter-American Development Bank, Export-Import Bank, Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corp. (Freddie Mac) and Student Loan Marketing Association (Sallie Mae).

Other major public companies headquartered in the region include MCI Worldcom, USAirways, America Online, Marriott International, Lockheed-Martin, Danaher Corp., Lafarge Corp. and Gannett. The region is the second most popular tourist destination in the world. Most importantly, the Mid-Atlantic region is known as a job center, with solid educational opportunities and easy access to leisure time activities.

The region's real estate markets are the beneficiary of this high tech growth. Vacancies are extremely low, and rental rate growth is very strong. At year-end 1999, regional vacancy rates stood at 1.1% in apartments, 2.7% in grocery anchored shopping centers and 5.7% in office buildings. The industrial sector, at 9.2%, is the only sector with a "normal" vacancy level, and some of this vacancy is the result of obsolescence.

The apartment vacancy rate of 1.1% at year-end 1999 was the area's lowest since World War II. The office vacancy rate of 5.7% was the 3rd lowest amongst major metropolitan areas. More importantly, the cities ranked #1 and #2 had vacancy rates only slightly lower than Washington at 5.0% and 5.3% while New York, ranked 4th just behind Washington, had a vacancy rate of 8.8%.

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Development underway in the office and apartment sectors is expected to cause an increase in vacancy rates, but Delta Associates/Transwestern Carey Winston projects that office vacancies will only reach the 6% to 8% level at year-end 2001 - still lower than the #4 metro area in the nation today. Delta Associates/Transwestern Carey Winston also projects that apartment vacancies will only reach 4.9% by year-end 2002.

As of December 31, 1999, WRIT owned a diversified portfolio consisting of 12 retail centers, 22 office buildings, 9 apartment buildings and 16 industrial distribution/flex properties. WRIT's principal objective is to invest in high quality real properties in prime locations, then proactively manage, lease, and develop ongoing capital improvement programs to improve their economic performance. The percentage of total real estate rental revenue by property group for 1999, 1998, and 1997 and the percent leased as of December 31, 1999 were as follows:

<TABLE>

<CAPTION>

Percent Leased December 31, 1999 -----		Real Estate Rental Revenue		
		1999 ----	1998 ----	1997 ----
<S>		<C>	<C>	<C>
98%	Office buildings	52%	50%	45%
92%	Retail centers	15	17	20
97%	Apartment buildings	19	20	23
94%	Industrial/flex properties	14	13	12
		---	---	---
		100%	100%	100%
		===	===	===

</TABLE>

On a combined basis, WRIT's portfolio was 96% occupied in 1999, 96% occupied in 1998, and 95% occupied in 1997.

Total revenue was \$119.0 million for 1999, \$103.6 million for 1998 and \$79.4 million for 1997. During 1997 through 1999, WRIT acquired eight office buildings, one retail center, two apartment buildings and eight industrial distribution/flex properties for a total of 19 properties. These acquisitions were the primary reason for the shifting of each group's percentage of total revenue reflected above. During 1998 and 1999, WRIT sold two office properties, four industrial/flex properties and one retail center for a total of seven properties. No properties were sold in 1997. No single tenant accounted for more than 3.81% of revenues in 1999, 3.96% of revenue in 1998 and 3.04% of revenue in 1997. Various agencies of the U.S. government are counted separately and include the Department of Commerce, Immigration and Naturalization Service, U.S. Postal Service, Social Security Administration and U.S. Patent Office. All Federal government tenants in the aggregate accounted for approximately 2.1% of WRIT's 1999 total revenue. The larger non-Federal government tenants include Crestar Bank, District of Columbia Metropolitan Police Department, Giant Food, Main Control, Inc., OAO Corporation, Pepsi Cola, Sun Microsystems, Sunrise Assisted Living, Inc., The American Red Cross, Wang Laboratories and Xerox.

As of December 31, 1999, and for the year then ended, the 7900 Westpark office building accounted for 13% of total assets based upon book value and 9% of total revenues. No other single property accounted for more than 10% of total assets or total revenues.

During 1998 and prior, the actual day-to-day property management functions at the properties owned by the Trust were carried out by an independent management company whose only client was WRIT. No WRIT Trustee or officer was a director or owned any interest in the management company. Effective December 31, 1998, WRIT acquired substantially all of the operations of the management company and took over the property management functions of the properties.

The Trust expects to continue investing in additional income producing properties. WRIT invests only in properties which management believes will increase in income and value. WRIT's properties compete for tenants with other properties throughout the respective areas in which they are located. All properties compete for tenants on the basis of location, quality and rental rates.

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WRIT makes capital improvements on an ongoing basis to its properties for the purpose of maintaining and increasing their values and income. Major improvements and/or renovations to the properties in 1999 and 1998 are discussed on page 10.

Further description of the property groups is contained in Item 2, Properties and in Schedule III. Reference is also made to Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

The number of persons employed by the Trust was 243 as of February 4, 2000, including 175 persons engaged in property management functions and 68 persons engaged in corporate, financial, leasing, and asset management functions.

ITEM 2. PROPERTIES

The schedule on the following page lists the Trust's real estate investment

portfolio as of December 31, 1999, which consisted of 59 properties.

As of December 31, 1999, the percent leased is the percentage of net rentable space for which fully executed leases exist and may include signed leases for space not yet occupied by the tenant.

Cost information is included in Schedule III to WRIT's financial statements included in this Form 10-K Annual Report.

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SCHEDULE OF PROPERTIES

<TABLE>
<CAPTION>

Percent Leased 12/31/99	Properties	Location	Year Acquired	Year Constructed	Net Rentable/*/ Square Feet
<S>		<C>	<C>	<C>	<C>
<C>					
Office Buildings					
	10400 Connecticut Avenue	Kensington, MD	1979	1965	65,000
96%	1901 Pennsylvania Avenue	Washington, D.C.	1977	1960	97,000
99%	51 Monroe Street	Rockville, MD	1979	1975	210,000
99%	7700 Leesburg Pike	Falls Church, VA	1990	1976	145,000
97%	515 King Street	Alexandria, VA	1992	1966	78,000
90%	The Lexington Building	Rockville, MD	1993	1970	47,000
100%	The Saratoga Building	Rockville, MD	1993	1977	59,000
100%	Brandywine Center	Rockville, MD	1993	1969	35,000
100%	Tycon Plaza II	Vienna, VA	1994	1981	131,000
96%	Tycon Plaza III	Vienna, VA	1994	1978	152,000
96%	6110 Executive Boulevard	Rockville, MD	1995	1971	199,000
99%	1220 19th Street	Washington, D.C.	1995	1976	104,000
100%	Maryland Trade Center I	Greenbelt, MD	1996	1981	191,000
99%	Maryland Trade Center II	Greenbelt, MD	1996	1984	159,000
100%	1600 Wilson Boulevard	Arlington, VA	1997	1973	167,000
92%	7900 Westpark Drive	McLean, VA	1997	1972/1986/1999/1/	527,000
100%	8230 Boone Boulevard	Vienna, VA	1998	1981	58,000
97%	Woodburn Medical Park I	Annandale, VA	1998	1984	71,000
99%	Woodburn Medical Park II	Annandale, VA	1998	1988	96,000
100%	600 Jefferson Plaza	Rockville, MD	1999	1985	115,000
97%	1700 Research Boulevard	Rockville, MD	1999	1982	103,000
100%	Parklawn Plaza	Rockville, MD	1999	1986	40,000
72%					
---	Subtotal				2,849,000
98%					=====
===					
Retail Centers					
	Concord Centre	Springfield, VA	1973	1960	76,000
98%	Bradlee	Alexandria, VA	1984	1955	168,000
98%	Clairmont	Salisbury, MD	1976	1965	40,000

84%	Chevy Chase Metro Plaza	Washington, D.C.	1985	1975	51,000
100%	Prince William Plaza/2/	Woodbridge, VA	1968	1967	55,000
72%	Takoma Park	Takoma Park, MD	1963	1962	59,000
100%	Westminster/3/	Westminster, MD	1972	1969	165,000
58%	Wheaton Park	Wheaton, MD	1977	1967	71,000
100%	Montgomery Village Center	Gaithersburg, MD	1992	1969	196,000
99%	Shoppes of Foxchase	Alexandria, VA	1994	1960	128,000
98%	Frederick County Square	Frederick, MD	1995	1973	233,000
99%	800 S. Washington Street	Alexandria, VA	1998	1955/1959	45,000
100%					

--- Subtotal 1,287,000
92% =====

====
Apartment Buildings/# units
- - - - -

100%	Country Club Towers/227	Arlington, VA	1969	1965	276,000
97%	Munson Hill Towers/279	Falls Church, VA	1970	1963	340,000
98%	Park Adams/200	Arlington, VA	1969	1959	210,000
99%	Roosevelt Towers/191	Falls Church, VA	1965	1964	229,000
98%	3801 Connecticut Avenue/307	Washington, D.C.	1963	1951	242,000
96%	The Ashby at McLean/250	McLean, VA	1996	1982	349,000
95%	Walker House Apartments/196	Gaithersburg, MD	1996	1971	148,000
97%	Bethesda Hills Apartments/195	Bethesda, MD	1997	1986	226,000
91%	Avondale/237	Laurel, MD	1999	1987	162,000

--- Subtotal (2,082 units) 2,182,000
97% =====

</TABLE>

- /1/ A 49,000 square foot addition to 7900 Westpark Drive was completed in September 1999.
- /2/ Property was sold subsequent to December 31, 1999.
- /3/ Property is in the planning stages of redevelopment.
- /*/ Apartment buildings are presented in gross square feet.

SCHEDULE OF PROPERTIES (Cont.)
- - - - -

<TABLE>
<CAPTION>

Percent Leased	Properties	Location	Year Acquired	Year Constructed	Net Rentable/*/ Square Feet
100%	Pepsi-Cola Distribution Center	Forestville, MD	1987	1971	69,000
100%	Capitol Freeway Center	Washington, D.C.	1974	1940	145,000
91%	Fullerton Business Center	Springfield, VA	1985	1980	103,000

Charleston Business Center 100%	Rockville, MD	1993	1973	85,000
Tech 100 Industrial Park 98%	Elkridge, MD	1995	1990	167,000
Crossroads Distribution Center 100%	Elkridge, MD	1995	1987	85,000
The Alban Business Center 100%	Springfield, VA	1996	1981/1982	87,000
The Earhart Building 100%	Chantilly, VA	1996	1987	92,000
Ammendale Technology Park I 98%	Beltsville, MD	1997	1985	167,000
Ammendale Technology Park II 100%	Beltsville, MD	1997	1986	108,000
Pickett Industrial Park 100%	Alexandria, VA	1997	1973	246,000
Northern Virginia Industrial Park 84%	Lorton, VA	1998	1968/1991	790,000
8900 Telegraph Road 100%	Lorton, VA	1998	1985	32,000
Dulles South IV 100%	Chantilly, VA	1999	1988	83,000
Sully Square 100%	Chantilly, VA	1999	1986	95,000
Amvax 100%	Beltsville, MD	1999	1986	31,000
---				-----
94%	Subtotal			2,385,000
===				=====
	TOTAL			8,703,000
				=====

</TABLE>

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OFFICE BUILDINGS

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Operating income in WRIT's core group of office buildings (excluding 1998 and 1999 acquisitions and dispositions) increased 7% from 1998 to 1999. This increase was a result of strong rental rate growth and moderate occupancy gains generally throughout the sector. WRIT's office markets are strong and, while there is a significant amount of office development underway in several submarkets, management anticipates that this sector will continue to perform well in 2000.

During 1999, WRIT's office building revenues and operating income increased by 20% and 23% respectively, over 1998. These increases were primarily due to 1999 acquisitions (600 Jefferson Plaza, 1700 Research Boulevard and Parklawn Plaza) and 1998 acquisitions (8230 Boone Boulevard and Woodburn Medical Park I and II) combined with the 7% core group operating income increase described above.

Economic occupancy rates for the core group of office buildings averaged 97% for both 1999 and 1998.

Rental rate increases of 5% for the sector were the result of increases at nearly all of the properties. During 1999, WRIT executed new office leases for 645,000 square feet of office space at an average face rent increase of 18% on a non-straight line basis.

Further details about the performance of the office building sector in 1999 and 1998 are provided in Management's Discussion and Analysis commencing on page 14.

INDUSTRIAL/FLEX PROPERTIES

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Operating income in WRIT's core group of industrial/flex properties (excluding 1999 and 1998 acquisitions and dispositions) increased 5%. Economic occupancy rates for the core group of industrial/flex properties averaged 97% in 1999 compared to 95% in 1998.

During 1999, WRIT's industrial/flex properties revenues and operating income increased by 20% and 16%, respectively, over 1998. These increases were primarily due to 1999 acquisitions (Dulles South IV, Sully Square and Amvax) and 1998 acquisitions (Northern Virginia Industrial Park and 8900 Telegraph Road) combined with the 5% core portfolio operating income increase described below.

Rental rate increases of 5% for the sector were the result of increases at the majority of the properties. During 1999, WRIT executed 446,000 square feet of new industrial/ flex space leases at an average face rent increase of 9% on a non-straight line basis.

Further details about the performance of the industrial/flex properties sector in 1999 and 1998 are provided in Management's Discussion and Analysis commencing on page 14.

RETAIL CENTERS

Operating income in WRIT's core retail centers (excluding 1999 and 1998 acquisitions and dispositions) increased 6% from 1998 to 1999. Retail center rental rates for this same group increased 3% in 1999 over 1998.

During 1999, WRIT's retail center revenues and operating income increased by 4% and 2%, respectively, over 1998. Economic occupancy rates for the core group of retail center properties (excluding 1999 and 1998 acquisitions and dispositions) averaged 96% in 1999 compared to 95% in 1998.

Further details about the performance of the retail center sector in 1999 and 1998 are provided in Management's Discussion and Analysis commencing on page 14.

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APARTMENT BUILDINGS

During 1999, WRIT's apartment revenues and operating income increased by 8% and 9%, respectively, over 1998. These increases were primarily due to the 1999 acquisition of Avondale Apartments combined with the 7% operating income increase described below.

WRIT's apartment sector core group operating income (excluding the Avondale Apartments acquired in 1999) increased 7%. This increase was the result of increased occupancy levels combined with 4% rental rate increases throughout the group. Economic occupancy rates for the core group of apartments averaged 97% in 1999 and 95% in 1998.

Further details about the performance of the apartment sector in 1999 and 1998 are provided in Management's Discussion and Analysis commencing on page 14.

PROPERTY EXPANSIONS & MAJOR RENOVATIONS

BRADLEE SHOPPING CENTER

The facade renovation that began in 1998 was completed in June 1999. Included in the renovation was the retenanting of the former 26,640 square-foot GC Murphy space. The new leases associated with this space have a blended rate per square foot of \$15.28, which is approximately six times the former GC Murphy rent of \$2.42 per square foot. The total cost of the renovation was approximately \$3.1 million, of which \$1.1 million was incurred in 1999.

7900 WESTPARK DRIVE

In 1999, WRIT completed construction of a 49,000 square-foot office space addition to its 7900 Westpark Drive office building in McLean, Virginia. This addition commenced in 1998 and was built over the existing structured parking deck, similar to the Trust's 1996 addition at 7700 Leesburg Pike. The addition was 100% leased and occupied upon completion in October 1999. The total cost of the addition will be approximately \$7.5 million, of which \$4.9 million was incurred in 1999.

PROPERTY DISPOSITIONS

During 1999, WRIT sold four real estate properties: 444 North Frederick Avenue, Arlington Financial Center, Department of Commerce Industrial Center and V Street Distribution Center. The total gain on the sales of these properties was \$7.9 million. Net proceeds from the sales of these properties of \$22.0 million were used to invest in other real estate properties acquired by WRIT in 1999.

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ITEM 3. LEGAL PROCEEDINGS

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of 1999.

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Notes payable	210,000	210,000	100,000	100,000
--				
Shareholders' equity 199,735	257,189	253,733	252,088	195,623
Cash dividends paid 29,712	41,341	39,614	36,108	32,718
Cash dividends paid per share 0.99	1.16	1.11	1.07	1.03

</TABLE>

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND

 RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

REAL ESTATE RENTAL REVENUE: 1999 VERSUS 1998

Total revenues for 1999 increased \$15.4 million, or 15%, to \$119.0 million from \$103.6 million in 1998. The percentage increase in real estate rental revenue from 1998 to 1999 by property type was as follows:

Office Buildings	20%
Retail Centers	4%
Apartment Buildings	8%
Industrial/Flex Properties	20%

During 1999, WRIT's office building revenues and operating income increased by 20% and 23%, respectively, over 1998. These increases were primarily due to 1999 acquisitions (600 Jefferson Plaza and 1700 Research) and 1998 acquisitions (8230 Boone Boulevard and Woodburn Medical Park I and II) combined with increased rental rates and occupancy for the sector and offset in part by the 1999 sales of Arlington Financial Center and 444 N. Frederick Road.

During 1999, WRIT's retail center revenues and operating income increased by 4% and 2%, respectively, over 1998. The change is primarily attributable to increased rental rates and tenant recovery income offset by the December 1998 sale of Dover Mart retail center.

WRIT's apartment building revenues and operating income increased by 8% and 9%, respectively, in 1999 over 1998. These increases were primarily due to the 1999 acquisition of Avondale Apartments, combined with increased rental rates and occupancy levels across the sector.

WRIT's industrial/flex property revenues and operating income increased by 20% and 16%, respectively, in 1999 over 1998. These increases were primarily due to 1999 acquisitions (Dulles South IV and Amvax) and 1998 acquisitions (Northern Virginia Industrial Park and 8900 Telegraph Road) as well as increased rental rates, offset in part by the 1999 sales of the Department of Commerce Industrial Center and V Street Distribution Center.

REAL ESTATE RENTAL REVENUE: 1998 VERSUS 1997

Total revenues for 1998 increased \$24.2 million, or 30%, to \$103.6 million from \$79.4 million in 1997. The percentage increase in real estate rental revenue from 1997 to 1998 by property type was as follows:

Office Buildings	43%
Retail Centers	13%
Apartment Buildings	17%
Industrial/Flex Properties	37%

During 1998, WRIT's office building revenues and operating income increased by 43% and 48%, respectively, over 1997. These increases were primarily due to 1998 acquisitions (8230 Boone Boulevard and Woodburn Medical Park I and II) and 1997 acquisitions (1600 Wilson Boulevard and 7900 Westpark Drive) combined with increased rental rates and occupancy for the sector.

During 1998, WRIT's retail center revenues and operating income increased by 13% and 17%, respectively, over 1997. These increases were primarily due to the 1998 acquisition of 800 South Washington Street retail center combined with increased rental rates and increased tenant recovery income.

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WRIT's apartment building revenues and operating income increased by 17% and 20%, respectively, in 1998 over 1997. These increases were primarily due to the 1997 acquisition of Bethesda Hill Apartments, combined with increased rental rates across the sector.

WRIT's industrial/flex property revenues and operating income increased by 37% and 39%, respectively, in 1998 over 1997. These increases were primarily due to 1998 acquisitions (Northern Virginia Industrial Park and 8900 Telegraph Road) and 1997 acquisitions (Ammendale Technology Parks I and II and Pickett Industrial Park), offset in part by the 1998 sales of Shirley 395 and Ravensworth.

OPERATING EXPENSES AND OTHER RESULTS OF OPERATIONS

Real estate operating expenses as a percentage of revenue were 30% for 1999 and 1998 as compared to 32% for 1997. The decrease in 1998 compared to 1997 is attributable to a 42% revenue increase in WRIT's office building segment resulting from 1998 and 1997 property acquisitions and increased occupancy and rental rates, combined with only a 32% increase in the office building segment's operating expenses. WRIT's percentage of revenue from office buildings within its entire real estate portfolio has increased to 52% at December 31, 1999, from 50% at December 31, 1998 and 45% at December 31, 1997. The increase is attributable to 1999 and 1998 office building acquisitions. Generally, real estate operating expenses have increased to \$35.3 million in 1999 from \$31.1 million in 1998 and \$25.5 million in 1997 due to the acquisition of seven real estate properties in 1999 and six real estate properties in each of 1998 and 1997.

Interest expense increased \$5.2 million in 1999 from 1998. This increase is primarily attributable to the assumption of an \$8.7 million mortgage in September 1999 in connection with the acquisition of Avondale Apartments, the issuance of \$110.0 million in medium-term notes in February 1998, and the assumption of \$21.6 million in mortgages in November 1998 in connection with the acquisition of Woodburn Medical Park. In addition, WRIT closed on a \$50.0 mortgage note in September 1999 at 7.14% interest rate that was used to pay down WRIT's unsecured lines of credit at slightly lower interest rates. Interest expense increased \$7.4 million in 1998 from 1997. This increase was attributable to the issuance of the \$110 million medium-term notes in February 1998 and an increase in the average balance of outstanding line of credit advances due to acquisitions in 1998 and 1997.

General and administrative expenses were \$6.2 million for 1999 as compared to \$6.6 million for 1998 and \$4.2 million for 1997. The decrease in general and administrative expenses in 1999, as compared to 1998, is primarily attributable to increased property management profits that in turn reduce the administrative expenses of the Trust. The increase in general and administrative expenses in 1998 from 1997 was attributable to increased compensation from personnel additions due to the increased portfolio of the Trust.

CAPITAL RESOURCES AND LIQUIDITY

WRIT has utilized the proceeds of share offerings, unsecured and secured debt offerings, medium and long-term fixed interest rate debt, bank lines of credit and cash flow from operations for its capital needs. Management believes that external sources of capital will continue to be available to WRIT from its existing unsecured credit commitments and from selling additional shares and/or the sale of medium or long-term secured or unsecured notes. The funds raised would be used to pay off any outstanding advances on the Trust's lines of credit and/or for new acquisitions and capital improvements.

As of December 31, 1999, WRIT had line of credit commitments in place from commercial banks for up to \$75 million, which bear interest at an adjustable spread over LIBOR based on the Trust's interest coverage ratio and public debt rating. WRIT acquired seven properties for a total acquisition cost of \$61.9 million in 1999, and acquired six properties for total acquisition costs of \$82.2 million in 1998. The 1999 acquisitions were financed through line of credit advances, the use of proceeds from property sales in February 1999 and the assumption of a mortgage payable of \$8.7 million. The 1998 acquisitions were primarily financed through line of credit advances, the February 1998 issuance of \$110 million of medium-term notes (after repayment of amounts outstanding on line-of-credit borrowings of \$95 million), the assumption of mortgages payable amounting to \$21.6 million and the reinvestment of the proceeds of the sale of three properties in 1998 of \$10.8 million. On September 27, 1999, WRIT closed on a \$50.0 million mortgage note payable, the proceeds of which were used to pay down WRIT's unsecured lines of credit. The mortgage is secured by five of WRIT's Virginia residential properties.

On February 20, 1998, WRIT sold \$50 million of 7.25% unsecured notes due February 25, 2028 at 98.653% to yield approximately 7.36%. WRIT also sold \$60 million of 6.898% unsecured Mandatory Par Put Remarketed Securities ("MOPPRS")

at an effective borrowing rate through the remarketing date (February 2008) of approximately 6.74%. WRIT used the proceeds of these notes for general business purposes, including repayment of \$95 million of outstanding advances under its lines of credit. WRIT used the remainder of the proceeds to finance acquisitions and capital improvements to its properties. WRIT had four interest rate lock agreements related to this transaction which settled for \$5.4 million and treated that settlement and the cost of a related interest rate cap agreement as transaction costs of the borrowing. These costs are being amortized over the life of the unsecured notes using the effective interest rate method.

Cash flow from operating activities totaled \$52.4 million, \$53.6 million and \$42.5 million for the years ended December 31, 1999, 1998 and 1997, respectively, including net income of \$44.3 million (net of \$7.9 million gain on property sales), \$41.1 million (net of \$6.8 million gain on property sales) and \$30.1 million, respectively, and depreciation and amortization of \$19.6 million, \$15.4 million and \$10.9 million, respectively. The decrease in cash flows from operating activities in 1999 from 1998 is primarily due to the timing of payments for trade accounts payable. The increase in cash flows from operating activities in 1998 from 1997 was primarily due to real estate acquisitions, increased operating income from previously owned properties and the resultant increase in net income.

Cash flows used in investing activities totaled \$50.0 million, \$68.9 million and \$152.7 million for the years ended December 31, 1999, 1998 and 1997, respectively. The decline in cash flows used in investing activities in 1999 from 1998 and in 1998 from 1997 is attributable to a reduction in real estate acquisitions.

Cash flows used in financing activities were \$2.4 million for the year ended December 31, 1999, compared to cash flows provided by financing activities of \$12.0 million and \$116.4 million for the years ended December 31, 1998 and 1997, respectively. Cash flows used in financing activities in 1999 declined from 1998 as a result of increased dividend payments in 1999, line of credit repayments in excess of advances and no debt issuance in 1999. Cash flows provided by financing activities declined in 1998 from 1997 due to line of credit repayments in excess of advances, offset by net proceeds from the debt offering in 1998.

Rental revenue has been the principal source of funds to pay WRIT's operating expenses, interest expense and dividends to shareholders. In 1999, 1998 and 1997, WRIT paid dividends totaling \$41.3 million, \$39.6 million and \$36.1 million, respectively.

CAPITAL IMPROVEMENTS

- -----

Capital improvements of \$17.8 million were completed in 1999, including tenant improvements. Capital improvements to WRIT properties in 1998 and 1997 were approximately \$18.7 million and \$13.9 million, respectively.

Accretive Capital Improvements

- -----

Acquisition Related - These are capital improvements to properties acquired during the current and preceding two years which were planned during WRIT's investment analysis. In 1999, the most significant of these improvements were made to the 7900 Westpark Drive, Woodburn Medical Park, Bethesda Hill Apartments, Ammdale Technology Park II and Northern Virginia Industrial Park.

Expansions/Additions and Major Renovations - Expansions/Additions increase the rentable area of a property. During 1999, WRIT completed the 49,000 square foot addition at 7900 Westpark Drive. Major Renovations are improvements sufficient to increase the income otherwise achievable at a property. During 1999, WRIT completed the renovation of the Bradlee Shopping Center. See Expansions and Major Renovations on Page 10 of this report for descriptions of these 1999 projects.

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Tenant Improvements - Tenant Improvements are costs associated with commercial lease transactions such as painting and carpeting. During 1999, WRIT's average Tenant Improvement Costs per square foot of space leased were as follows:

Office	\$4.59
Retail	\$0.69
Industrial	\$0.55

The Retail and Industrial Tenant Improvement costs are substantially lower than Office Improvement costs because the tenant improvements required in these property types are substantially less extensive than in offices. WRIT's office tenant improvement costs are among the lowest in the industry for a number of reasons. Approximately 66% of our office tenants renew their leases with WRIT, and renewing tenants generally require minimal tenant improvements. In

addition, lower tenant improvement costs is one of the many benefits of WRIT's focus on leasing to smaller office tenants. Smaller office suites have limited configuration alternatives. Therefore, WRIT is often able to lease an existing suite with tenant improvements being limited to new paint and carpet.

Other Capital Improvements
- -----

Other Capital Improvements are those not included in the above categories. These are also referred to as recurring capital improvements. Over time these costs will be reincurred to maintain a property's income and value. In our residential properties, these include new appliances, flooring, cabinets, bathroom fixtures, and the like. These improvements are made as needed upon vacancy of an apartment and averaged \$759 for the 724 apartments turned over in 1999. WRIT also expensed an average of \$303 per apartment turnover for items which do not have a long-term life and are, therefore, not capitalized.

During 1999, WRIT's capital improvement costs were as follows (in thousands):

Accretive capital improvements:	
Acquisition related	\$ 5,716
Expansions and major renovations	5,929
Tenant improvements	2,342

Total Accretive capital improvements	13,987
Other:	3,752

Total	\$17,739
	=====

Management believes that WRIT has the liquidity and the capital resources necessary to meet all of its known obligations and to make additional property acquisitions and capital improvements when appropriate to enhance long-term growth.

YEAR 2000
- -----

WRIT's Year 2000 Project completion resulted in no interruption or failure of normal business activities or operations. No material failures or significant interruptions were experienced that materially or adversely affected WRIT's results of operations, liquidity or financial condition. The total costs incurred to become Year 2000 compliant were not material to WRIT's financial position. Any future cost associated with Year 2000 compliancy is not expected to be material to WRIT's financial position.

FORWARD-LOOKING STATEMENTS
- -----

This Annual Report on Form 10-K contains forward-looking statements which involve risks and uncertainties. Such forward-looking statements include (a) WRIT's intention to invest in properties that it believes will continue to increase in income and value; (b) WRIT's belief that its real estate markets will continue to perform well; (c) WRIT's belief that renovations and other changes at the Bradlee Shopping Center will increase traffic and enable it

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to raise rents; (d) WRIT's belief that external sources of capital will continue to be available and that additional sources of capital will be available from the sale of shares or notes; (e) WRIT's belief that it has the liquidity and capital resources necessary to meet its known obligations and to make additional property acquisitions and capital improvements when appropriate to enhance long-term growth and (f) other statements preceded by, followed by or that include the words "believes," "expects," "intends," "anticipates," "potential" and other similar expressions.

WRIT claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 for the foregoing statements. The following important factors, in addition to those discussed elsewhere in this Annual Report, could affect WRIT's future results and could cause those results to differ materially from those expressed in the forward-looking statements: (a) the economic health of WRIT's tenants; (b) the economic health of the Greater Washington-Baltimore region, or other markets they may enter, including the effects of changes in Federal government spending; (c) inflation; (d) consumer confidence; (e) unemployment rates; (f) consumer tastes and preferences; (g) stock price and interest rate fluctuations; (h) WRIT's future capital requirements; (i) competition; (j) compliance with applicable laws, including those concerning the environment and access by persons with disabilities; (k) weather conditions and (l) the effects of changes in capital availability to the technology and biotechnology sectors of the economy.

Certain information required by Part III is omitted from this report in that the Registrant will file a definitive proxy statement pursuant to Regulation 14A (the "Proxy Statement") no later than 120 days after the end of the fiscal year covered by this report, and certain information included therein is incorporated herein by reference. Only those sections of the Proxy Statement which specifically address the items set forth herein are incorporated by reference. Such incorporation does not include the Performance Graph included in the Proxy Statement.

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by this Item is hereby incorporated herein by reference to WRIT's 2000 Annual Meeting Proxy Statement.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is hereby incorporated herein by reference to WRIT's 2000 Annual Meeting Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this Item is hereby incorporated herein by reference to WRIT's 2000 Annual Meeting Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this Item is hereby incorporated herein by reference to WRIT's 2000 Annual Meeting Proxy Statement.

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PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

ITEM 14 (a). The following documents are filed as part of this Report:

1. Financial Statements: The following Financial Statements of Washington Real Estate Investment Trust and Reports of Independent Accountants are included in this report:

Report of Arthur Andersen LLP.

Consolidated Balance Sheets at December 31, 1999 and 1998.

Consolidated Statements of Income for the years ended December 31, 1999, 1998 and 1997.

Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 1999, 1998 and 1997.

Consolidated Statements of Cash Flows for the years ended December 31, 1999, 1998 and 1997.

Notes to Consolidated Financial Statements.

2. Financial Statement Schedules: The following financial statement schedules of Washington Real Estate Investment Trust for the periods indicated are filed as part of this Report and should be read in conjunction with the Financial Statements of Washington Real Estate Investment Trust.

Schedule -----	Page -----
III Real Estate and Accumulated Depreciation	44
Supplementary Information: Quarterly Financial Results (unaudited)	45

Schedules not listed above have been omitted because they are not applicable, are not required or the information to be set forth therein is included in the Financial Statements or Notes thereto.

3. Exhibits:

3. Declaration of Trust and Bylaws

- (a) Declaration of Trust. Incorporated herein by reference to Exhibit 3 to the Trust's registration statement on Form 8-B dated July 10, 1996.
- (b) Bylaws. Incorporated herein by reference to Exhibit 4 to the Trust's registration statement on Form 8-B dated July 10, 1996.
- (c) Amendment to Declaration of Trust dated September 21, 1998. Incorporated herein by reference to Exhibit 3 to the Trust's Form 10-Q dated November 13, 1998.
- (d) Articles of Amendment to Declaration of Trust dated June 24, 1999 incorporated by reference to Exhibit 4c to Amendment No. 1 to the Trust's Form S-3 registration statement filed with the Securities and Exchange Commission as of July 14, 1999.

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4.

- (a) Credit agreement dated March 1, 1995 between Washington Real Estate Investment Trust, as borrower, The First National Bank of Chicago, as lender, and The First National Bank of Chicago as agent. The credit agreement was amended and restated as of March 17, 1999 and is attached hereto.
- (b) Credit agreement dated July 17, 1998, among Washington Real Estate Investment Trust, as borrower, Crestar Bank, as lender, First Union National Bank (successor by merger to Signet Bank), as lender, and Crestar Bank, as agent. The credit agreement was amended and restated as of July 25, 1999 and is attached hereto.
- (c) Indenture dated as of August 1, 1996 between Washington Real Estate Investment Trust and The First National Bank of Chicago.*
- (d) Officers' Certificate Establishing Terms of the Notes, dated August 8, 1996.*
- (e) Form of 2003 Notes.*
- (f) Form of 2006 Notes.*
- (g) Form of MOPPRS Notes.****
- (h) Form of 30 year Notes.****
- (i) Remarketing Agreement.****
- (j) The Trust is a party to a number of other instruments defining the rights of holders of long-term debt. No such instrument authorizes an amount of securities in excess of 10 percent of the total assets of the Trust and its Subsidiaries on a consolidated basis. On request, the Trust agrees to furnish a copy of each such instrument to the Commission.

10. Management contracts, plans and arrangements

- (a) Employment Agreement dated May 11, 1994 with Edmund B. Cronin, Jr.**
- (b) 1991 Incentive Stock Option Plan, as amended.**
- (c) Nonqualified Stock Option Agreement dated June 27, 1990 with B. Franklin Kahn.**
- (d) Nonqualified Stock Option Agreement dated December 14, 1994 with Edmund B. Cronin, Jr.**
- (e) Nonqualified Stock Option Agreement dated December 19, 1995 with Edmund B. Cronin, Jr. Incorporated herein by reference to Exhibit 10(e) to the 1995 Form 10-K.
- (f) Share Grant Plan.***
- (g) Share Option Plan for Trustees.***

12. Computation of Ratios of Earnings to fixed charges and Preferred Dividends

21. Subsidiaries of Registrant

In 1995, WRIT formed a subsidiary partnership, WRIT Limited Partnership, a Maryland limited partnership, in which WRIT owns 100% of

the partnership interest.

In 1998, WRIT formed a subsidiary limited liability company, WRIT-NVIP, L.L.C., a Virginia limited liability company, in which WRIT owns 93% of the company interests.

In 1998, WRIT formed a subsidiary company, Real Estate Management, Inc., a Maryland corporation, in which WRIT owns 100% of the stock.

22. Consents

(a) Consent of Arthur Andersen LLP

27. Financial Data Schedules

(a) 1999 financial data schedule

ITEM 14 (b). REPORTS ON FORM 8-K

- (1) October 5, 1999 - Report pursuant to Item 2 on the acquisition of 1700 Research Boulevard, 600 Jefferson Plaza and Avondale Apartments.
- (2) November 30, 1999 - Report pursuant to Item 7 to provide the financial statements required to be included in the Current Report on Form 8-K dated October 5, 1999 in connection with the acquisition of 1700 Research Boulevard, 600 Jefferson Plaza and Avondale Apartments.

* Incorporated herein by reference to the Exhibit of the same designation to the Trust's Form 8-K filed August 13, 1996.

** Incorporated herein by reference to the Exhibit of the same designation to Amendment No. 2 to the Trust's Registration Statement on Form S-3 filed July 17, 1995.

*** Incorporated herein by reference to Exhibits 4(a) and 4 (b), respectively, to the Trust's Registration Statement on Form S-8 filed on March 17, 1998.

**** Incorporated herein by reference to the Exhibit of the same designation to the Trust's Form 8-K filed February 25, 1998.

SIGNATURES

Pursuant to the requirements of Section 13 and 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WASHINGTON REAL ESTATE INVESTMENT TRUST

Date: March 24, 2000

/s/ Edmund B. Cronin, Jr.

By: _____
Edmund B. Cronin, Jr.
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<TABLE>
<CAPTION>

Signature - ----- <S>	Title ----- <C>	Date ----- <C>
<u>/s/ Arthur A. Birney</u> Arthur A. Birney	Chairman and Trustee	March 24, 2000
<u>/s/ John M. Derrick, Jr.</u> John M. Derrick, Jr.	Trustee	March 24, 2000
<u>/s/ Clifford M. Kendall</u> Clifford M. Kendall	Trustee	March 24, 2000

<u>/s/ John P. McDaniel</u> John P. McDaniel	Trustee	March 24, 2000
<u>/s/ David M. Osnos</u> David M. Osnos	Trustee	March 24, 2000
<u>/s/ Susan J. Williams</u> Susan J. Williams	Trustee	March 24, 2000
<u>/s/ Larry E. Finger</u> Larry E. Finger	Senior Vice President and Chief Financial Officer	March 24, 2000
<u>/s/ Laura Franklin</u> Laura M. Franklin	Vice President and Chief Accounting Officer	March 24, 2000

</TABLE>

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders of
Washington Real Estate Investment Trust:

We have audited the accompanying consolidated balance sheets of Washington Real Estate Investment Trust (the "Trust," a Maryland real estate investment trust) and subsidiaries as of December 31, 1999 and 1998, and the related consolidated statements of income, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 1999. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Trust and subsidiaries as of December 31, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1999, in conformity with accounting principles generally accepted in the United States.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The financial statement schedule included on pages 42 through 45 of the Form 10-K is presented for the purpose of complying with the Securities and Exchange Commission's rules and is not a required part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

Arthur Andersen LLP

Vienna, Virginia
February 4, 2000

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WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 1999 AND 1998
(IN THOUSANDS)

<TABLE>
<CAPTION>

1998
Assets

<S>

1999

<C>

<C>		
Real estate, at cost		\$661,870
\$598,874		
Accumulated depreciation		(83,574)
(68,301)		
-----		-----
Total investment in real estate, net		578,296
530,573		
Cash and cash equivalents		4,716
4,595		
Rents and other receivables, net of allowance for doubtful accounts of \$831 and \$821, respectively		6,572
4,130		
Prepaid expenses and other assets		18,896
19,409		
-----		-----
Total assets		\$608,480
\$558,707		
=====		=====
Liabilities and shareholders' equity		
Accounts payable and other liabilities		\$ 11,421
\$ 13,524		
Advance rents		5,006
2,680		
Tenant security deposits		3,304
4,331		
Mortgage notes payable		87,038
28,912		
Lines of credit payable		33,000
44,000		
Notes payable		210,000
210,000		
-----		-----
Total liabilities		349,769
303,447		
-----		-----
Minority interest		1,522
1,527		
-----		-----
Shareholders' equity		
Shares of beneficial interest, \$.01 par value; 100,000 shares authorized: 35,721 and 35,692 shares issued and outstanding, respectively		357
357		
Additional paid in capital		256,832
253,376		
-----		-----
Total shareholders' equity		257,189
253,733		
-----		-----
Total liabilities and shareholders' equity		\$608,480
\$558,707		
=====		=====
</TABLE>		

The accompanying notes are an integral part of these statements.

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WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997
(IN THOUSANDS, EXCEPT PER SHARE DATA)

<TABLE>
<CAPTION>

	1999	1998	1997
	-----	-----	-----
<S>	<C>	<C>	<C>
Real estate rental revenue	\$118,975	\$103,597	\$79,429
Real estate expenses			
Utilities	7,298	7,012	5,897
Real estate taxes	8,496	7,372	5,746
Repairs and maintenance	4,765	4,296	3,576
Other expenses	14,722	12,434	10,240

Total real estate expenses	35,281	31,114	25,459
Operating income	83,694	72,483	53,970
Depreciation and amortization	19,590	15,399	10,911
Income from real estate	64,104	57,084	43,059
Other income	732	880	1,011
Interest expense	(22,271)	(17,106)	(9,691)
General and administrative expenses	(6,173)	(6,558)	(4,243)
Income before gain on sale of real estate	36,392	34,300	30,136
Gain on sale of real estate	7,909	6,764	--
Net income	\$ 44,301	\$ 41,064	\$30,136
Basic and diluted earnings per share	\$ 1.24	\$ 1.15	\$ 0.90

</TABLE>

The accompanying notes are an integral part of these statements.

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WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997
(IN THOUSANDS)

<TABLE>
<CAPTION>

	Shares	Shares of Beneficial Interest at Par Value	Additional Paid in Capital	Shareholders' Equity
<S>	<C>	<C>	<C>	<C>
Balance, December 31, 1996	31,803	\$318	\$195,305	\$195,623
Net income	--	--	30,136	30,136
Net proceeds from sale of shares	3,750	38	60,825	60,863
Dividends	--	--	(36,108)	(36,108)
Share options exercised	125	1	1,573	1,574
Balance, December 31, 1997	35,678	357	251,731	252,088
Net income	--	--	41,064	41,064
Dividends	--	--	(39,614)	(39,614)
Share options exercised	14	--	195	195
Balance, December 31, 1998	35,692	357	253,376	253,733
Net income	--	--	44,301	44,301
Dividends	--	--	(41,341)	(41,341)
Share options exercised	29	--	496	496
Balance, December 31, 1999	35,721	\$357	\$256,832	\$257,189

</TABLE>

The accompanying notes are an integral part of these statements.

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WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997
(IN THOUSANDS)

<TABLE>
<CAPTION>

	1999	1998
<S>	<C>	<C>
Cash flows from operating activities		
Net income	\$ 44,301	\$ 41,064
30,136		
Adjustments to reconcile net income to cash provided by operating activities:		
Gain on sale of real estate	(7,909)	(6,764)

Depreciation and amortization	19,590	15,399	
10,911			
Increases in other assets	(2,729)	(2,895)	
(2,047)			
Increases in other liabilities	(808)	6,789	
3,499			

Cash provided by operating activities	52,445	53,593	
42,499			

Cash flows from investing activities			
Real estate acquisitions, net*	(53,197)	(59,087)	
(138,804)			
Improvements to real estate	(18,371)	(18,652)	
(13,913)			
Non-real estate capital improvements	(350)	(1,967)	
--			
Net proceeds from sale of real estate	22,033	10,844	
--			

Cash used in investing activities	(49,885)	(68,862)	
(152,717)			

Cash flows from financing activities			
Dividends paid	(41,341)	(39,614)	
(36,108)			
Line of credit advances	33,000	44,000	
113,250			
Repayments of lines of credit	(44,000)	(95,250)	
(23,000)			
Proceeds from mortgage note payable	50,000	--	
--			
Mortgage principal payments	(594)	(172)	
(129)			
Net proceeds from sale of shares	--	--	
60,863			
Net proceeds from debt offering	--	102,797	
--			
Net proceeds from the exercise of share options	496	195	
1,574			

Cash (used in) provided by financing activities	(2,439)	11,956	
116,450			

Net increase (decrease) in cash and temporary investments	121	(3,313)	
6,232			
Cash and cash equivalents, beginning of year	4,595	7,908	
1,676			

Cash and cash equivalents, end of year	\$ 4,716	\$ 4,595	\$
7,908			
=====			
Supplemental disclosure of cash flow information:			
Cash paid for interest	\$ 18,968	\$ 13,475	\$
9,433			
=====			

</TABLE>

Supplemental schedule of non-cash investing and financing activities

* On September 20, 1999, WRIT purchased Avondale Apartments for an acquisition cost of \$13.0 million. WRIT assumed a mortgage in the amount of \$8.7 million and paid the balance in cash. The \$8.7 million of assumed mortgage is not included in the \$53.2 million amount shown as 1999 real estate acquisitions.

* On November 30, 1998, WRIT purchased Woodburn Medical Park I and II for an acquisition cost of \$35.2 million. WRIT assumed two mortgages in the amount of \$9.2 million and \$12.4 million and paid the balance in cash. The \$21.6 million is not included in the \$59.1 million shown as 1998 real estate acquisitions.

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997

1. Nature of Business:

Washington Real Estate Investment Trust ("WRIT" or the "Trust") is a self-administered, self managed equity real estate investment trust, successor to a trust organized in 1960. The Trust's business consists of the ownership and operation of income-producing real properties.

WRIT operates in a manner intended to enable it to qualify as a real estate investment trust under the Internal Revenue Code (the "Code"). In accordance with the Code, a trust which distributes its capital gains and at least 95 percent of its taxable income to its shareholders each year, and which meets certain other conditions, will not be taxed on that portion of its taxable income which is distributed to its shareholders. Accordingly, no provision for Federal income taxes is required.

In June 1996, WRIT changed its domicile from the District of Columbia to the State of Maryland. Issued and outstanding shares were assigned a par value of \$.01 per share.

2. Accounting Policies:

Basis of Presentation

The accompanying consolidated financial statements include the accounts of the Trust and its majority owned subsidiaries, after eliminating all intercompany transactions.

Revenue Recognition

Residential properties are leased under operating leases with terms of generally one year or less, and commercial properties are leased under operating leases with average terms of three to five years. WRIT recognizes rental income and rental abatements from its residential and commercial leases when earned in accordance with Statement of Financial Accounting Standards ("SFAS") No. 13.

Deferred Financing Costs

Costs associated with the issuance of senior subordinated notes and draws on lines of credit are capitalized and amortized using the effective interest rate method over the term of the related notes.

Real Estate and Depreciation

Real estate assets are recorded at cost. Buildings are depreciated on a straight-line basis over estimated useful lives not exceeding 50 years. Effective January 1, 1995, WRIT revised its estimate of useful lives for major capital improvements to real estate. All capital improvement expenditures associated with replacements, improvements or major repairs to real property are depreciated using the straight-line method over their estimated useful lives ranging from 3 to 30 years. All tenant improvements are amortized using the straight-line method over 5 years or the term of the lease if it differs significantly from 5 years. Capital improvements placed in service prior to January 1, 1995 will continue to be depreciated on a straight-line basis over their previously estimated useful lives not exceeding 30 years. Maintenance and repair costs are expensed as incurred.

WRIT evaluates quarterly the carrying value of its long-lived assets in accordance with SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of." In cases where management is holding particular properties for sale, the Trust assesses impairment based on whether the fair value (estimated sales price less costs of disposal) of each individual property to be sold is less than the net book value. A

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property is considered to be held for sale when the Trust has made the decision to dispose of the property. Otherwise, the Trust assesses impairment of its real estate properties based on whether it is probable that undiscounted future cash flows from each individual property will be less than its net book value. If a property is determined to be impaired, its basis is adjusted to its fair market value. There were no property impairments recognized during the three-year period ending December 31, 1999.

Cash and Cash Equivalents

Cash and cash equivalents include investments readily convertible to known amounts of cash with original maturities of 90 days or less.

Interest Rate Protection Agreements

WRIT has entered into interest rate protection agreements to reduce its exposure to interest rate risk on anticipated borrowings. The costs (if any) of such agreements which qualify for hedge accounting are included in other assets and are amortized over the interest rate protection agreement term. To qualify for hedge accounting, the interest rate protection agreement must meet two criteria: (i) the debt to be hedged exposes WRIT to interest rate risk and (ii) the interest rate protection agreement reduces WRIT's exposure to interest rate risk. In the event that interest rate protection agreements that qualify for hedge accounting are terminated or are closed out, the associated gain or loss is deferred and amortized over the term of the underlying hedged asset or liability. Amounts to be paid or received under interest rate protection agreements are accrued currently and are netted with interest expense for financial statement presentation purposes. Additionally, in the event that interest rate protection agreements do not qualify as hedges, such agreements are reclassified to investments accounted for at fair value, with any gain or loss included as a component of income.

Comprehensive Income

WRIT has no items of comprehensive income that would require separate reporting in the accompanying consolidated statements of income.

Earnings Per Common Share

During 1997, WRIT adopted SFAS No. 128, "Earnings per Share." This statement requires the computation and reporting of both "basic" and "diluted" earnings per share.

"Basic earnings per share" is computed as net income divided by the weighted-average common shares outstanding. "Diluted earnings per share" is computed as net income divided by the total weighted average common shares outstanding plus the effect of dilutive common equivalent shares outstanding for the period. Dilutive common equivalent shares reflect the assumed issuance of additional common shares pursuant to certain of the Trust's share based compensation plans (see Note 8) that could potentially reduce or "dilute" earnings per share, based on the treasury stock method.

The weighted-average number of shares outstanding for the year ended December 31, 1999, 1998 and 1997, was 35.7, 35.7 and 33.4 million shares, respectively. There was no impact of dilution of common equivalent shares on the basic weighted-average shares outstanding for the years ended December 31, 1999, 1998 and 1997.

Use of Estimates in the Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

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New Statements of Financial Accounting Standards

In June 1998, SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," was issued. This statement establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives) and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. If certain conditions are met, a derivative may be specifically designated as (a) a hedge of the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment, (b) a hedge of the exposure to variable cash flows of a forecasted transaction, or (c) a hedge of the foreign currency exposure to a net investment in a foreign operation, an unrecognized firm commitment, an available-for-sale security, or a foreign-currency-denominated forecasted transaction. SFAS No. 137 amended the effective date of SFAS No. 133 to be effective for all fiscal quarters of fiscal years beginning after June 15, 2000. Although currently WRIT has no derivative instruments, this statement could affect derivative instruments acquired by WRIT in future periods.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

3. Real Estate Investments:

WRIT's real estate investment portfolio, at cost, consists of properties located in Maryland, Washington, D.C., and Virginia as follows:

December 31,

	1999	1998
	(In thousands)	
Office buildings	\$352,145	\$323,152
Retail centers	97,004	95,017
Apartment buildings	99,125	83,163
Industrial distribution/flex properties	113,596	97,542
	\$661,870	\$598,874

WRIT's results of operations are dependent on the overall economic health of its tenants and the specific segments in which WRIT holds properties, as well as the overall economic health of the markets in which it owns property. These segments include commercial, residential, retail and industrial/flex properties. Although all sectors are affected by external factors, such as inflation, consumer confidence, unemployment rates and consumer tastes and preferences, the retail segment is particularly sensitive to such factors. A decline in the retail sector of the economy could reduce merchant sales, which could adversely affect the operating results of WRIT.

As of December 31, 1999, 7900 Westpark office building accounted for 13 percent of total assets and 9 percent of total revenues. No other single property or tenant accounted for more than 10 percent of total assets or total revenues.

Properties acquired by WRIT during the year ending December 31, 1999 are as follows:

Acquisition Date	Property	Type	Rentable Square Feet	Acquisition Cost (In thousands)
January 27, 1999	Dulles South IV	Industrial Distribution/Flex	83,000	\$ 6,909
April 16, 1999	Sully Square	Industrial Distribution/Flex	95,000	7,557
May 21, 1999	600 Jefferson Plaza	Office	115,000	14,472
May 21, 1999	1700 Research Blvd.	Office	103,000	12,941
September 10, 1999	Amvax	Industrial Distribution/Flex	32,000	2,231
September 20, 1999	Avondale	Residential	162,000	12,908
November 30, 1999	Parklawn Plaza	Office	40,000	4,764
			630,000	\$61,782

</TABLE>

WRIT accounted for each acquisition using the purchase method of accounting.

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Properties sold by WRIT during the year ending December 31, 1999 are as follows:

Disposition Date	Property	Type	Rentable Square Feet	Sales Price (In thousands)
February 5, 1999	444 North Frederick Avenue	Office	66,000	\$ 5,671
February 5, 1999	Arlington Financial Center	Office	51,000	9,798
February 5, 1999	Department of Commerce	Industrial Distribution/Flex	105,000	7,031
February 26, 1999	V Street Distribution Center	Industrial Distribution/Flex	31,000	600
			253,000	\$23,100

</TABLE>

4. Mortgage Notes Payable:

On August 22, 1995, WRIT assumed a \$7.8 million mortgage note payable as partial consideration for its acquisition of Frederick County Square retail center. The mortgage bears interest at 9 percent. Principal and interest are payable monthly until January 1, 2003, at which time all unpaid principal and interest

are payable in full.

On November 30, 1998, WRIT assumed a \$9.2 million mortgage note payable and a \$12.4 million mortgage note payable as partial consideration for its acquisition of Woodburn Medical Park I and II. Both mortgages bear interest at 7.69 percent per annum. Principal and interest are payable monthly until September 15, 2005, at which time all unpaid principal and interest are payable in full.

On September 20, 1999, WRIT assumed an \$8.7 million mortgage note payable as partial consideration for its acquisition of the Avondale Apartments. The mortgage bears interest at 7.88 percent per annum. Principal and interest are payable monthly until November 1, 2005, at which time all unpaid principal and interest are payable in full.

On September 27, 1999, WRIT executed a \$50.0 million mortgage note payable secured by Munson Hill Towers, Country Club Towers, Roosevelt Towers, Park Adams Apartments and the Ashby Apartments. The mortgage bears interest at 7.14 percent per annum and is payable monthly until October 1, 2009, at which time all unpaid principal and interest are payable in full. These funds were used to repay advances received on the Unsecured Lines of Credit Payable.

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Annual maturities of principal as of December 31, 1999 are as follows:

	(In thousands)
2000	\$ 768
2001	833
2002	902
2003	7,376
2004	820
Thereafter	76,338

	\$87,037
	=====

5. Unsecured Lines of Credit Payable:

During 1999, WRIT maintained two unsecured lines of credit: a \$25 million line of credit ("Credit Facility No. 1") and a \$50 million line of credit ("Credit Facility No. 2").

Credit Facility No. 1

WRIT had \$22 and \$0 million outstanding as of December 31, 1999 and 1998, respectively, related to Credit Facility No. 1.

The following advances have been made under this commitment:

<TABLE>
<CAPTION>

Advance Date	Date Paid in Full	Amount (In thousands)	1999 Rate	1998 Rate	1997 Rate
-----	-----	-----	----	----	----
<S>	<C>	<C>	<C>	<C>	<C>
September 26, 1996	September 26, 1997	4,000	--	--	6.83%
November 14, 1997	February 25, 1998	25,000	--	6.64%-8.50%	6.40%-6.64%
March 29, 1999	March 28, 2000	4,000	5.98%	--	--
May 20, 1999	July 19, 1999	12,000	5.67%	--	--
July 20, 1999	January 20, 2000	12,000	6.30%	--	--
September 15, 1999	March 15, 2000	6,000	6.64%	--	--

</TABLE>

Prior to March 17, 1999, all new advances and interest rate adjustments, upon the expiration of WRIT's interest lock-in dates bore interest at LIBOR plus a spread based on WRIT's public debt rating. All unpaid interest and principal could be prepaid prior to the expiration of WRIT's interest rate lock-in periods subject to a yield maintenance obligation.

On March 17, 1999, WRIT executed an amended and restated agreement extending the termination date to March 17, 2002. Under the amended agreement, WRIT may take either a Corporate Base Rate ("CBR") or a LIBOR advance. Both advances have interest rates based on the applicable rate plus a spread based on the most recent ratings from Moody's and/or S&P for WRIT's long-term unsecured debt.

This \$25 million credit commitment requires WRIT to pay the lender an unused commitment fee at the rate of 0.375 percent per annum on the amount by which the \$25 million commitment exceeds the balance of outstanding advances and term loans. At December 31, 1999 and 1998, \$3 million and \$25.0, respectively, of this commitment was unused and available for subsequent acquisitions or capital improvements. This fee is paid quarterly. This commitment also contains certain financial and non-financial covenants including debt service coverage, net worth, and permitted indebtedness ratios which WRIT has met as of December 31, 1999. In addition, this commitment requires approval to be obtained from the

lender for purchases by the Trust over an agreed upon amount.

Credit Facility No. 2

WRIT had \$11 million and \$44 million outstanding as of December 31, 1999 and 1998, respectively, related to Credit Facility No. 2.

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The following advances have been made under this commitment:

<TABLE>
<CAPTION>

Advance Date -----	Date Paid in Full -----	Amount (In thousands) -----	1999 Rate ----	1998 Rate ----	1997 Rate ----
<S>	<C>	<C>	<C>	<C>	<C>
November 26, 1996	August 1, 1997	1,000	--	--	6.29%
February 28, 1997	August 1, 1997	14,000	--	--	6.25%
March 27, 1997	August 1, 1997	3,000	--	--	6.25%
June 27, 1997	August 1, 1997	1,000	--	--	6.19%
November 12, 1997	February 25, 1998	17,000	--	6.64%	6.36%-6.64%
November 14, 1997	February 25, 1998	33,000	--	6.61%	6.40%-6.61%
May 22, 1998	July 22, 1999	13,000	5.54%	5.54%-6.39%	--
June 23, 1998	June 22, 1999	4,000	6.02%	6.02%-6.39%	--
September 9, 1998	March 11, 1999	2,000	6.23%	6.23%	--
September 25, 1998	September 25, 1999	3,000	5.76%	5.76%	--
September 28, 1998	June 28, 1999	8,000	5.83%	5.83%	--
November 30, 1998	May 30, 1999	14,000	5.82%	5.82%	--
January 22, 1999	July 22, 1999	1,000	5.70%	--	--
January 27, 1999	July 27, 1999	4,000	5.67%	--	--
March 11, 1999	September 27, 1999	2,000	6.07%	--	--
March 29, 1999	September 27, 1999	1,000	6.02%	--	--
May 31, 1999	August 30, 1999	14,000	5.74%	--	--
June 23, 1999	August 21, 1999	4,000	5.83%	--	--
June 29, 1999	August 30, 1999	8,000	5.92%	--	--
July 22, 1999	September 21, 1999	13,000	5.93%	--	--
July 22, 1999	September 21, 1999	1,000	5.93%	--	--
July 27, 1999	September 22, 1999	4,000	5.94%	--	--
August 22, 1999	September 21, 1999	4,000	5.99%	--	--
August 30, 1999	September 27, 1999	14,000	6.07%	--	--
August 30, 1999	September 27, 1999	8,000	6.07%	--	--
September 21, 1999	September 27, 1999	1,000	6.08%	--	--
September 21, 1999	September 27, 1999	13,000	6.08%	--	--
September 22, 1999	September 27, 1999	4,000	6.08%	--	--
September 28, 1999	June 28, 2000	7,000	6.64%	--	--
November 30, 1999	August 31, 2000	4,000	6.86%	--	--

</TABLE>

On July 25, 1999, WRIT executed an agreement to amend and restate the original Credit Facility No. 2 agreement. All unpaid interest and principal are due July 2002 and can be prepaid prior to this date without any prepayment fee or yield maintenance obligation. Any new advances shall bear interest at LIBOR plus a spread based on WRIT's public debt rating.

Credit Facility No. 2 provides WRIT the option to convert any advances or portions thereof into a term loan at any time through July 2002. The principal amount of each term loan, if any, shall be repaid in July 2002.

This \$50 million credit commitment requires WRIT to pay the lender an unused commitment fee ranging from 0.15 to 0.25 percent per annum based on WRIT's public debt rating. The fee is paid on the amount by which the \$50 million commitment exceeds the balance of outstanding advances and term loans. At December 31, 1999 and 1998, \$39 million and \$6 million, respectively, of this commitment was unused. This fee is paid quarterly in arrears. This commitment also contains certain financial covenants including cash flow to debt service, net worth, capitalization and permitted indebtedness ratios which WRIT has met as of December 31, 1999.

Bridge Loan

During 1997, WRIT temporarily expanded one of its lines of credit to provide up to an additional \$20.25 million through February 27, 1998, at which time it was repaid. The bridge loan accrued interest at LIBOR plus 0.70 percent. At February 27, 1998 and December 31, 1997, the interest rate was 8.50 percent and 6.64 percent, respectively.

WRIT was required to pay a commitment fee equal to 0.10 percent of the commitment. The bridge loan also required WRIT to pay the lender an unused commitment fee at the rate of 0.175 percent on the amount that the \$20.25 million commitment exceeded the balance of outstanding advances.

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Information related to short-term borrowings are as follows (in thousands):

	1999	1998
	-----	-----
Maximum Amount Outstanding	\$72,000	\$95,250
Average Amount Outstanding	50,847	29,547
Weighted Average Interest Rate	5.93%	6.38%

6. Senior and Medium-Term Notes Payable:

Senior Notes

On August 8, 1996, WRIT entered into an underwriting agreement to sell \$50 million of 7.125 percent 7-year unsecured notes due August 13, 2003, and \$50 million of 7.25 percent unsecured 10-year notes due August 13, 2006. This transaction closed on August 13, 1996. The 7-year notes were sold at 99.107 percent of par and the 10-year notes were sold at 98.166 percent of par. Net proceeds to the Trust after deducting underwriting expenses were \$97.6 million. The 7-year notes bear an effective interest rate of 7.46 percent, and the 10-year notes bear an effective interest rate of 7.49 percent, for a combined effective interest rate of 7.47 percent. In 1996, WRIT used the proceeds of these notes to pay down its lines of credit and to finance acquisitions and capital improvements to its properties. These notes also contain certain financial covenants including debt service coverage and permitted indebtedness ratios which WRIT has met as of December 31, 1999.

Medium-Term Notes

On February 20, 1998, WRIT sold \$50 million of 7.25 percent unsecured notes due February 25, 2028 at 98.653 percent to yield approximately 7.36 percent. WRIT also sold \$60 million in unsecured Mandatory Par Put Remarketed Securities ("MOPPRS") at an effective borrowing rate through the remarketing date (February 2008) of approximately 6.74 percent. WRIT used the proceeds of these notes for general business purposes, including repayment of outstanding advances under its lines of credit and to finance acquisitions and capital improvements to its properties. WRIT settled interest rate lock agreements for \$5.4 million and treated the cost of the interest rate caps as a transaction cost of the borrowing. These costs are amortized over the life of the unsecured notes using the effective interest rate method. These notes also contain certain financial covenants including debt service coverage and permitted indebtedness ratios, which WRIT has met as of December 31, 1999.

7. Shares of Beneficial Interest and Dividends:

In August 1997, WRIT received \$61.1 million from the public sale of 3,750,000 shares. WRIT's offering costs were approximately \$200,000, resulting in net proceeds received by the Trust of \$60.9 million. Approximately \$23.0 million of the net proceeds was used to repay certain borrowings outstanding under the Trust's lines of credit resulting from 1997 property acquisitions. The balance of the net proceeds was used to acquire income producing properties and for capital improvements.

The following is a breakdown of the taxable percentage of WRIT's dividends for 1999, 1998 and 1997, respectively:

	Ordinary Income	Return of Capital
	-----	-----
1999	100%	0%
1998	98%	2%
1997	93%	7%

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8. Share Options and Grants:

WRIT maintains an Incentive Stock Option Plan (the "Plan"), which includes qualified and non-qualified options. As of December 31, 1999, 1.5 million shares may be awarded to eligible employees. Under the Plan, options, which are issued at market price on the date of grant, vest after not more than two years and expire ten years following the date of grant. Options may be granted under the Plan at any time prior to June 25, 2001. Activity under the Plan is summarized below:

<TABLE>

<CAPTION>

	1999		1998		1997	
	-----	-----	-----	-----	-----	-----
	Shares	Wtd Avg Ex Price	Shares	Wtd Avg Ex Price	Shares	Wtd Avg Ex Price
	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Outstanding at January 1	806,000	\$16.83	409,000	\$15.93	365,000	\$14.78
Granted	513,000	14.47	430,000	17.59	183,000	16.13
Exercised	(12,000)	15.89	(8,000)	12.41	(125,000)	12.58
Expired	(34,000)	17.28	(25,000)	16.76	(14,000)	18.33
Outstanding at December 31	1,273,000	15.87	806,000	16.83	409,000	15.93

Exercisable at December 31 560,000 16.54 288,000 15.90 173,000 15.84
 </TABLE>

560,000 of the exercisable options outstanding at December 31, 1999 have exercise prices between \$12.410 and \$20.625, with a weighted-average exercise price of \$16.54 and a weighted average remaining contractual life of 7.53 years. The remaining 173,000 options have exercise prices between \$14.47 and \$17.59, with a weighted average exercise price of \$15.35 and a remaining contractual life of 9.72 years.

WRIT accounts for the Plan and the non-qualified share options granted under APB Opinion No. 25, under which no compensation cost has been recognized. Had compensation cost for these plans been determined consistent with SFAS No. 123, "Accounting for Stock-Based Compensation," WRIT's net income and earnings per share would have been reduced to the following pro-forma amounts:

<TABLE>
 <CAPTION>

		1999	1998	1997
		-----	-----	-----
<S>	<C>			
Net Income:	As Reported	\$44,301	\$41,064	\$30,136
	Pro-Forma	43,419	40,240	29,780
Basic Earnings Per Share:	As Reported	1.24	1.15	0.90
	Pro-Forma	1.22	1.13	0.89
Weighted-average fair value of options granted		1.76	1.92	1.94
Weighted-average assumptions:				
Expected lives (years)		7	7	7
Risk free interest rate		6.42%	5.09%	5.75%
Expected volatility		21.05%	19.21%	17.41%
Expected dividend yield		7.12%	6.27%	5.79%

</TABLE>

Because the method of accounting has not been applied to options granted prior to January 1, 1995, the resulting pro-forma compensation may not be representative of that to be expected in future years. The assumptions used in the calculations of weighted average fair value of options granted are as prescribed under accounting principles generally accepted in the United States. Such assumptions may not be the same as those used by the financial community and others in determining the fair value of such options.

WRIT has computed basic earnings per share. There was no impact of dilution of common equivalent shares on the basic weighted-average shares outstanding for the years ended December 31, 1999, 1998 and 1997.

During 1999 and 1998, WRIT issued 12,299 and 9,692 share grants, respectively, to executives and trustees of the Trust. The respective compensation expense was recorded based upon the share price at the grant date. Share grants are awarded by the compensation committee of the Board of Trustees.

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9. Benefit Plans:

During 1996, management adopted an Incentive Compensation Plan ("the Compensation Plan") for its senior personnel which is intended to align their compensation growth with shareholders' interests. Essentially, the Compensation Plan limits future salary increases and provides cash bonus incentives, share options under the Incentive Share Option Plan and share grants under the Share Grant Plan based on performance. The financial incentives to management are earned after WRIT has achieved a prescribed level of growth. This plan is effective from 1996 forward and is reviewed by the Board of Trustees' Compensation Committee each year.

In 1997, WRIT implemented a Retirement Savings Plan (the "Savings Plan"). It was established so that participants in the Savings Plan may elect to contribute a portion of their earnings to the Savings Plan and WRIT may, at its discretion, make a voluntary contribution to the Savings Plan.

WRIT maintained a noncontributory defined benefit pension plan for all eligible employees through December 31, 1995. At December 31, 1995, all benefit accruals under the plan were frozen and thus the projected benefit obligation ("PBO") and the accumulated benefit obligation ("ABO") became equal. WRIT terminated the plan as of December 31, 1999. Since there are no further benefit accruals provided under the plan, WRIT has substantially reduced its funding obligation and there will be no further increases in the ABO or PBO. Benefits under the plan were generally based on years of service and final average pay. Pension costs are accrued and funded annually from plan entry date in the plan to projected retirement date and include service costs for benefits earned during the period and interest costs on the projected benefit obligation less the return on plan assets. The effects of the pension plan are immaterial to WRIT's financial statements.

10. Fair Value of Financial Instruments:

Statement of Financial Accounting Standards No. 107 requires disclosure of the fair value of financial instruments. Whenever possible the estimated fair value has been determined using quoted market information as of December 31, 1999. The estimated fair value information presented is not necessarily indicative of amounts the Trust could realize currently in a market sale since the Trust may be unable to sell such instruments due to contractual restrictions or the lack of an established market. The estimated market values have not been updated since December 31, 1999, therefore, current estimates of fair value may differ significantly from the amounts presented.

Below is a summary of significant methodologies used in estimating fair values and a schedule of fair values at December 31, 1999.

Cash and cash equivalents

Includes cash and commercial paper with remaining maturities of less than 90 days, which are valued at the carrying value.

Mortgage notes payable

Mortgage notes payable consist of instruments in which certain of the Trust's real estate assets are used for collateral. The fair value of the mortgage notes payable is estimated based upon published rates or dealer quotes for instruments with similar terms and maturities.

Lines of credit payable

Lines of credit payable consist of bank facilities which the Trust uses for various purposes including working capital, acquisition funding or capital improvements. The lines of credit advances are priced at a specified rate plus a spread. The carrying value of the lines of credit payable is estimated to be market value since the interest rate adjusts with the market.

Notes payable

Notes payable consists of \$50 million, 7.125 %, 7 year unsecured notes due August 13, 2003, \$50 million, 7.25%, 10 year unsecured notes due August 13, 2006, \$50 million, 7.25%, 20 year unsecured notes due February 25, 2028 and \$60 million unsecured Mandatory Par Put Remarketed Securities with an effective yield of 6.74%. The fair value of these securities is estimated based on published rates or dealer quotes for securities with similar terms and characteristics.

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<TABLE>
<CAPTION>

(In thousands)	1999		1998	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<S>	<C>	<C>	<C>	<C>
Cash and cash equivalents	\$ 4,716	\$ 4,716	\$ 4,595	\$ 4,595
Mortgage notes payable	\$ 87,037	\$ 84,520	N/A	N/A
Lines of credit payable	\$ 33,000	\$ 33,000	\$ 44,000	\$ 44,000
Notes payable	\$210,000	\$192,420	\$210,000	\$202,900

11. Rentals Under Operating Leases:

Noncancellable commercial operating leases provide for minimum rental income during each of the next five years of approximately \$79.6 million, \$69.0 million, \$50.6 million, \$38.0 million, \$27.0 million and \$63.0 million thereafter. Apartment leases are not included as they are generally for one year. Most of these commercial leases increase in future years-based on changes in the Consumer Price Index or agreed-upon percentages. Contingent rentals from the shopping centers, based on a percentage of tenants' gross sales, were \$425,000, \$462,000 and \$351,000 in 1999, 1998 and 1997, respectively.

12. Contingencies:

In the normal course of business, WRIT is involved in various types of pending or unasserted claims. In the opinion of management, these claims will not have a material impact on the financial condition or future operations of the Trust.

13. Segment Information:

WRIT has four reportable segments: Office Buildings, Industrial/Flex Properties, Apartment Buildings, and Retail Centers. Office Buildings represent 52 percent of real estate rental revenue and provide office space for various types of businesses. Industrial/Flex Properties represent 14 percent of real estate rental revenue and are used for warehousing and distribution. Apartment Buildings represent 19 percent of real estate rental revenue and provide housing

for families throughout the Washington Metropolitan area. Retail Centers represent 15 percent of real estate rental revenue and are retail outlets for a variety of stores.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. WRIT evaluates performance based upon income from real estate from the combined properties in each segment.

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WRIT's reportable segments are a consolidation of related properties, which offer different products. They are managed separately because each segment requires different operating, pricing and leasing strategies. All of the properties have been acquired separately and are incorporated into the applicable segment.

<TABLE>
<CAPTION>

	1999 (in thousands)					
	Office Buildings	Industrial/ Flex Properties	Apartment Buildings	Retail Centers	Corporate and Other	Consolidated
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Real estate rental revenue	\$ 61,657	\$ 16,196	\$22,926	\$18,196	\$ --	\$118,975
Real estate expenses	18,950	3,568	8,714	4,049	--	35,281
Operating income	42,707	12,628	14,212	14,147	--	83,694
Depreciation and amortization	10,979	3,301	2,915	2,395	--	19,590
Income from real estate	31,728	9,327	11,322	11,682	--	64,104
Other income	--	--	--	--	732	732
Interest expense	(1,731)	--	(1,145)	(653)	(18,742)	(22,271)
General and administrative	--	--	--	--	(6,173)	(6,173)
Income before gain on sale of real estate	29,997	9,327	10,152	11,099	(24,183)	36,392
Gain on sale of real estate	--	--	--	--	7,909	7,909
Net income	\$ 29,997	\$ 9,327	\$10,152	\$11,099	\$ (16,274)	\$ 44,301
Capital investments	\$ 37,691	\$ 19,591	\$20,324	\$ 2,049	\$ 1,216	\$ 80,871
Total assets	\$321,741	\$105,177	\$79,548	\$84,041	\$ 17,973	\$608,480

<CAPTION>

	1998 (in thousands)					
	Office Buildings	Industrial/ Flex Properties	Apartment Buildings	Retail Centers	Corporate and Other	Consolidated
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Real estate rental revenue	\$ 51,311	\$13,547	\$21,170	\$17,569	\$ --	\$103,597
Real estate expenses	16,610	2,703	8,096	3,705	--	31,114
Operating income	34,701	10,844	13,074	13,864	--	72,483
Depreciation and amortization	8,447	2,330	2,581	2,041	--	15,399
Income from real estate	26,254	8,514	10,493	11,823	--	57,084
Other income	--	--	--	--	880	880
Interest expense	(69)	--	--	(665)	(16,372)	(17,106)
General and administrative	--	--	--	--	(6,558)	(6,558)
Income before gain on sale of real estate	26,185	8,514	10,493	11,158	(22,050)	34,300
Gain on sale of real estate	--	--	--	--	6,764	6,764
Net income	\$ 26,185	\$ 8,514	\$10,493	\$11,158	\$ (15,286)	\$ 41,064
Capital investments	\$ 54,389	\$34,706	\$ 3,012	\$ 8,755	\$ 1,967	\$102,829
Total assets	\$300,043	\$90,077	\$65,679	\$84,198	\$ 18,710	\$558,707

</TABLE>

<TABLE>
<CAPTION>

	1997 (in thousands)					
	Office Buildings	Industrial/ Flex Properties	Apartment Buildings	Retail Centers	Corporate and Other	Consolidated
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Real estate rental revenue	\$ 35,972	\$ 9,877	\$18,040	\$15,540	\$ --	\$ 79,429
Real estate expenses	12,579	2,051	7,145	3,684	--	25,459
Operating income	23,393	7,826	10,895	11,856	--	53,970
Depreciation and amortization	5,404	1,585	2,091	1,831	--	10,911
Income from real estate	17,989	6,241	8,804	10,025	--	43,059
Other income	--	--	--	--	1,011	1,011
Interest expense	--	--	--	(667)	(9,014)	(9,691)
General and administrative	--	--	--	--	(4,243)	(4,243)
Net income	\$ 17,989	\$ 6,241	\$ 8,804	\$ 9,348	\$ (12,246)	\$ 30,136
Capital investments	\$106,264	\$22,919	\$19,885	\$ 3,649	\$ --	\$152,717
Total assets	\$253,233	\$60,290	\$65,087	\$77,233	\$ 12,728	\$468,571

</TABLE>

14. Subsequent Event (Unaudited):

Subsequent to December 31, 1999, WRIT closed on the sale of Prince William Plaza. On February 29, 2000, WRIT sold this property for \$2.8 million resulting in a gain of \$1.5 million. WRIT intends to use these proceeds to purchase other real estate assets.

Schedule III

WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES

SUMMARY OF REAL ESTATE INVESTMENTS AND ACCUMULATED DEPRECIATION

<TABLE>
<CAPTION>

Properties	Location	Initial Cost/ (b) /		Net Improvements (Retirements) since Acquisition
		Land	Building and Improvements	
<S>	<C>	<C>	<C>	<C>
Office Buildings				
10400 Connecticut Avenue	Maryland	\$ 222,000	\$ 1,691,000	\$ 3,541,000
1901 Pennsylvania Avenue	Washington, D.C.	892,000	3,481,000	6,005,000
51 Monroe Street	Maryland	840,000	10,869,000	9,966,000
7700 Leesburg Pike	Virginia	3,669,000	4,000,000	6,037,000
515 King Street	Virginia	4,102,000	3,931,000	1,173,000
The Lexington Building	Maryland	1,180,000	1,263,000	668,000
The Saratoga Building	Maryland	1,464,000	1,554,000	1,042,000
Brandywine Center	Maryland	718,000	735,000	500,000
Tycon Plaza II	Virginia	3,262,000	7,243,000	2,091,000
Tycon Plaza III	Virginia	3,255,000	7,794,000	2,026,000
6110 Executive Boulevard	Maryland	4,621,000	11,895,000	3,196,000
1220 19th Street	Washington, D.C.	7,802,000	11,366,000	574,000
Maryland Trade Center I	Maryland	3,330,000	12,747,000	2,499,000
Maryland Trade Center II	Maryland	2,826,000	9,487,000	1,090,000
1600 Wilson Boulevard	Virginia	6,661,000	16,740,000	878,000
7900 Westpark Drive	Virginia	12,049,000	70,416,000	2,035,000
8230 Boone Boulevard	Virginia	1,417,000	6,760,000	158,000
Woodburn Medical Park I/(a)/	Virginia	2,563,000	12,530,000	316,000
Woodburn Medical Park II/(a)/	Virginia	2,632,000	17,612,000	247,000
800 Jefferson Plaza	Maryland	2,296,000	12,188,000	185,000
1700 Research Blvd.	Maryland	1,847,000	11,105,000	86,000
Parklawn Plaza	Maryland	714,000	4,049,000	14,000
		68,362,000	239,456,000	44,327,000
Retail Centers				
Concord Centre	Virginia	413,000	850,000	2,905,000

Bradlee	Virginia	4,152,000	5,428,000	6,836,000
Clairmont	Maryland	155,000	892,000	1,016,000
Chevy Chase Metro Plaza	Washington, D.C.	1,549,000	4,304,000	3,010,000
Prince William Plaza/(g)/	Virginia	181,000	820,000	1,040,000
Takoma Park	Maryland	415,000	1,085,000	1,000
Westminster	Maryland	553,000	1,889,000	1,818,000
Wheaton Park	Maryland	796,000	857,000	3,219,000
Montgomery Village Center	Maryland	11,624,000	9,105,000	959,000
Shoppes of Foxchase	Virginia	5,838,000	2,980,000	1,324,000
Frederick County Square/(a)/	Maryland	6,561,000	6,830,000	1,312,000
South Washington St.	Virginia	2,624,000	3,546,000	117,000
		-----	-----	-----
		34,861,000	38,586,000	23,557,000
		-----	-----	-----

<CAPTION>

Properties -----	Gross Amounts at which carried at December 31, 1999 -----			Accumulated Depreciation at December 31, 1999 -----
	Land -----	Buildings and Improvements -----	Total/(d)/ -----	
<S>	<C>	<C>	<C>	<C>
Office Buildings				
10400 Connecticut Avenue	\$ 222,000	\$ 5,232,000	\$ 5,454,000	\$ 2,008,000
1901 Pennsylvania Avenue	892,000	9,486,000	10,378,000	4,487,000
51 Monroe Street	840,000	20,835,000	21,675,000	8,071,000
7700 Leesburg Pike	3,669,000	10,037,000	13,706,000	1,652,000
515 King Street	4,102,000	5,104,000	9,206,000	822,000
The Lexington Building	1,180,000	1,931,000	3,111,000	290,000
The Saratoga Building	1,464,000	2,596,000	4,060,000	468,000
Brandywine Center	718,000	1,235,000	1,953,000	185,000
Tycon Plaza II	3,262,000	9,334,000	12,596,000	1,312,000
Tycon Plaza III	3,255,000	9,820,000	13,075,000	1,334,000
6110 Executive Boulevard	4,621,000	15,091,000	19,712,000	2,582,000
1220 19th Street	7,802,000	11,940,000	19,742,000	1,741,000
Maryland Trade Center I	3,330,000	15,246,000	18,576,000	1,957,000
Maryland Trade Center II	2,826,000	10,577,000	13,403,000	1,289,000
1600 Wilson Boulevard	6,661,000	17,618,000	24,279,000	1,341,000
7900 Westpark Drive	12,049,000	72,451,000	84,500,000	4,673,000
8230 Boone Boulevard	1,417,000	6,918,000	8,335,000	296,000
Woodburn Medical Park I/(a)/	2,563,000	12,846,000	15,409,000	476,000
Woodburn Medical Park II/(a)/	2,632,000	17,859,000	20,491,000	684,000
800 Jefferson Plaza	2,296,000	12,373,000	14,669,000	256,000
1700 Research Blvd.	1,847,000	11,191,000	13,038,000	233,000
Parklawn Plaza	714,000	4,063,000	4,777,000	17,000
	-----	-----	-----	-----
	68,362,000	283,783,000	352,145,000	36,174,000
	-----	-----	-----	-----
Retail Centers				
Concord Centre	413,000	3,755,000	4,168,000	1,393,000
Bradlee	4,152,000	12,264,000	16,416,000	3,788,000
Clairmont	155,000	1,908,000	2,063,000	939,000
Chevy Chase Metro Plaza	1,549,000	7,314,000	8,863,000	1,947,000
Prince William Plaza/(g)/	181,000	1,860,000	2,041,000	1,151,000
Takoma Park	415,000	1,086,000	1,501,000	814,000
Westminster	553,000	3,707,000	4,260,000	2,243,000
Wheaton Park	796,000	4,076,000	4,872,000	918,000
Montgomery Village Center	11,624,000	10,064,000	21,688,000	1,398,000
Shoppes of Foxchase	5,838,000	4,304,000	10,142,000	548,000
Frederick County Square/(a)/	6,561,000	8,142,000	14,703,000	1,228,000
South Washington St.	2,624,000	3,663,000	6,287,000	184,000
	-----	-----	-----	-----
	34,861,000	62,143,000	97,004,000	16,551,000
	-----	-----	-----	-----

<CAPTION>

Depreciation Properties Life/(e)/ -----	Year of	Date of	Net Rentable	
	Construction	Acquisition	Square Feet/(f)/	Units
<S>	<C>	<C>	<C>	<C>
Office Buildings				
10400 Connecticut Avenue Years	1965	August	65,000	31
1901 Pennsylvania Avenue Years	1960	May	97,000	28
51 Monroe Street Years	1975	August	210,000	41
7700 Leesburg Pike Years	1976	October	145,000	50
515 King Street Years	1966	July	78,000	50
The Lexington Building	1970	November	47,000	50

Years					
The Saratoga Building	1977	November	1993	59,000	50
Years					
Brandywine Center	1969	November	1993	35,000	50
Years					
Tycon Plaza II	1981	June	1994	131,000	50
Years					
Tycon Plaza III	1978	June	1994	152,000	50
Years					
6110 Executive Boulevard	1971	January	1995	199,000	30
Years					
1220 19th Street	1976	November	1995	104,000	30
Years					
Maryland Trade Center I	1981	May	1996	191,000	30
Years					
Maryland Trade Center II	1984	May	1996	159,000	30
Years					
1600 Wilson Boulevard	1973	October	1997	167,000	30
Years					
7900 Westpark Drive	1972/1986/1999	November	1997	527,000	30
Years					
8230 Boone Boulevard	1981	September	1998	58,000	30
Years					
Woodburn Medical Park I/(a)/	1984	November	1998	71,000	30
Years					
Woodburn Medical Park II/(a)/	1988	November	1998	96,000	30
Years					
800 Jefferson Plaza	1985	May	1999	115,000	30
Years					
1700 Research Blvd.	1982	May	1999	103,000	30
Years					
Parklawn Plaza	1986	November	1999	40,000	30
Years					

				2,849,000	

Retail Centers					
Concord Centre	1960	December	1973	76,000	33
Years					
Bradlee	1955	December	1984	168,000	40
Years					
Clairmont	1965	December	1976	40,000	39
Years					
Chevy Chase Metro Plaza	1975	September	1985	51,000	50
Years					
Prince William Plaza/(g)/	1967	August	1968	55,000	50
Years					
Takoma Park	1962	July	1963	59,000	50
Years					
Westminster	1969	September	1972	165,000	37
Years					
Wheaton Park	1967	September	1977	71,000	49
Years					
Montgomery Village Center	1969	December	1992	196,000	50
Years					
Shoppes of Foxchase	1960	June	1994	128,000	50
Years					
Frederick County Square/(a)/	1973	August	1995	233,000	30
Years					
South Washington St.	1959	June	1998	45,000	30
Years					

				1,287,000	

</TABLE>

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Schedule III (Continued)

<TABLE>
<CAPTION>

Properties	Location	Initial Cost/(b)/		Net Improvements (Retirements) since Acquisition
		Land	Building and Improvements	
-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Apartment Buildings				
Country Club Towers/(a)/	Virginia	\$ 299,000	\$ 2,561,000	\$ 2,735,000
Munson Hill Towers/(a)/	Virginia	(c) --	3,337,000	4,420,000
Park Adams/(a)/	Virginia	287,000	1,654,000	3,731,000
Roosevelt Towers/(a)/	Virginia	336,000	1,996,000	2,005,000
3801 Connecticut Avenue	Washington, D.C.	420,000	2,678,000	4,585,000
The Ashby at McLean/(a)/	Virginia	4,356,000	17,125,000	2,603,000

Walker House Apartments	Virginia	2,851,000	7,946,000	828,000
Bethesda Hill	Maryland	3,900,000	13,338,000	2,029,000
Avondale/(a)/	Maryland	3,460,000	9,244,000	401,000
		-----	-----	-----
		15,909,000	59,879,000	23,337,000
		-----	-----	-----
Industrial Distribution /Flex Property				
Pepsi-Cola	Maryland	760,000	1,792,000	1,560,000
Capitol Freeway Center	Washington, D.C.	300,000	1,205,000	2,637,000
Fullerton	Virginia	950,000	3,317,000	944,000
Charleston Business Center	Maryland	2,045,000	2,091,000	251,000
Tech 100 Industrial Park	Maryland	2,086,000	4,744,000	365,000
Crossroads Distribution Center	Maryland	894,000	1,945,000	160,000
The Alban Business Center	Virginia	878,000	3,298,000	377,000
The Earhart Building	Virginia	916,000	4,128,000	260,000
Ammendale Technology Park I	Maryland	1,335,000	6,492,000	821,000
Ammendale Technology Park II	Maryland	862,000	5,016,000	270,000
Pickett Industrial Park	Virginia	3,300,000	4,899,000	686,000
Northern VA Industrial Park	Virginia	4,971,000	26,461,000	1,780,000
8900 Telegraph Road	Virginia	372,000	1,538,000	55,000
Dulles South IV	Virginia	913,000	5,996,000	70,000
Sully Square	Virginia	1,052,000	6,506,000	80,000
Amvax	Virginia	246,000	1,972,000	--
		-----	-----	-----
		21,880,000	81,400,000	10,316,000
		-----	-----	-----
Totals		\$141,012,000	\$419,321,000	\$101,537,000
		=====	=====	=====

<CAPTION>

Properties	Gross Amounts at which carried at December 31, 1999			Accumulated Depreciation at December 31, 1999
	Land	Buildings and Improvements	Total/(d)/	
-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Apartment Buildings				
Country Club Towers/(a)/	\$ 299,000	\$ 5,296,000	\$ 5,595,000	\$ 3,188,000
Munson Hill Towers/(a)/	--	7,757,000	7,757,000	4,397,000
Park Adams/(a)/	287,000	5,385,000	5,672,000	2,542,000
Roosevelt Towers/(a)/	336,000	4,001,000	4,337,000	2,325,000
3801 Connecticut Avenue	420,000	7,263,000	7,683,000	4,201,000
The Ashby at McLean/(a)/	4,356,000	19,728,000	24,084,000	2,115,000
Walker House Apartments	2,851,000	8,774,000	11,625,000	1,050,000
Bethesda Hill	3,900,000	15,367,000	19,267,000	1,006,000
Avondale/(a)/	3,460,000	9,645,000	13,105,000	110,000
	-----	-----	-----	-----
	15,909,000	83,216,000	99,125,000	20,934,000
	-----	-----	-----	-----
Industrial Distribution /Flex Property				
Pepsi-Cola	760,000	3,352,000	4,112,000	814,000
Capitol Freeway Center	300,000	3,842,000	4,142,000	1,969,000
Fullerton	950,000	4,261,000	5,211,000	1,282,000
Charleston Business Center	2,045,000	2,342,000	4,387,000	331,000
Tech 100 Industrial Park	2,086,000	5,109,000	7,195,000	834,000
Crossroads Distribution Center	894,000	2,105,000	2,999,000	289,000
The Alban Business Center	878,000	3,675,000	4,553,000	448,000
The Earhart Building	916,000	4,388,000	5,304,000	459,000
Ammendale Technology Park I	1,335,000	7,313,000	8,648,000	713,000
Ammendale Technology Park II	862,000	5,286,000	6,148,000	517,000
Pickett Industrial Park	3,300,000	5,585,000	8,885,000	375,000
Northern VA Industrial Park	4,971,000	28,241,000	33,212,000	1,436,000
8900 Telegraph Road	372,000	1,593,000	1,965,000	83,000
Dulles South IV	913,000	6,066,000	6,979,000	192,000
Sully Square	1,052,000	6,586,000	7,638,000	154,000
Amvax	246,000	1,972,000	2,218,000	19,000
	-----	-----	-----	-----
	21,880,000	91,716,000	113,596,000	9,915,000
	-----	-----	-----	-----
Totals	\$141,012,000	\$520,858,000	\$661,870,000	\$83,574,000
	=====	=====	=====	=====

<CAPTION>

Properties	Year of Construction		Date of Acquisition	Net Rentable Square Feet/(f)/	Units	Depreciation Life/(c)/
-----	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Apartment Buildings						
Country Club Towers/(a)/	1965	July	1969	276,000	227	35 Years
Munson Hill Towers/(a)/	1963	January	1970	340,000	279	33 Years
Park Adams/(a)/	1959	January	1969	210,000	200	35 Years
Roosevelt Towers/(a)/	1964	May	1965	229,000	191	40 Years
3801 Connecticut Avenue	1951	January	1963	242,000	307	30 Years

The Ashby at McLean/(a)/	1982	August	1996	349,000	250	30 Years
Walker House Apartments	1971	March	1996	148,000	196	30 Years
Bethesda Hill	1986	November	1997	226,000	195	30 Years
Avondale/(a)/	1987	September	1999	162,000	237	40 Years
				-----	-----	
				2,182,000	2,082	
				-----	-----	
Industrial Distribution /Flex						
Property						
Pepsi-Cola	1971	October	1987	69,000		40 Years
Capitol Freeway Center	1940	July	1974	145,000		25 Years
Fullerton	1980	September	1985	103,000		50 Years
Charleston Business Center	1973	November	1993	85,000		50 Years
Tech 100 Industrial Park	1990	May	1995	167,000		30 Years
Crossroads Distribution Center	1987	December	1995	85,000		30 Years
The Alban Business Center	1981	October	1996	87,000		30 Years
The Earhart Building	1987	December	1996	92,000		30 Years
Ammendale Technology Park I	1985	February	1997	167,000		30 Years
Ammendale Technology Park II	1986	February	1997	108,000		30 Years
Pickett Industrial Park	1973	October	1997	246,000		30 Years
Northern VA Industrial Park	1968/1991	May	1998	790,000		30 Years
8900 Telegraph Road	1985	September	1998	32,000		30 Years
Dulles South IV	1988	January	1988	83,000		30 Years
Sully Square	1966	April	1999	95,000		30 Years
Amvax	1966	September	1999	31,000		30 Years
				-----	-----	
				2,385,000	--	
				-----	-----	
Totals				8,703,000	2,082	
				=====	=====	

</TABLE>

Notes:

- /(a)/ At December 31, 1998, WRIT was obligated under the following mortgage encumbrances: \$13,700,000 on the Ashby, \$8,679,000 on Avondale, \$7,755,000 on Country Club Towers, \$7,178,000 on Frederick County Square, \$10,560,000 on Munson Hill Towers, \$9,625,000 on Park Adams, \$8,360,000 on Roosevelt Towers, \$9,056,000 on Woodburn Medical Park I and \$12,136,000 on Woodburn Medical Park II.
- /(b)/ The purchase of real estate investments has been divided between land and buildings and improvements on the basis of management determination of the relative values.
- /(c)/ The site of Munson Hill Towers is rented under a ground lease requiring annual payments of \$22,600 until the expiration of the lease in 2060.
- /(d)/ At December 31, 1999, total land, buildings and improvements are carried at 667,000,000 for federal income tax purposes.
- /(e)/ The useful life shown is for the main structure. Buildings and improvements are depreciated over various useful lives ranging from 3 to 50 years.
- /(f)/ Residential properties are presented in gross square feet.
- /(g)/ Property was sold subsequent to December 31, 1999.

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Schedule III
(Continued)

WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES

SUMMARY OF REAL ESTATE INVESTMENTS AND ACCUMULATED DEPRECIATION
(IN THOUSANDS)

The following is a reconciliation of real estate assets and accumulated depreciation for the years ended December 31, 1999, 1998, and 1997:

<TABLE>

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	Years Ended December 31		
	1999	1998	1997
	-----	-----	-----
<S>	<C>	<C>	<C>
Real Estate Assets			
Balance, beginning of period	\$598,874	\$504,315	\$352,579
Additions - property acquisitions	56,837	82,210	138,802
- improvements	23,491	18,652	13,915
Deductions - write-off of fully depreciated assets	--	--	(981)
Deductions - property sales	17,332	(6,303)	--
	-----	-----	-----
Balance, end of period	\$661,870	\$598,874	\$504,315
	=====	=====	=====
Accumulated Depreciation			
Balance, beginning of period	\$ 68,301	\$ 56,015	\$ 46,639
Additions - depreciation	18,654	14,566	10,357
Deductions - write-off of fully depreciated assets	--	--	(981)

Deductions - property sales	(3,381)	(2,280)	--
	-----	-----	-----
Balance, end of period	\$ 83,574	\$ 68,301	\$ 56,015
	=====	=====	=====

</TABLE>

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WASHINGTON REAL ESTATE INVESTMENT TRUST AND SUBSIDIARIES

SUPPLEMENTARY INFORMATION:
QUARTERLY FINANCIAL RESULTS (UNAUDITED)
(IN THOUSANDS, EXCEPT PER SHARE DATA)

<TABLE>
<CAPTION>

	Quarter			
	First	Second	Third	Fourth
	-----	-----	-----	-----
	<C>	<C>	<C>	<C>
1999:				
Real estate rental revenue	\$27,654	\$28,864	\$29,566	\$32,891
Net income	16,358	8,765	8,826	10,352
Net income per share*/1/	\$0.46	\$0.25	\$0.25	\$0.29
1998:				
Real estate rental revenue	\$24,501	\$25,413	\$26,243	\$27,440
Net income	14,499	8,351	8,277	9,937
Net income per share*	\$0.41	\$0.23	\$0.23	\$0.28
1997:				
Real estate rental revenue	\$18,498	\$19,104	\$19,436	\$22,391
Net income	7,028	7,140	7,664	8,304
Net income per share	\$0.22	\$0.22	\$0.23	\$0.23

</TABLE>

* Includes gain on the sale of real estate of \$.22 per share in the fourth quarter of 1999 and \$.16 and \$.02 per share in the first and fourth quarters of 1998, respectively.

/1/ Net income per share does not sum to the total net income per share for the year-ended December 31, 1999 due to rounding differences.

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AMENDED AND RESTATED CREDIT AGREEMENT

DATED AS OF MARCH 17, 1999

AMONG

WASHINGTON REAL ESTATE INVESTMENT TRUST,

AS BORROWER

AND

THE FIRST NATIONAL BANK OF CHICAGO,

AS LENDER

AND

THE FIRST NATIONAL BANK OF CHICAGO,

AS AGENT

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AMENDED AND RESTATED CREDIT AGREEMENT

This Amended and Restated Credit Agreement, dated as of March 17, 1999, is among Washington Real Estate Investment Trust, a real estate investment trust organized under the laws of the State of Maryland (the "Borrower"). The First National Bank of Chicago, as "Agent", and the Lenders (as hereinafter defined).

RECITALS

- A. The Borrower is primarily engaged in the business of purchasing, developing, owning, operating and renovating apartment buildings, shopping centers, office buildings, business centers and warehouses.
- B. The Borrower is listed on the New York Stock Exchange and is qualified as a real estate investment trust.
- C. Borrower (as successor by merger to Washington Real Estate Investment Trust, a District of Columbia trust), the Agent, and the Lenders are parties to a Credit Agreement dated as of March 1, 1995, as previously amended (the "Existing Agreement") pursuant to which the Lender identified therein agreed to

make loans available to Borrower of up to \$25,000,000. Borrower has requested that the Existing Agreement be amended and restated to extend the term and change the pricing. The Agent and the Lenders have agreed to do so.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

As used in this Agreement:

"Acquisition" means any transaction, or any series of related transactions, consummated on or after the date of this Agreement, by which the Borrower or any of its Subsidiaries (i) acquires any going business or all or substantially all of the assets of any firm, corporation or division thereof, whether through purchase of assets, merger or otherwise or (ii) directly or indirectly acquires (in one transaction or as the most recent transaction in a series of transactions) at least a majority (in number of votes) of the securities of a corporation which have ordinary voting power for the election of directors (other than securities having such power only by reason of the happening of a contingency) or a majority (by percentage or voting power) of the outstanding partnership interests of a partnership.

"Advance" means a borrowing hereunder consisting of the aggregate amount of the several Loans made by the Lenders to the Borrower of the same Type and, in the case of LIBOR Advances, for the same Interest Period.

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"Affiliate" of any Person means any other Person directly or indirectly controlling, controlled by or under common control with such Person. A Person shall be deemed to control another Person if the controlling Person owns 10% or more of any class of voting securities (or other ownership interests) of the controlled Person or possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership of stock, by contract or otherwise. Lender acknowledges and agrees that until such time as CSN's (the current property manager for Borrower's properties) financial results are reported on a consolidated basis with the financial results of Borrower, then CSN shall not be considered an "Affiliate" of Borrower.

"Agent" means The First National Bank of Chicago in its capacity as agent for the Lenders pursuant to Article X, and not in its individual capacity as a Lender, and any successor Agent appointed pursuant to Article X.

"Aggregate Commitment" means the aggregate of the Commitments of all the Lenders (not to exceed the Maximum Aggregate Commitment), as modified from time to time pursuant to the terms hereof.

"Agreement" means this Credit Agreement, as it may be amended or modified and in effect from time to time.

"Applicable Margin" is defined in Section 2.4.

"Article" means an article of this Agreement unless another document is specifically referenced.

"Authorized Officer" means any of the Chief Executive Officer, President, Chief Financial Officer or Chief Accounting Officer of the Borrower, acting singly.

"Borrower" means Washington Real Estate Investment Trust, a real estate investment trust organized under the laws of the District of Columbia, and its successors and assigns.

"Borrowing Date" means a date on which an Advance is made hereunder.

"Borrowing Notice" is defined in Section 2.9.

"Business Day" means (i) with respect to any borrowing, payment or rate selection of LIBOR Advances, a day (other than a Saturday or Sunday) on which banks generally are open in Chicago, Illinois and New York, New York for the conduct of substantially all of their commercial lending activities and on which dealings in United States dollars are carried on in the London interbank market and (ii) for all other purposes, a day (other than a Saturday or Sunday) on

which banks generally are open in Chicago, Illinois for the conduct of substantially all of their commercial lending activities.

"Calculation Date" is defined in Section 2.4.

"Capital Stock" means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests

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in a Person (other than a corporation) and any and all warrants or options to purchase any of the foregoing.

"Cash Flow to Debt Service Ratio" means, as for any date for any period, the ratio calculated by dividing (x) actual EBITDA for such period, by (y) Consolidated Debt Service for such period.

"CBR Advance" means an Advance which bears interest at the CBR Rate.

"CBR Applicable Margin" means, as of any date, the Applicable Margin in effect as determined in accordance with Section 2.4 hereof.

"CBR Loan" means a Loan which bears interest at the CBR Rate.

"CBR Rate" means, for any day, a rate per annum equal to (i) the Corporate Base Rate in effect on such day, plus (ii) the CBR Applicable Margin.

"Closing Date" means the date that all the conditions precedent to the initial Advance, as specified in Section 4.1, have been satisfied; provided, however, that the obligations of the Lenders to make Loans hereunder shall automatically terminate if such date does not occur on or before March 31, 1999.

"Code" means the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time.

"Commitment Fee" is defined in Section 2.5.

"Commitment" means, for each Lender, the obligation of such Lender to make Loans not exceeding the amount set forth opposite its signature below or as set forth in any Notice of Assignment relating to any assignment that has become effective pursuant to Section 12.3.2, as such amount may be modified from time to time pursuant to the terms hereof.

"Condemnation" is defined in Section 7.8.

"Consolidated Debt Service" for any period means (a) Consolidated Interest Expense for such period plus (b) the aggregate amount of scheduled principal payments of Indebtedness (excluding optional prepayments and scheduled principal payments in respect of any Indebtedness which is payable in a single installment at final maturity) required to be made during such period by the Borrower or any of its consolidated Subsidiaries.

"Consolidated Interest Expense," for any period, means the amount of interest expense of the Borrower and its Subsidiaries for such period on the aggregate principal amount of their Indebtedness, determined on a consolidated basis in accordance with GAAP plus any capitalized interest which accrued during such period.

"Consolidated Net Income," for any period, means consolidated net income (or loss) of the Borrower and its Subsidiaries for such period determined on a consolidated basis in accordance with GAAP; provided that there shall be excluded (a) the income (or deficit) of any other Person accrued prior to the date it becomes a Subsidiary of the Borrower or is merged into

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or consolidated with the Borrower or any of its Subsidiaries and (b) the undistributed earnings of any Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary is not at the time permitted by the terms of any contractual obligation or requirement of law

applicable to such Subsidiary.

"Consolidated Secured Indebtedness," as of any date of determination, means the sum of (a) the aggregate principal amount of all Indebtedness of the Borrower and its Subsidiaries outstanding at such date which does not constitute Unsecured Indebtedness and (b) the excess, if any, of (i) the aggregate principal amount of all Unsecured Indebtedness of the Subsidiaries of the Borrower over (ii) \$10,000,000, determined on a consolidated basis in

accordance with GAAP.

"Consolidated Senior Unsecured Indebtedness," as of any date of determination, means the sum of (a) the aggregate principal amount of all Indebtedness of the Borrower and its Subsidiaries outstanding at such date which constitutes Unsecured Indebtedness (excluding (i) Indebtedness which is contractually subordinated to the Indebtedness of the Borrower and its Subsidiaries under the Loan Documents on customary terms acceptable to the Agent, (ii) Indebtedness of the Borrower and its Subsidiaries under the Loan Documents and (iii) Indebtedness incurred pursuant to any commitment referred to in clause (c) below), (b) the aggregate Commitments then in effect under the Facility, and (c) the aggregate commitments then in effect with respect to any other unsecured committed line of credit extended to the Borrower or any of its Subsidiaries, determined on a consolidated basis in accordance with GAAP.

"Consolidated Tangible Net Worth," at any date of determination, means an amount equal to (a) Total Capitalization Value as of such date minus (b)

Consolidated Total Indebtedness as of such date.

"Consolidated Total Indebtedness," as of any date of determination, means all Indebtedness of the Borrower and its Subsidiaries outstanding at such date, determined on a consolidated basis in accordance with GAAP.

"Controlled Group" means all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with the Borrower or any of its Subsidiaries, are treated as a single employer under Section 414 of the Code.

"Conversion/Continuation Notice" is defined in Section 2.10.

"Corporate Base Rate" means a rate per annum equal to the corporate base rate of interest announced by First Chicago from time to time, changing when and as such corporate base rate changes.

"Crestar Agreement means the Credit Agreement dated as of July 25, 1997 among the Borrower, Crestar Bank, Signet Bank/Virginia, and any other bank as party to the Credit Agreement from time to time, and Crestar Bank, as agent, as the same may be amended from time to time.

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"Current DSC Ratio" means, as of any date, the ratio calculated by dividing (x) the actual EBITDA for the most recently completed fiscal quarter, by (y) the actual Consolidated Debt Service for such fiscal quarter.

"Default" means an event described in Article VII.

"EBITDA" means earnings before interest, taxes (other than real estate taxes), depreciation and amortization, all as calculated in accordance with GAAP.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any rule or regulation issued thereunder.

"Facility Fee" is defined in Section 2.6.

"Facility Termination Date" means March 17, 2002.

"Federal Funds Effective Rate" means, for any day, an interest rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published for such day (or, if such day is not a Business Day, for the immediately preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations at approximately 10 a.m. (Chicago time) on such day on such transactions received by the Agent from three Federal funds brokers of recognized standing selected by the Agent in its sole discretion.

"Financing Lease" means any lease of property, real or personal, the

obligations of the lessee in respect of which are, in accordance with GAAP, capitalized on a balance sheet of the lessee.

"First Chicago" means The First National Bank of Chicago in its individual capacity as a Lender, and its successors.

"Funded Percentage" means, with respect to any Lender at any time, a percentage equal to a fraction the numerator of which is the amount of the outstanding Advances from such Lender at such time, and the denominator of which is the outstanding Advances from all of the Lenders at such time.

"Funds From Operations," for any period, means Consolidated Net Income for such period as adjusted by (i) excluding gains and losses from property sales, debt restructurings and property write-downs and adjusted for the non-cash effect of straight-lining of rents, (ii) to the extent not already accomplished under GAAP, straight-lining various ordinary operating expenses which are payable less frequently than monthly (e.g. real estate taxes), and (iii) adding back depreciation, amortization and all non-cash items.

"GAAP" means generally accepted accounting principles in the United States of America as in effect from time to time, applied in a manner consistent with that used in preparing the financial statements referred to in Section 6.1.

"Guarantor" means WRIT Limited Partnership, a Delaware limited partnership.

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"Guarantee Obligation" means, as to any Person (the "guaranteeing person"),

any obligation (determined without duplication) of (a) the guaranteeing person or (b) another Person (including, without limitation, any bank under any letter of credit) to induce the creation of which the guaranteeing person has issued a reimbursement, counterindemnity or similar obligation, in either case guaranteeing or in effect guaranteeing any Indebtedness, leases, dividends or other obligations (the "primary obligations") of any other third Person (the "primary obligor") in any manner, whether directly or indirectly, including,

without limitation, any obligation of the guaranteeing person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (1) for the purchase or payment of any such primary obligation or (2) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the owner of any such primary obligation against loss in respect thereof; provided, however, that the term Guarantee Obligation shall not include

endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guarantee Obligation of any guaranteeing person shall be deemed to be the maximum stated amount of the primary obligation relating to such Guarantee Obligation (or, if less, the maximum stated liability set forth in the instrument embodying such Guarantee Obligation), provided, that

in the absence of any such stated amount or stated liability, the amount of such Guarantee Obligation shall be such guaranteeing person's maximum reasonably anticipated liability in respect thereof as determined by the Borrower in good faith.

"Guaranty" means a guaranty of all obligations of Borrower hereunder from Guarantor.

"Indebtedness" of any Person at any date means without duplication, (a) all indebtedness of such Person for borrowed money (including liabilities arising under Financing Leases), (b) all obligations of such Person for the deferred purchase price of property or services (other than current trade liabilities incurred in the ordinary course of business and payable in accordance with customary practices), to the extent such obligations constitute indebtedness for the purposes of GAAP, (c) any other indebtedness of such Person which is evidenced by a note, bond, debenture or similar instrument, (d) all obligations of such Person in respect of acceptances issued or created for the account of such Person, (e) all Guarantee Obligations of such Person (excluding, in the case of the Borrower, Guarantee Obligations of the Borrower in respect of primary obligations of any Subsidiary), and (f) all liabilities secured by any lien (other than liens for taxes not yet due and payable) on any property owned by such Person even though such Person has not assumed or otherwise become liable for the payment thereof.

"Interest Period" means, with respect to a LIBOR Advance, a period of one, two, three, six, nine or twelve months commencing on a Business Day selected by

the Borrower pursuant to this Agreement. Such Interest Period shall end on (but exclude) the day which corresponds numerically to such date one, two, three, six, nine or twelve months thereafter, provided, however, that if there is no such numerically corresponding day in such next, second, third, sixth, ninth or twelfth succeeding month, such Interest Period shall end on the last Business Day of such next, second, third, sixth, ninth or twelfth succeeding month. If an Interest Period would otherwise end on a day which is not a Business Day, such Interest Period shall end on the next

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succeeding Business Day, provided, however, that if said next succeeding Business Day falls in a new calendar month, such Interest Period shall end on the immediately preceding Business Day.

"Lenders" means the lending institutions listed on the signature pages of this Agreement, their respective successors and assigns and any other lending institutions that subsequently become parties to this Agreement.

"Lending Installation" means, with respect to a Lender, any office, branch, subsidiary or affiliate of such Lender.

"Letter of Credit" of a Person means a letter of credit or similar instrument which is issued upon the application of such Person or upon which such Person is an account party or for which such Person is in any way liable.

"LIBOR Advance" means an Advance which bears interest at a LIBOR Rate.

"LIBOR Applicable Margin" means, as of any date with respect to any Interest Period, the Applicable Margin in effect for such Interest Period as determined in accordance with Section 2.4 hereof.

"LIBOR Base Rate" means, with respect to a LIBOR Advance for the relevant Interest Period, the rate determined by the Agent to be the rate at which deposits in U.S. dollars are offered by the Agent to first-class banks in the London interbank market at approximately 11 a.m. (London time) two Business Days prior to the first day of such Interest Period, in the approximate amount of the relevant LIBOR Advance and having a maturity approximately equal to such Interest Period.

"LIBOR Loan" means a Loan which bears interest at a LIBOR Rate.

"LIBOR Rate" means, with respect to a LIBOR Advance for the relevant Interest Period, the sum of (i) the quotient of (a) the LIBOR Base Rate applicable to such Interest Period, divided by (b) one minus the Reserve Requirement (expressed as a decimal) applicable to such Interest Period, plus (ii) the LIBOR Applicable Margin in effect on the day that such LIBOR Base Rate was determined. The LIBOR Rate shall be rounded to the next higher multiple of 1/16 of 1% if the rate is not such a multiple.

"Lien" means any lien (statutory or other), mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, the interest of a vendor or lessor under any conditional sale, capitalized lease or other title retention agreement).

"Loan" means, with respect to a Lender, such Lender's portion of any Advance.

"Loan Documents" means this Agreement, the Note(s), the Guaranty, and any other document from time to time evidencing or securing indebtedness incurred by the Borrower under this Agreement, as any of the foregoing may be amended or modified from time to time.

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"Loan Year" means the period of 12 months ending on the first anniversary of the date of this Agreement, and thereafter, each succeeding 12 month period ending on an anniversary of the date of this Agreement.

"Material Adverse Effect" means a material adverse effect on (i) the business, Property, condition (financial or otherwise), results of operations, or prospects of the Borrower and its Subsidiaries taken as a whole, (ii) the ability of the Borrower to perform its obligations under the Loan Documents, or (iii) the validity or enforceability of any of the Loan Documents or the rights or remedies of the Agent or the Lenders thereunder.

"Maximum Aggregate Commitment" means \$25,000,000, or at any time such other amount as has been approved by all of the Lenders.

"Moody's" means Moody's Investors Service, Inc. and its successors.

"Multiemployer Plan" means a Plan maintained pursuant to a collective bargaining agreement or any other arrangement to which the Borrower or any member of the Controlled Group is a party to which more than one employer is obligated to make contributions.

"Note" means a promissory note, in substantially the form of Exhibit B

hereto, duly executed by the Borrower and payable to the order of a Lender in the amount of its Commitment, including any amendment, modification, renewal or replacement of such promissory note.

"Notice of Assignment" is defined in Section 12.3.2.

"Obligations" means all unpaid principal of and accrued and unpaid interest on the Notes, all accrued and unpaid fees and all expenses, reimbursements, indemnities and other obligations of the Borrower to the Lenders or to any Lender, the Agent or any indemnified party hereunder arising under the Loan Documents.

"Office Building Assets" means all office buildings owned by Borrower from time to time.

"Participants" is defined in Section 12.2.1.

"Payment Date" means, with respect to the payment of interest accrued on any Advance, the first day of each calendar month.

"PBGC" means the Pension Benefit Guaranty Corporation, or any successor thereto.

"Percentage" means, with respect to each Lender, the applicable percentage of the then-current Aggregate Commitment represented by such Lender's then-current Commitment.

"Permitted Acquisitions" are defined in Section 6.16.

"Permitted Liens" are defined in Section 6.17.

"Person" means any natural person, corporation, firm, joint venture, partnership, association, enterprise, trust or other entity or organization, or any government or political subdivision or any agency, department or instrumentality thereof.

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"Plan" means an employee pension benefit plan which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code as to which the Borrower or any member of the Controlled Group may have any liability.

"Pro Forma EBITDA" means, for any Person for any period, EBITDA calculated as if the Property then owned by such Person had been owned by such Person for the entire period.

"Property" of a Person means any and all property, whether real, personal, tangible, intangible, or mixed, of such Person, or other assets owned, leased or operated by such Person.

"Purchasers" is defined in Section 12.3.1.

"Regulation U" means Regulation U of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor or other regulation or official interpretation of said Board of Governors relating to the extension of credit by banks for the purpose of purchasing or carrying margin stocks applicable to member banks of the Federal Reserve System.

"Reportable Event" means a reportable event as defined in Section 4043 of ERISA and the regulations issued under such section, with respect to a Plan, excluding, however, such events as to which the PBGC by regulation waived the requirement of Section 4043(a) of ERISA that it be notified within 30 days of the occurrence of such event, provided, however, that a failure to meet the minimum funding standard of Section 412 of the Code and of Section 302 of ERISA shall be a Reportable Event regardless of the issuance of any such waiver of the notice requirement in accordance with either Section 4043(a) of ERISA or Section 412(d) of the Code.

"Required Lenders" means Lenders in the aggregate having at least 66-2/3% of the Aggregate Commitment or, if the Aggregate Commitment has been terminated, Lenders in the aggregate holding at least 66-2/3% of the aggregate unpaid principal amount of the outstanding Advances.

"Reserve Requirement" means, with respect to an Interest Period, the maximum aggregate reserve requirement on Eurocurrency liabilities. On the date of this Agreement First Chicago's Reserve Requirement is 0.

"Section" means a numbered section of this Agreement, unless another document is specifically referenced.

"Single Employer Plan" means a Plan maintained by the Borrower or any member of the Controlled Group for employees of the Borrower or any member of the Controlled Group.

"Subsidiary," as to any Person, means a corporation, partnership or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise qualified, all references to a "Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a Subsidiary or Subsidiaries of the Borrower.

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"Substantial Portion" means, with respect to the Property of the Borrower and its Subsidiaries, Property which (i) represents more than 15% of the consolidated assets of the Borrower and its Subsidiaries as would be shown in the consolidated financial statements of the Borrower as at the beginning of the twelve-month period ending with the month in which such determination is made, or (ii) is responsible for more than 10% of the consolidated net sales or of the consolidated net income of the Borrower and its Subsidiaries as reflected in the financial statements referred to in clause (i) above.

"S&P" means Standard & Poor's Ratings Group and its successors.

"Total Capitalization Value" means for any Person for any quarter, the product of (x) annualized EBIDTA for such Person during such quarter (which annualized EBIDTA shall be calculated by annualizing Pro Forma EBITDA for the most recently ended fiscal quarter), and (y) ten (10).

"Total Tangible Assets," of any Person at any date, means the current book value of the total assets of such Person other than that portion of such Person's assets that constitute intangible assets as determined in accordance with GAAP plus accumulated depreciation on the depreciable assets (excluding

intangible assets) from such Person's original book value of such assets which is reflected in the current book value of such assets.

"Transferee" is defined in Section 12.4.

"Type" means, with respect to any Advance, its nature as a CBR Advance or a LIBOR Advance.

"Unencumbered Asset," with respect to any asset, at any date of determination, means the circumstance that such asset on such date (a) is not subject to any Liens of any kind, other than Permitted Liens (excluding however Permitted Liens of the type contemplated by the penultimate paragraph of Section

6.17 hereof), (b) is not subject to any agreement (including (i) any agreement
- ----

governing Indebtedness incurred in order to finance or refinance the acquisition of such asset), and (ii) if applicable, the organizational documents of any Subsidiary) (other than the Crestar Agreement, the terms of which restrict Borrower's ability to encumber certain of Borrower's assets) which prohibits or limits the ability of the Borrower or any of its Subsidiaries to create, incur, assume or suffer to exist any Lien upon any assets or Capital Stock of the Borrower or any of its Subsidiaries (excluding any agreement which limits generally the amount of secured Indebtedness which may be incurred by the Borrower and its Subsidiaries, and (c) is not subject to any agreement (including any agreement governing Indebtedness incurred in order to finance or refinance the acquisition of such asset, but excluding the terms of the Crestar Agreement) which entitles any Person to the benefit of any Lien (other than Permitted Liens) on any assets or Capital Stock of the Borrower or any of its Subsidiaries, or would entitle any Person to the benefit of any Lien (other than Permitted Liens) on such assets or Capital Stock upon the occurrence of any contingency (including, without limitation, pursuant to an "equal and ratable"

clause). For the purposes of this Agreement, any Property of a Subsidiary which is not a Wholly-Owned Subsidiary shall not be deemed to be unencumbered unless both (i) such Property and (ii) all Capital Stock of such Subsidiary held by the Borrower is unencumbered.

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"Unfunded Liabilities" means the amount (if any) by which the present value of all vested nonforfeitable benefits under all Single Employer Plans exceeds the fair market value of all such Plan assets allocable to such benefits, all determined as of the then most recent valuation date for such Plans.

"Unmatured Default" means an event which but for the lapse of time or the giving of notice, or both, would constitute a Default.

"Unsecured Indebtedness" means all Indebtedness of any Person that is not secured by a Lien on any income, Capital Stock, Property or any other asset of such Person.

"Value of Unencumbered Assets," as of any date for all Unencumbered Assets shall mean the product of (x) the annualized EBITDA from all such Unencumbered Assets for the most recent calendar quarter for which results have been reported to Lender (which annualized net operating income shall be determined by multiplying the EBITDA from all such Unencumbered Assets for such calendar quarter by four (4)), and (y) ten (10).

"Wholly-Owned Subsidiary" of a Person means (i) any Subsidiary all of the outstanding voting securities of which shall at the time be owned or controlled, directly or indirectly, by such Person or one or more Wholly-Owned Subsidiaries of such Person, or by such Person and one or more Wholly-Owned Subsidiaries of such Person, or (ii) any partnership, association, joint venture or similar business organization 100% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled.

"Year 2000 Issues" means anticipated costs, problems and uncertainties associated with the inability of certain computer applications to effectively handle data including dates on and after January 1, 2000, as such inability affects the business, operations and financial condition of the Borrower and its Subsidiaries and of the Borrower's and its Subsidiaries' material customers, suppliers and vendors.

"Year 2000 Program" is defined in Section 5.19.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms.

ARTICLE II

THE CREDIT

2.1. Commitment. From and including the date of this Agreement and prior to

the Facility Termination Date, each Lender severally agrees, on the terms and conditions set forth in this Agreement, to make Loans to the Borrower from time to time in amounts not to exceed in the aggregate at any one time outstanding the amount of its Commitment. Subject to the terms of this Agreement, the Borrower may borrow, repay and reborrow at any time prior to the Facility Termination Date. The Commitments to lend hereunder shall expire on the Facility Termination Date.

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2.2. Final Principal Payment. Any outstanding Advances and all other unpaid

Obligations shall be paid in full by the Borrower on the Facility Termination Date.

2.3. Ratable Loans. Each Advance hereunder shall consist of Loans made

from the several Lenders ratably in proportion to the ratio that their respective Commitments bear to the Aggregate Commitment. The Advances may be CBR Advances or LIBOR Advances, or a combination thereof, selected by the Borrower in accordance with Sections 2.9 and 2.10. If any Lender shall default in its

obligation to fund all or a portion of its Percentage of any Advance (a "Defaulting Lender"), then simultaneously with any funding by any of the

remaining Lenders (each, a "Funding Lender") of their respective Percentages of

such Advance (such an Advance is sometimes referred to herein as a "Partial

Advance"), the respective Funded Percentages of each Defaulting Lender and of
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each Funding Lender shall automatically be adjusted so that following such adjustment each Lender's Funded Percentage shall correspond to the aggregate percentage of all then outstanding Advances (including all Partial Advances) made by such Lender. Following any adjustment of each Lender's Funded Percentage pursuant to the preceding sentence, such Lender's Funded Percentage shall be readjusted only upon the first to occur of (a) a Defaulting Lender subsequently funding its Percentage of any such Partial Advance, or (b) the repayment in full (including all interest thereon) to each Funding Lender of its Percentage of any such Partial Advance. Notwithstanding anything contained herein to the contrary, in no event shall any Defaulting Lender be entitled to receive any repayment of its Percentage of any Advances (or any interest earned thereon) until such time as the Funding Lenders have received repayment in full of the amount of any Partial Advance, together with all interest thereon. Borrower shall have the right to replace a Defaulting Lender in the manner set forth in Section 3.6 below, and upon the replacement of any Defaulting Lender, such Defaulting Lender shall refund to Borrower the pro rata share of all commitment fees paid to such Defaulting Lender which have not been earned by such Defaulting Lender as of the date of such replacement, determined by multiplying the amount of all commitment fees paid by Borrower to or for the benefit of such Defaulting Lender by a fraction, the numerator of which is the number of months (it being understood and agreed that for purposes of this provision a portion of any month shall constitute a complete "month") which have elapsed in the 36 month Facility term, and the denominator of which is 36. Solely by way of example, if Borrower has paid aggregate commitment fees of \$75,000 to a Defaulting Lender, and Borrower replaces such Defaulting Lender on the second anniversary of the Closing Date, then concurrently with such replacement such Defaulting Lender shall return to Borrower \$50,000 of the \$75,000 in commitment fees.

2.4. Applicable Margins. The CBR Applicable Margin and the LIBOR Applicable -----

Margin to be used in calculating the interest rate applicable to different Types of Advances shall vary from time to time as set forth in Exhibit A in accordance with the ratings from Moody's and/or S&P for Borrower's long-term unsecured debt. If a rating has been issued by only one of S&P or Moody's, that rating shall determine the Applicable Margin. In the event both rating agencies have issued a rating and the rating agencies are split on the rating for the Borrower's long-term unsecured debt or this Facility, the lower rating shall be deemed to be the applicable rating (e.g., if the Borrower's Moody's long-term unsecured debt rating is Baal and its S&P long-term unsecured debt rating is BBB then the Applicable Margins shall be computed based on the S&P rating). The Applicable Margins shall be adjusted effective on the next Business Day following any change in the Borrower's Moody's long-term unsecured debt rating and/or S&P's long-term unsecured debt rating, as the case may be (provided that if Agent does not receive

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notice of a change in rating within twenty days after it occurs then any reduction in Applicable Margin shall be effective only when such notice is received).

In the event that either S&P or Moody's shall discontinue their ratings of the REIT industry or the Borrower's long-term unsecured debt, a mutually agreeable substitute rating agency shall be selected by the Required Lenders and the Borrower. If the Required Lenders and the Borrower cannot agree on a substitute rating agency within forty-five (45) days of such discontinuance, the Applicable Margin to be used for the calculation of interest on Advances hereunder shall be the highest Applicable Margin set forth in Exhibit B. Lenders acknowledge that the rating for Borrower's unsecured long term debt may be issued even though Borrower has no outstanding unsecured long term debt.

2.5. Commitment Fee. The Borrower agrees to pay to the Agent for the -----

account of each Lender a upfront commitment fee (the "Commitment Fee") equal to

three eighths of one percent (0.375%) of the Aggregate Commitment (as such amount may be changed from time to time pursuant to the terms hereof to an amount not to exceed the Maximum Aggregate Commitment). The Commitment Fee for all Lenders who have provided a Commitment as of the Closing Date shall, to the extent not previously paid, be due and payable on the Closing Date.

2.6. Facility Fee. The Borrower agrees to pay to the Agent for the account -----

of each Lender a facility fee (the "Facility Fee") calculated at a per annum

percentage ("Facility Fee Rate") of the total Aggregate Commitment. The

Facility Fee Rate shall vary from time to time based on the Borrower's long term unsecured debt rating as set forth in the table attached hereto as Exhibit A.

The Facility Fee shall be paid quarterly in arrears on the last day of each calendar quarter, beginning March 31, 1999 for the period from the date hereof to March 31, 1999.

2.7. Minimum Amount of Each Advance. Each LIBOR Advance shall be in the

minimum amount of \$1,000,000 (and in multiples of \$250,000 if in excess thereof), and each CBR Advance shall be in the minimum amount of \$1,000,000 (and in multiples of \$250,000 if in excess thereof), provided, however, that any CBR Advance may be in the amount of the unused Aggregate Commitment.

2.8. Optional Principal Payments. The Borrower may from time to time pay,

without penalty or premium, all outstanding Advances, or, in a minimum aggregate amount of \$500,000 or any integral multiple of \$250,000 in excess thereof, any portion of the outstanding Advances upon two Business Days' prior notice to the Agent; provided however, that the provisions of Section 3.4 hereof shall be

applicable to any prepayment of any LIBOR Advance.

2.9. Method of Selecting Types and Interest Periods for New Advances. The

Borrower shall select the Type of Advance and, in the case of each LIBOR Advance, the Interest Period applicable to each Advance from time to time. The Borrower shall give the Agent irrevocable notice (a "Borrowing Notice") not

later than 10:00 a.m. (Chicago time) at least one Business Day before the Borrowing Date of each CBR Advance and three Business Days before the Borrowing Date for each LIBOR Advance, specifying:

- (i) the Borrowing Date, which shall be a Business Day, of such Advance,
- (ii) the aggregate amount of such Advance,

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- (iii) the Type of Advance selected, and
- (iv) in the case of each LIBOR Advance, the Interest Period applicable thereto.

Not later than noon (Chicago time) on each Borrowing Date, each Lender shall make available its Loan or Loans, in funds immediately available in Chicago to the Agent at its address specified pursuant to Article VIII. The

Agent will make the funds so received from the Lenders available to the Borrower at the Agent's aforesaid address.

No Interest Period may end after the Facility Termination Date and, unless the Lenders otherwise agree in writing, in no event may there be more than five (5) different Interest Periods for LIBOR Advances outstanding at any one time.

2.10. Conversion and Continuation of Outstanding Advances. CBR Advances

shall continue as CBR Advances unless and until such CBR Advances are converted into LIBOR Advances. Each LIBOR Advance shall continue as a LIBOR Advance until the end of the then applicable Interest Period therefor, at which time such LIBOR Advance shall be automatically converted into a CBR Advance unless the Borrower shall have given the Agent a Conversion/Continuation Notice requesting that, at the end of such Interest Period, such LIBOR Advance continue as an LIBOR Advance for the same or another Interest Period. Subject to the terms of Section 2.7, the Borrower may elect from time to time to convert all or any part

of an Advance of any Type into any other Type or Types of Advances; provided that any conversion of any LIBOR Advance shall be made on, and only on, the last day of the Interest Period applicable thereto. The Borrower shall give the Agent irrevocable notice (a "Conversion/Continuation Notice") of each conversion of an

Advance or continuation of a LIBOR Advance not later than 10:00 a.m. (Chicago time) at least one Business Day, in the case of a conversion into a CBR Advance, or three Business Days, in the case of a conversion into or continuation of a LIBOR Advance, prior to the date of the requested conversion or continuation, specifying:

- (i) the requested date, which shall be a Business Day, of such conversion or continuation;
- (ii) the aggregate amount and Type of the Advance which is to be converted or continued; and
- (iii) the amount and Type(s) of Advance(s) into which such Advance is to be converted or continued and, in the case of a conversion into or

continuation of a LIBOR Advance, the duration of the Interest Period applicable thereto.

2.11. Changes in Interest Rate, Etc. Each CBR Advance shall bear interest

on the outstanding principal amount thereof, for each day from and including the date such Advance is made or is converted from a LIBOR Advance into a CBR Advance pursuant to Section 2.10 to but excluding the date it becomes due or is

converted into a LIBOR Advance pursuant to Section 2.10 hereof, at a rate per

annum equal to the CBR Rate for such day. Changes in the rate of interest on that portion of any Advance maintained as a CBR Advance will take effect simultaneously with each change in the Corporate Base Rate. Each LIBOR Advance shall bear interest from and including the first day of the Interest Period applicable thereto to (but not

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including) the last day of such Interest Period at the interest rate determined as applicable to such LIBOR Advance.

2.12. Rates Applicable After Default. Notwithstanding anything to the

contrary contained in Section 2.9 or 2.10, during the continuance of a Default

or Unmatured Default the Required Lenders may, at their option, by notice to the Borrower (which notice may be revoked at the option of the Required Lenders notwithstanding any provision of Section 8.2 requiring unanimous consent of the

Lenders to changes in interest rates), declare that no Advance may be made as, converted into or continued as a LIBOR Advance. During the continuance of a Default the Required Lenders may, at their option, by notice to the Borrower (which notice may be revoked at the option of the Required Lenders notwithstanding any provision of Section 8.2 requiring unanimous consent of the

Lenders to changes in interest rates), declare that for the duration of such Default (i) each LIBOR Advance shall bear interest at the rate otherwise applicable to such Interest Period plus 2% per annum and (ii) each CBR Advance shall bear interest at a rate per annum equal to the CBR Rate otherwise applicable to the CBR Advance plus 2% per annum.

2.13. Method of Payment. All payments of the Obligations hereunder shall be

made, without setoff, deduction, or counterclaim, in immediately available funds to the Agent at the Agent's address specified pursuant to Article VIII, or at

any other Lending Installation of the Agent specified in writing by the Agent to the Borrower, by noon (local time) on the date when due and shall be applied ratably by the Agent among the Lenders. Each payment delivered to the Agent for the account of any Lender shall be delivered promptly by the Agent to such Lender in the same type of funds that the Agent received at its address specified pursuant to Article VIII or at any Lending Installation specified in a

notice received by the Agent from such Lender. The Agent is hereby authorized to charge the account of the Borrower maintained with First Chicago for each payment of principal, interest and fees as it becomes due hereunder.

2.14. Notes; Telephonic Notices. Each Lender is hereby authorized to record

the principal amount of each of its Loans and each repayment on the schedule attached to its Note, provided, however, that the failure to so record shall not affect the Borrower's obligations under such Note. The Borrower hereby authorizes the Lenders and the Agent to extend, convert or continue Advances, effect selections of Types of Advances and to transfer funds based on telephonic notices made by any person or persons the Agent or any Lender in good faith believes to be acting on behalf of the Borrower. The Borrower agrees to deliver promptly to the Agent a written confirmation, if such confirmation is requested by the Agent or any Lender, of each telephonic notice signed by an Authorized Officer. If the written confirmation differs from the action taken by the Agent and the Lenders, the records of the Agent and the Lenders shall be presumed (rebuttably) accurate.

2.15. Interest Payment Dates; Interest and Fee Basis. Interest accrued on

each CBR Advance shall be payable on each Payment Date, commencing with the first such date to occur after the date hereof, and at maturity. Interest accrued on each LIBOR Advance shall be payable on each Payment Date, commencing with the first such date to occur after the date hereof, on any date on which the LIBOR Advance is prepaid, whether by acceleration or otherwise, and at maturity. Interest and commitment fees shall be calculated for actual days elapsed on the basis of a 360-day year. Interest shall be payable for the day an Advance is made but not for the day of any payment on the amount paid if payment is received prior to noon (local time) at the place

of payment. If any payment of principal of or interest on an Advance shall become due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and, in the case of a principal payment, such extension of time shall be included in computing interest in connection with such payment.

2.16. Notification of Advances, Interest Rates and Prepayments. Promptly

after receipt thereof, the Agent will notify each Lender of the contents of each Borrowing Notice, Conversion/Continuation Notice, and repayment notice received by it hereunder. The Agent will notify each Lender of the interest rate applicable to each LIBOR Advance promptly upon determination of such interest rate and will give each Lender prompt notice of each change in the Corporate Base Rate.

2.17. Lending Installations. Each Lender may book its Loans at any Lending

Installation selected by such Lender and may change its Lending Installation from time to time. All terms of this Agreement shall apply to any such Lending Installation and the Notes shall be deemed held by each Lender for the benefit of such Lending Installation. Each Lender may, by written or telex notice to the Agent and the Borrower, designate a Lending Installation through which Loans will be made by it and for whose account Loan payments are to be made.

2.18. Non-Receipt of Funds by the Agent. Unless the Borrower or a Lender,

as the case may be, notifies the Agent prior to the date on which it is scheduled to make payment to the Agent of (i) in the case of a Lender, the proceeds of a Loan or (ii) in the case of the Borrower, a payment of principal, interest or fees to the Agent for the account of the Lenders, that it does not intend to make such payment, the Agent may assume that such payment has been made. The Agent may, but shall not be obligated to, make the amount of such payment available to the intended recipient in reliance upon such assumption. If such Lender or the Borrower, as the case may be, has not in fact made such payment to the Agent, the recipient of such payment shall, on demand by the Agent, repay to the Agent the amount so made available together with interest thereon in respect of each day during the period commencing on the date such amount was so made available by the Agent until the date the Agent recovers such amount at a rate per annum equal to (i) in the case of payment by a Lender, the Federal Funds Effective Rate for such day or (ii) in the case of payment by the Borrower, the interest rate applicable to the relevant Loan.

2.19. Withholding Tax Exemption. At least five Business Days prior to the

first date on which interest or fees are payable hereunder for the account of any Lender, each Lender that is not incorporated under the laws of the United States of America, or a state thereof, agrees that it will deliver to each of the Borrower and the Agent two duly completed copies of United States Internal Revenue Service Form 1001 or 4224, certifying in either case that such Lender is entitled to receive payments under this Agreement and the Notes without deduction or withholding of any United States federal income taxes. Each Lender which so delivers a Form 1001 or 4224 further undertakes to deliver to each of the Borrower and the Agent two additional copies of such form (or a successor form) on or before the date that such form expires (currently, three successive calendar years for Form 1001 and one calendar year for Form 4224) or becomes obsolete or after the occurrence of any event requiring a change in the most recent forms so delivered by it, and such amendments thereto or extensions or renewals thereof as may be reasonably requested by the Borrower or the Agent, in each case certifying that such Lender is entitled to receive payments under this Agreement and the Notes without deduction or withholding of any United States federal income taxes, unless an event (including without

limitation any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent such Lender from duly completing and delivering any such form with respect to it and such Lender advises the Borrower and the Agent that it is not capable of receiving payments without any deduction or withholding of United States federal income tax.

2.20. Reduction in Aggregate Commitment. Borrower may from time to time

during the term of this Facility upon prior written notice to Agent, elect to permanently reduce the amount of the Aggregate Commitment to an amount to be determined by Borrower; provided, however, that in no event shall Borrower be entitled to reduce the Aggregate Commitment below \$15,000,000 pursuant to this Section. Each reduction notice from Borrower as described in the preceding

sentence shall be accompanied by payment of any amounts (including any amounts payable by Borrower pursuant to Article III hereof) necessary to reduce the

outstanding balance of the Advances to the amount specified in such notice. Each reduction of the Aggregate Commitment shall reduce each Lender's Commitment on a pro rata basis.

ARTICLE III

CHANGE IN CIRCUMSTANCES

3.1. Yield Protection. If any law or any governmental or quasi-governmental

rule, regulation, policy, guideline or directive (whether or not having the force of law), or any interpretation thereof, or the compliance of any Lender therewith,

- (i) subjects any Lender or any applicable Lending Installation to any tax, duty, charge or withholding on or from payments due from the Borrower (excluding (i) federal taxation of the net income of any Lender or applicable Lending Installation, (ii) state and local taxation in the jurisdiction where a Lender's home office is situated, (iii) state and local taxation in a jurisdiction other than described in (ii) above to the extent such Lender receives credit on its tax payments in its home jurisdiction for such taxes, and (iv) federal withholding tax imposed on payments due hereunder or under the Notes), or changes the basis of taxation of payments to any Lender in respect of its Loans or other amounts due it hereunder, or
- (ii) imposes or increases or deems applicable any reserve, assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender or any applicable Lending Installation (other than reserves and assessments taken into account in determining the interest rate applicable to LIBOR Advances), or
- (iii) imposes any other condition the result of which is to increase the cost to any Lender or any applicable Lending Installation of making, funding or maintaining loans or reduces any amount receivable by any Lender or any applicable Lending Installation in connection with loans, or requires any Lender or any applicable Lending Installation to make any payment

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calculated by reference to the amount of loans held or interest received by it, by an amount deemed material by such Lender,

then, within 30 days of demand by such Lender, the Borrower shall pay such Lender that portion of such increased expense incurred or reduction in an amount received which such Lender determines is attributable to making, funding and maintaining its Loans and its Commitment.

3.2. Changes in Capital Adequacy Regulations. If a Lender reasonably

determines the amount of capital required or expected to be maintained by such Lender, any Lending Installation of such Lender or any corporation controlling such Lender is increased as a result of a Change (as hereinafter defined), then, within 30 days of demand by such Lender, the Borrower shall pay such Lender the amount necessary to compensate for any shortfall in the rate of return on the portion of such increased capital which such Lender determines is attributable to this Agreement, its Loans or its obligation to make Loans hereunder (after taking into account such Lender's policies as to capital adequacy). "Change"

means (i) any change after the date of this Agreement in the Risk-Based Capital Guidelines or (ii) any adoption of or change in any other law, governmental or quasi-governmental rule, regulation, policy, guideline, interpretation, or directive (whether or not having the force of law) after the date of this Agreement which affects the amount of capital required or expected to be maintained by any Lender or any Lending Installation or any corporation controlling any Lender. "Risk-Based Capital Guidelines" means (i) the risk-based

capital guidelines in effect in the United States on the date of this Agreement, including transition rules, and (ii) the corresponding capital regulations promulgated by regulatory authorities outside the United States implementing the July 1988 report of the Basle Committee on Banking Regulation and Supervisory Practices Entitled "International Convergence of Capital Measurements and Capital Standards," including transition rules, and any amendments to such regulations adopted prior to the date of this Agreement.

3.3. Availability of LIBOR Advances. If any Lender reasonably determines

that maintenance of any of its LIBOR Loans at a suitable Lending Installation would violate any applicable law, rule, regulation or directive, whether or not having the force of law, the Agent shall suspend the availability of LIBOR Advances and require any LIBOR Advances to be converted into CBR Advances; or if the Required Lenders reasonably determine that (i) deposits of a type or maturity appropriate to match fund LIBOR Advances are not available, the Agent shall suspend the availability of LIBOR Advances with respect to any Advances made after the date of any such determination, or (ii) an interest rate applicable to a LIBOR Advance does not accurately reflect the cost of making a LIBOR Advance, then, if for any reason whatsoever the provisions of Section 3.1

are inapplicable, the Agent shall suspend the availability of LIBOR Advances with respect to any Advances made after the date of any such determination.

3.4. Funding Indemnification. If any payment of a LIBOR Advance occurs on

a date which is not the last day of the applicable Interest Period, whether because of acceleration, prepayment or otherwise, or a LIBOR Advance is not made on the date specified by the Borrower for any reason other than default by the Lenders, the Borrower will indemnify each Lender for any loss or cost incurred by it resulting therefrom, including, without limitation,, any loss or cost in liquidating or employing deposits acquired to fund or maintain the LIBOR Advance.

3.5. Lender Statements; Survival of Indemnity. To the extent reasonably

possible, each Lender shall designate an alternate Lending Installation with respect to its LIBOR Loans to reduce any liability of the Borrower to such Lender under Sections 3.1 and 3.2 or to avoid the unavailability of a LIBOR

Advance under Section 3.3, so long as such designation is not disadvantageous to

such Lender. Each Lender shall deliver a written statement of such Lender as to the amount due, if any, under Sections 3.1, 3.2 or 3.4. Such written statement

shall set forth in reasonable detail the calculations upon which such Lender determined such amount and shall be presumed (rebuttably) correct. Determination of amounts payable under such Sections in connection with a LIBOR Loan shall be calculated as though each Lender funded its LIBOR Loan through the purchase of a deposit of the type and maturity corresponding to the deposit used as a reference in determining the LIBOR Rate applicable to such Loan, whether in fact that is the case or not. Unless otherwise provided herein, the amount specified in the written statement shall be payable on demand after receipt by the Borrower of the written statement. The obligations of the Borrower under Sections 3.1, 3.2 and 3.4 shall survive payment of the Obligations and

termination of this Agreement.

3.6. Replacement of Lender by Reason of Change in Circumstances. In the

event that any Lender (a "Recovery Lender") requires Borrower to make any

payment to such Recovery Lender in accordance with the provisions of Sections 3.1 and/or 3.2 hereof, then upon written notice from Borrower to Agent, Borrower

and Agent shall mutually use their respective best efforts to find another lender to replace the Recovery Lender. If a replacement lender is found then Borrower shall pay to the Recovery Lender all amounts owed to such Recovery Lender under the Facility, such Recovery Lender shall no longer be a "Lender" hereunder, and concurrently therewith the remaining parties hereto shall execute such instruments as shall be necessary to have the replacement lender become a "Lender" hereunder having a Commitment equal to that of the Recovery Lender.

Nothing contained in this Section 3.6 shall be deemed to relieve Borrower

of its obligations to make all payments to any Recovery Lender in the amounts and at the times required pursuant to the terms of this Agreement during the period of time prior to the replacement of such Recovery Lender.

ARTICLE IV

CONDITIONS PRECEDENT

4.1. Initial Advance. The Lenders shall not be required to make the initial

Advance hereunder unless the Borrower shall have furnished to the Agent, with sufficient copies for the Lenders, the following:

- (i) The duly executed originals of the Loan Documents, including the Notes, payable to the order of each of the Lenders, the Guaranty, and this Agreement;
- (ii) A certificate of good standing for the Borrower, certified by the appropriate governmental officer of the State of Maryland, and foreign qualification certificates, certified by the appropriate governmental officer, for each

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jurisdiction where the failure to so qualify or be licensed (if required) would have a Material Adverse Effect;

- (iii) Copies, certified by an officer of the Borrower, of Borrower's and Guarantor's formation documents (including by-laws), together with all amendments thereto;
- (iv) An incumbency certificate, executed by an officer of the Borrower, which shall identify by name and title and bear the signature of the Persons authorized to sign the Loan Documents and to make borrowings hereunder on behalf of the Borrower, upon which certificate the Agent and the Lenders shall be entitled to rely until informed of any change in writing by the Borrower;
- (v) Copies, certified by the Secretary or Assistant Secretary, of the Borrower's Board of Directors' resolutions (and resolutions of other bodies, if any are deemed necessary by counsel for any Lender) authorizing the Advances provided for herein and the execution, delivery and performance of the Loan Documents to be executed and delivered by the Borrower hereunder;
- (vi) A written opinion of the Borrower's and Guarantor's counsel, addressed to the Lenders in substantially the form of Exhibit C hereto;

- (vii) A certificate, signed by an officer of the Borrower, stating that on the initial Borrowing Date no Default or Unmatured Default has occurred and is continuing and that all representations and warranties of the Borrower are true and correct as of the initial Borrowing Date;
- (viii) The most recent financial statements of the Borrower and a certificate from an officer of the Borrower that no material adverse change in the Borrower's financial condition has occurred since the date of such statements;
- (ix) UCC financing statement, judgment, and tax lien searches with respect to the Borrower from the State of Maryland;
- (x) Written money transfer instructions, in substantially the form of Exhibit F hereto, addressed to the Agent and signed by an

Authorized Officer, together with such other related money transfer authorizations as the Agent may have reasonably requested;
- (xi) Information satisfactory to the Agent and the Required Lenders regarding the Borrower's Year 2000 Program; and
- (xii) Such other documents as any Lender or its counsel may have reasonably requested, the form and substance of which documents shall be acceptable to the parties and their respective counsel.

4.2. Each Advance. The Lenders shall not be required to make any Advance

(other than an Advance that, after giving effect thereto and to the application of the proceeds thereof,

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does not increase the aggregate amount of outstanding Advances), unless on the applicable Borrowing Date:

- (i) There exists no Default or Unmatured Default;
- (ii) The representations and warranties contained in Article V are

true and correct in all material respects as of such Borrowing

Date with respect to Borrower and to any Subsidiary in existence on such Borrowing Date, except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall be true and correct on and as of such earlier date; and

- (iii) All legal matters incident to the making of such Advance shall be reasonably satisfactory to the Lenders and their counsel and shall impose no burden on the Borrower greater than as set forth in Section 4.1 hereof.

Each Borrowing Notice with respect to each such Advance shall constitute a representation and warranty by the Borrower that the conditions contained in Sections 4.2(i) and (ii) have been satisfied. Any Lender may require a duly

completed compliance certificate in substantially the form of Exhibit D hereto

as a condition to making an Advance.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Lenders that:

- 5.1. Existence. Borrower is a real estate investment trust duly organized

and validly existing under the laws of the State of Maryland, with its principal place of business in Rockville, Maryland, and is duly qualified as a foreign real estate investment trust, properly licensed (if required), in good standing and has all requisite authority to conduct its business in each jurisdiction in which its business is conducted and in which the failure to be qualified would have a Material Adverse Effect.

- 5.2. Authorization and Validity. The Borrower has the power and authority

and legal right to execute and deliver the Loan Documents and to perform its obligations thereunder. The execution and delivery by the Borrower of the Loan Documents and the performance of its obligations thereunder have been duly authorized by proper proceedings, and the Loan Documents constitute legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.

- 5.3. No Conflict; Government Consent. Neither the execution and delivery

by the Borrower of the Loan Documents, nor the consummation of the transactions therein contemplated, nor compliance with the provisions thereof will violate any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on the Borrower, or the provisions of any indenture, instrument or agreement to which the Borrower is a party or is subject, or by

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which it, or its Property, is bound, or conflict with or constitute a default thereunder, or result in the creation or imposition of any Lien in, of or on the Property of the Borrower pursuant to the terms of any such indenture, instrument or agreement. No order, consent, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, any governmental or public body or authority, or any subdivision thereof, is required to authorize, or is required in connection with the execution, delivery and performance of, or the legality, validity, binding effect or enforceability of, any of the Loan Documents.

- 5.4. Material Adverse Change. Since December 31, 1998, there has been no

change in the business, Property, prospects, condition (financial or otherwise) or results of operations of the Borrower which could have a Material Adverse Effect.

- 5.5. Taxes. The Borrower has filed all United States federal tax returns

and all other tax returns which are required to be filed and have paid all taxes due pursuant to said returns or pursuant to any assessment received by the Borrower except such taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided. No tax liens have been filed and no claims are being asserted with respect to any such taxes. The charges, accruals and reserves on the books of the Borrower in respect of any taxes or other governmental charges are adequate.

- 5.6. Litigation and Guarantee Obligations. There is no litigation,

arbitration, governmental investigation, proceeding or inquiry pending or, to the knowledge of any of their officers, threatened against or affecting the Borrower which could have a Material Adverse Effect. The Borrower has no material contingent obligations not provided for or disclosed in the financial statements referred to in Section 6.4.

5.7. No Subsidiaries. There are no presently existing Subsidiaries of the

Borrower other than Guarantor. The information set forth in Schedule 2 regarding Guarantor is true and correct.

5.8. ERISA. The Unfunded Liabilities of all Single Employer Plans do not

in the aggregate exceed \$100,000. Neither the Borrower nor any other member of the Controlled Group has incurred, or is reasonably expected to incur, any withdrawal liability to Multiemployer Plans in excess of \$100,000 in the aggregate. Each Plan complies in all material respects with all applicable requirements of law and regulations, no Reportable Event has occurred with respect to any Plan, neither the Borrower nor any other members of the Controlled Group has withdrawn from any Plan or initiated steps to do so, and no steps have been taken to reorganize or terminate any Plan.

5.9. Accuracy of Information. No information, exhibit or report furnished

by the Borrower to the Agent or to any Lender in connection with the negotiation of, or compliance with, the Loan Documents contained any material misstatement of fact or omitted to state a material fact or any fact necessary to make the statements contained therein not misleading.

5.10. Regulation U. Margin stock (as defined in Regulation U) constitutes

less than 25% of those assets of the Borrower which are subject to any limitation on sale, pledge, or other restriction hereunder.

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5.11. Material Agreements. The Borrower is not subject to any charter or

other corporate restriction which could have a Material Adverse Effect. The Borrower is not in material default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in (i) any agreement to which it is a party, which default could have a Material Adverse Effect or (ii) any agreement or instrument evidencing or governing Indebtedness.

5.12. Compliance With Laws. The Borrower has complied in all material

respects with all applicable statutes, rules, regulations, orders and restrictions of any domestic or foreign government or any instrumentality or agency thereof, having jurisdiction over the conduct of their respective businesses or the ownership of their respective Property. The Borrower has not received any notice to the effect that its operations are not in material compliance with any of the requirements of applicable federal, state and local environmental, health and safety statutes and regulations or the subject of any federal or state investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, which non-compliance or remedial action could have a Material Adverse Effect.

5.13. Ownership of Properties. Except as set forth on Schedule 3 hereto,

on the date of this Agreement, the Borrower has good title, free of all Liens other than those permitted by Section 7.18, to all of the Property and assets

reflected in the financial statements as owned by it.

5.14. Investment Company Act. The Borrower is not an "investment company"

or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

5.15. Public Utility Holding Company Act. The Borrower is not a "holding

company" or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

5.16. Solvency. (i) Immediately after the Closing Date and immediately

following the making of each Loan and after giving effect to the application of the proceeds of such Loans, (a) the fair value of the assets of the Borrower and

its Subsidiaries (if any) on a consolidated basis, at a fair valuation, will exceed the debts and liabilities, subordinated, contingent or otherwise, of the Borrower and its Subsidiaries, if any, on a consolidated basis; (b) the present fair saleable value of the property of the Borrower and its Subsidiaries on a consolidated basis will be greater than the amount that will be required to pay the probable liability of the Borrower and its Subsidiaries, if any, on a consolidated basis on their debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (c) the Borrower and its Subsidiaries, if any, on a consolidated basis will be able to pay their debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (d) the Borrower and its Subsidiaries, if any, on a consolidated basis will not have unreasonably small capital with which to conduct the businesses in which they are engaged as such businesses are now conducted and are proposed to be conducted after the date hereof.

(ii) The Borrower does not intend to incur debts beyond its ability to pay such debts as they mature, taking into account the timing of and amounts of cash to be received by it and the timing of the amounts of cash to be payable on or in respect of its Indebtedness or the Indebtedness.

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5.17. Insurance. The Borrower carries insurance on its Property with -----
financially sound and reputable insurance companies, in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar Property in localities where the Borrower operates, including, without limitation:

- (i) Property and casualty insurance (including coverage for flood and other water damage for any Properties located within a 100-year flood plain) in the amount of the replacement cost of the improvements at the Properties;
- (ii) Loss of rental income insurance in the amount not less than one year's gross revenues from the Properties; and
- (iii) Comprehensive general liability insurance in the amount of \$20,000,000 per occurrence.

5.18. REIT Status. The Borrower is in good standing on the New York Stock Exchange, is qualified as a real estate investment trust and currently is in compliance with all applicable provisions of the Code.

5.19. Year 2000. The Borrower has made a full and complete assessment of -----
the Year 2000 Issues and has a realistic and achievable program for remediating the Year 2000 Issues on a timely basis (the "Year 2000 Program"). Based on such assessment and on the Year 2000 Program the Borrower does not reasonably anticipate that Year 2000 Issues will have a Material Adverse Effect.

ARTICLE VI

COVENANTS

During the term of this Agreement, unless the Required Lenders shall otherwise consent in writing:

6.1. Financial Reporting. The Borrower will maintain, for itself and each -----
Subsidiary, a system of accounting established and administered in accordance with GAAP, and furnish to the Lenders:

- (i) Within 45 days after the close of each fiscal quarter, for the Borrower and its Subsidiaries, an unaudited balance sheet as of the close of each such period and profit and loss and reconciliation of surplus statements and a statement of cash flows for the period from the beginning of the fiscal year to the end of such quarter, all certified by the Borrower's chief financial officer or chief accounting officer;
- (ii) Together with the financial statements required hereunder, a compliance certificate in substantially the form of Exhibit D -----
hereto signed by the Borrower's chief financial officer or chief accounting officer showing the calculations necessary to determine compliance with this Agreement and

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stating that no Default or Unmatured Default exists, or if any Default or Unmatured Default exists, stating the nature and status thereof;

- (iii) Within 45 days after the close of each fiscal quarter, for themselves and their Subsidiaries, related reports in form and substance satisfactory to the Lenders, all certified by the entity's chief financial officer or chief accounting officer, including a statement of Funds From Operations, listing of capital expenditures, a report listing and describing all newly acquired Properties, including their net operating income, cost and mortgage debt, if any, and summary Property information and such other information as may be reasonably requested;
- (v) Within 90 days after the close of each fiscal year, for the Borrower and its Subsidiaries, audited financial statements, including a balance sheet as of the close of each such period and profit and loss and reconciliation of surplus statements and a statement of cash flows for the period, all audited and certified by independent accountants (which accountants shall be reasonably satisfactory to Agent) as fairly presenting the financial position and results of operations and its cash flows as of the end of such fiscal year for such entities in accordance with GAAP;
- (iv) As soon as possible and in any event within 10 days after the Borrower knows that any Reportable Event has occurred with respect to any Plan, a statement, signed by the chief financial officer of the Borrower, describing said Reportable Event and the action which the Borrower proposes to take with respect thereto;
- (v) As soon as possible and in any event within 10 days after receipt by the Borrower, a copy of (a) any notice or claim to the effect that the Borrower or any of its Subsidiaries is or may be liable to any Person as a result of the release by the Borrower, any of its Subsidiaries, or any other Person of any toxic or hazardous waste or substance into the environment, and (b) any notice alleging any violation of any federal, state or local environmental, health or safety law or regulation by the Borrower or any of its Subsidiaries, which, in either case, could have a Material Adverse Effect;
- (vi) Promptly upon the furnishing thereof to the shareholders of the Borrower, copies of all financial statements, reports and proxy statements so furnished;
- (vii) Promptly upon the filing thereof, copies of all registration statements and annual, quarterly, monthly or other reports and any other public information which the Borrower or any of its Subsidiaries files with the Securities Exchange Commission; and
- (viii) Such other information (including, without limitation, financial statements for the Borrower and non-financial information) as the Agent or any Lender may from time to time reasonably request.

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6.2. Use of Proceeds. The Borrower will, and will cause each of its

Subsidiaries to, use the proceeds of the Advances for the general business purposes of the Borrower, including working capital needs and interim financing for property acquisitions, and to repay outstanding Advances. The Borrower will not, nor will it permit any Subsidiary to, use any of the proceeds of the Advances to purchase or carry any "margin stock" (as defined in Regulation U) or to make any Acquisition other than a Permitted Acquisition.

6.3. Notice of Default. The Borrower will, and will cause each of its

Subsidiaries to, give prompt notice in writing to the Lenders of the occurrence of any Default or Unmatured Default and of any other development, financial or otherwise (including, without limitation, developments with respect to Year 2000 Issues), which could have a Material Adverse Effect.

6.4. Conduct of Business. The Borrower will, and will cause each of its

Subsidiaries to, (i) do all things necessary to remain duly incorporated or duly qualified, validly existing and in good standing as a real estate investment trust, domestic corporation or limited partnership, as the case may be, in its jurisdiction of incorporation/formation and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted and in which the failure to be qualified would have a Material Adverse Effect, (ii)

to carry on and conduct their businesses in substantially the same manner as they are presently conducted, and (iii) not undertake any business other than the development, ownership, management and operation of apartment buildings, office buildings, shopping centers, business centers, and warehouses, and ancillary businesses specifically related to such properties.

6.5. Taxes. The Borrower will, and will cause each of its Subsidiaries to, -----
pay when due all taxes, assessments and governmental charges and levies upon them of their income, profits or Property, except those which are being contested in good faith by appropriate proceedings and with respect to which adequate reserves have been set aside.

6.6. Insurance. The Borrower will, and will cause each of its Subsidiaries -----
to, maintain with financially sound and reputable insurance companies insurance on all their Property in such amounts and covering such risks as is consistent with sound business practice, and the Borrower will furnish to any Lender upon request full information as to the insurance carried.

6.7. Compliance, with Laws. The Borrower will, and will cause each of its -----
Subsidiaries to, comply with all laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which they may be subject.

6.8. Maintenance of Properties. The Borrower will, and will cause each of -----
its Subsidiaries to, do all things necessary to maintain, preserve, protect and keep its Property in good repair, working order and condition, and make all necessary and proper repairs, renewals and replacements so that their businesses carried on in connection therewith may be properly conducted at all times.

6.9. Inspection. The Borrower will, and will cause each of its Subsidiaries -----
to, permit the Lenders, by their respective representatives and agents, to inspect any of the Property, corporate books and financial records of the Borrower and each of its Subsidiaries, to examine and make copies of the books of accounts and other financial records of the Borrower and each of its Subsidiaries, and to discuss the affairs, finances and accounts of the Borrower and each of

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its Subsidiaries, and to be advised as to the same by, their respective officers at such reasonable times and intervals as the Lenders may designate.

6.10. Maintenance of Status. The Borrower shall at all times (i) remain a -----
corporation listed and in good standing on the New York Stock Exchange, and (ii) maintain its status as a real estate investment trust in compliance with all applicable provisions of the Code.

6.11. Dividends. The Borrower and its Subsidiaries shall be permitted to -----
declare and pay any dividends on its Capital Stock from time to time, provided that the aggregate amount of such dividends paid with respect to any period of four (4) fiscal quarters shall not exceed 95% of the Borrower's Funds From Operations for the most recent period of four (4) consecutive fiscal quarters for which financial results have been reported, and; provided, further, that the -----
Borrower shall be permitted at all times to distribute whatever amount is necessary to maintain its tax status as a real estate investment trust.

6.12. Merger. The Borrower will not, nor will it permit any of its -----
Subsidiaries to, enter into any merger, consolidation, reorganization or liquidation or transfer or otherwise dispose of all or a Substantial Portion of their Properties, except for such transactions that occur between Wholly-Owned Subsidiaries or as otherwise approved in advance by the Lenders, provided, -----
however, that mergers shall be permitted as a means for the Borrower to acquire -----
additional Properties or ancillary businesses specifically related to Properties so long as such merger is not accomplished through a hostile takeover and the Borrower is the surviving entity.

6.13. Delivery of Subsidiary Guaranties. Borrower shall promptly notify -----
Agent of any planned formation or acquisition of any Subsidiary. Within 10 days after Borrower forms or acquires any Subsidiary, Borrower shall cause such Subsidiary to execute and deliver to the Lender's a guaranty agreement (together with such other documents as the Lenders shall reasonably request) whereby such Subsidiary agrees that it shall be jointly and severally liable for all Obligations of the Borrower under the Loan Documents. The guaranty agreement and

such other documents each shall be in form and substance satisfactory to the Lenders.

6.14. Sale of Accounts. The Borrower will not, nor will it permit any of its Subsidiaries to, sell or otherwise dispose of any notes receivable or accounts receivable, with or without recourse.

6.15. Sale and Leaseback. The Borrower will not, nor will it permit any of its Subsidiaries to, sell or transfer any of its Property in order to concurrently or subsequently lease as lessee such or similar Property.

6.16. Acquisitions and Investments. Without the prior written consent of the Required Lenders, the Borrower will not, nor will it permit any of its Subsidiaries to:

- (i) make any Acquisition, except mergers permitted pursuant to Section 6.12;
- (ii) by a single transaction or through a series of related transactions make any acquisition of property if the cost of such property would be more than \$50,000,000 for any such property;

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- (iii) make any investments in, or loans or advances to, any unconsolidated Person to the extent such investments, loans and advances in the aggregate would exceed ten percent (10%) of their Total Tangible Assets on a consolidated basis.

Acquisitions permitted pursuant to this Section 6.16 shall be deemed to be "Permitted Acquisitions".

6.17. Liens. The Borrower will not, nor will it permit any of its Subsidiaries to, create, incur, or suffer to exist any Lien in, of or on the Property of the Borrower or any of its Subsidiaries, except:

- (i) Liens for taxes, assessments or governmental charges or levies on its Property if the same shall not at the time be delinquent or thereafter can be paid without penalty, or are being contested in good faith and by appropriate proceedings and for which adequate reserves shall have been set aside on its books;
- (ii) Liens imposed by law, such as carriers', warehousemen's and mechanics' liens and other similar liens arising in the ordinary course of business which secure payment of obligations not more than 60 days past due or which are being contested in good faith by appropriate proceedings and for which adequate reserves shall have been set aside on its books;
- (iii) Liens arising out of pledges or deposits under worker's compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits, or similar legislation;
- (iv) Utility easements, building restrictions and such other encumbrances or charges against real property as are of a nature generally existing with respect to properties of a similar character and which do not in any material way affect the marketability of the same or interfere with the use thereof in the business of the Borrower or its Subsidiaries;
- (v) Liens existing on the date hereof and described in Schedule 3 hereto; and
- (vi) Liens arising in connection with any Indebtedness permitted hereunder.

Notwithstanding anything contained in this Agreement to the contrary, Borrower may from time to time encumber its Properties with Liens in addition to those set forth in clauses (i) through (vi) above, provided that the granting or existence of such other Liens shall not cause Borrower to be in breach of the provisions of Section 6.21 hereof.

Liens permitted pursuant to this Section 6.17 shall be deemed to be "Permitted

Liens".

6.18. Affiliates. The Borrower will not, nor will it permit any of their

Subsidiaries to, enter into any transaction (including, without limitation, the
purchase or sale of any Property or service) with, or make any payment or
transfer to, any Affiliate except in the ordinary course of business and
pursuant to the reasonable requirements of the Borrower's or such Subsidiary's

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business and upon fair and reasonable terms no less favorable to the Borrower or
such Subsidiary than the Borrower or such Subsidiary would obtain in a
comparable arms-length transaction.

6.19. Cash Flow to Debt Service Ratio. The Borrower on a consolidated basis

with its Subsidiaries shall maintain a Cash Flow to Debt Service Ratio of not
less than 2.5. Such test must be satisfied as of the end of each fiscal quarter,
based on annualized results for the preceding two fiscal quarters.

6.20. Consolidated Tangible Net Worth. The Borrower on a consolidated

basis with its Subsidiaries shall maintain a Consolidated Tangible Net Worth of
not less than \$225,000,000.

6.21. Indebtedness and Cash Flow Covenants. The Borrower on a consolidated

basis with its Subsidiaries shall not, as of the last day of any fiscal quarter,
permit:

- (i) Consolidated Total Indebtedness to exceed fifty percent (50%) of
Total Capitalization Value;
- (ii) Consolidated Secured Indebtedness to exceed fifteen percent (15%)
of Total Capitalization Value;
- (iii) the Value of Unencumbered Assets to be less than 1.75 times the
Consolidated Senior Unsecured Indebtedness; and
- (iv) annualized EBITDA (determined by multiplying (x) the sum of EBITDA
for the two most recently ended fiscal quarters, by (y) two) to be
less than seventeen and one-half percent (17.5%) of Consolidated
Total Indebtedness.

6.22. Year 2000. The Borrower will take and will cause each of its

Subsidiaries to take all such actions as are reasonably necessary to
successfully implement the Year 2000 Program and to assure that Year 2000 Issues
will not have a Material Adverse Effect. At the request of the Agent or any
Lender, the Borrower will provide a description of the Year 2000 Program,
together with any updates or progress reports with respect thereto.

ARTICLE VII

DEFAULTS

The occurrence of any one or more of the following events shall constitute
a Default:

7.1. Any representation or warranty made or deemed made by or on behalf
of the Borrower or any of its Subsidiaries to the Lenders or the Agent under or
in connection with this Agreement, any Loan, or any certificate or information
delivered in connection with this Agreement or any other Loan Document shall be
materially false on the date as of which made.

7.2. Nonpayment of principal of any Note when due, or nonpayment of
interest upon any Note or of any commitment fee or other obligations under any
of the Loan Documents within five Business Days after the same becomes due.

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7.3. The breach of any of the terms or provisions of Sections 6.2, 6.11,

6.12, 6.14, 6.15, 6.16, 6.19, 6.20, and 6.21 hereof.

7.4. The breach by the Borrower (other than a breach which constitutes a
Default under Section 7.1, 7.2, or 7.3) of any of the terms or provisions of

this Agreement which is not remedied within thirty days after written notice from the Agent or any Lender.

7.5. Failure of the Borrower or any of its Subsidiaries to pay when due any "recourse" Indebtedness (i.e., Indebtedness which is recoverable from the general assets of the Borrower and/or its Subsidiaries) which is outstanding in an aggregate amount of at least \$5,000,000; or the default by the Borrower or any of its Subsidiaries in the performance of any term, provision or condition contained in any agreement under which such "recourse" Indebtedness was created or is governed, or any other event shall occur or condition exist, the effect of which is to cause such "recourse" Indebtedness to become due prior to its stated maturity; or any "recourse" Indebtedness of the Borrower or any of its Subsidiaries (other than "recourse" Indebtedness which is "due on demand") shall be declared to be due and payable or required to be prepaid (other than by a regularly scheduled payment) prior to the stated maturity thereof; or the Borrower or any of its Subsidiaries shall not pay, or admit in writing its inability to pay, its debts generally as they become due.

7.6. The Borrower or any of its Subsidiaries that has more than \$10,000,000 of Total Tangible Assets shall (i) have an order for relief entered with respect to it under the Federal bankruptcy laws as now or hereafter in effect, (ii) make an assignment for the benefit of creditors, (iii) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any Substantial Portion of its Property, (iv) institute any proceeding seeking an order for relief under the Federal bankruptcy laws as now or hereafter in effect or seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (v) take any corporate action to authorize or effect any of the foregoing actions set forth in this Section 7.6 or (vi) fail to contest in good faith any appointment or proceeding - ----- described in Section 7.7.

7.7. A receiver, trustee, examiner, liquidator or similar official shall be appointed for the Borrower or any Subsidiary that has more than \$10,000,000 of Total Tangible Assets or any Substantial Portion of their Property, or a proceeding described in Section 7.6(iv) shall be instituted against the Borrower ----- or any such Subsidiary and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of 30 consecutive days.

7.8. Any court, government or governmental agency shall condemn, seize or otherwise appropriate, or take custody or control of (each a "Condemnation"), ----- all or any portion of the Property of the Borrower and its Subsidiaries which, when taken together with all other Property of the Borrower and its Subsidiaries so condemned, seized, appropriated, or taken custody or control of, during the twelve-month period ending with the month in which any such Condemnation occurs, constitutes a Substantial Portion of their Property.

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7.9. The Borrower or any of its Subsidiaries shall fail within 30 days to pay, bond or otherwise discharge any judgment or order for the payment of money in excess of \$5,000,000, which is not stayed on appeal or otherwise being appropriately contested in good faith.

7.10. The Unfunded Liabilities of all Single Employer Plans shall exceed in the aggregate \$100,000 or any Reportable Event shall occur in connection with any Plan.

7.11. The Borrower or any other member of the Controlled Group shall have been notified by the sponsor of a Multiemployer Plan that it has incurred withdrawal liability to such Multiemployer Plan in an amount which, when aggregated with all other amounts required to be paid to Multiemployer Plans by the Borrower or any other member of the Controlled Group as withdrawal liability (determined as of the date of such notification), exceeds \$100,000 or requires payments exceeding \$1,000,000 per annum.

7.12. The Borrower or any other member of the Controlled Group shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, if as a result of such reorganization or termination the aggregate annual contributions of the Borrower and the other members of the Controlled Group (taken as a whole) to all Multiemployer Plans which are then in reorganization or being terminated have been or will be increased over the amounts contributed to such Multiemployer Plans for the respective plan years of each such Multiemployer Plan immediately preceding the plan year in which the reorganization or termination occurs by an amount exceeding \$100,000.

7.13. Failure to remediate within the time period permitted by law or governmental order (or within a reasonable time give the nature of the problem if no specific time period has been given) material environmental problems related to Properties whose aggregate book values are in excess of \$20,000,000 or where the estimated cost of remediation is in the aggregate in excess of \$100,000, in each case after all administrative hearings and appeals have been concluded.

7.14. The occurrence of any default under any Loan Document or the breach of any of the terms or provisions of any Loan Document, which default or breach continues beyond any period of grace therein provided.

ARTICLE VIII

ACCELERATION, WAIVERS, AMENDMENTS AND REMEDIES

8.1. Acceleration. If any Default described in Section 7.6 or 7.7 occurs

with respect to the Borrower, the obligations of the Lenders to make Loans hereunder shall automatically terminate and the Obligations shall immediately become due and payable without any election or action on the part of the Agent or any Lender. If any other Default occurs, the Required Lenders may terminate or suspend the obligations of the Lenders to make Loans hereunder, or declare the Obligations to be due and payable, or both, whereupon the Obligations shall become immediately due and payable, without presentment, demand, protest or notice of any kind, all of which the Borrower hereby expressly waives.

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If, within 10 days after acceleration of the maturity of the Obligations or termination of the obligations of the Lenders to make Loans hereunder as a result of any Default (other than any Default as described in Section 7.6 or 7.7

with respect to the Borrower) and before any judgment or decree for the payment of the Obligations due shall have been obtained or entered, the Required Lenders (in their sole discretion) shall so direct, the Agent shall, by notice to the Borrower, rescind and annul such acceleration and/or termination.

8.2. Amendments. Subject to the provisions of this Article VIII, the

Required Lenders (or the Agent with the consent in writing of the Required Lenders) and the Borrower may enter into agreements supplemental hereto for the purpose of adding or modifying any provisions to the Loan Documents or changing in any manner the rights of the Lenders or the Borrower hereunder or waiving any Default hereunder; provided, however, that no such supplemental agreement shall, without the consent of each Lender affected thereby:

- (i) Extend the maturity of any Loan or Note or forgive all or any portion of the principal amount thereof, or reduce the rate or extend the time of payment of interest or fees thereon.
- (ii) Reduce the percentage specified in the definition of Required Lenders.
- (iii) Extend the Facility Termination Date or reduce the amount or extend the payment date for, the mandatory payments required under Section 2.2, (other than as provided for under Section 2.2), or increase the amount of the Commitment of any Lender hereunder, or permit the Borrower to assign its rights under this Agreement.
- (iv) Amend this Section 8.2.

Notwithstanding any provision contained in this Section 8.2, the Aggregate

Commitment may be increased prior to the Facility Termination Date (up to the Maximum Aggregate Commitment) solely by the consent of the Borrower and each Lender whose Commitment is being increased. No amendment of any provision of this Agreement relating to the Agent shall be effective without the written consent of the Agent.

8.3. Preservation of Rights. No delay or omission of the Lenders or the

Agent to exercise any right under the Loan Documents shall impair such right or be construed to be a waiver of any Default or an acquiescence therein, and the making of a Loan notwithstanding the existence of a Default or the inability of the Borrower to satisfy the conditions precedent to such Loan shall not constitute any waiver or acquiescence. Any single or partial exercise of any such right shall not preclude other or further exercise thereof or the exercise of any other right, and no waiver, amendment or other variation of the terms,

conditions or provisions of the Loan Documents whatsoever shall be valid unless in writing signed by the Lenders required pursuant to Section 8.2, and then only

to the extent in such writing specifically set forth. All remedies contained in the Loan Documents or by law afforded shall be cumulative and all shall be available to the Agent and the Lenders until the Obligations have been paid in full.

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ARTICLE IX

GENERAL PROVISIONS

9.1. Survival of Representations. All representations and warranties of the

Borrower contained in this Agreement shall survive delivery of the Notes and the making of the Loans herein contemplated.

9.2. Governmental Regulation. Anything contained in this Agreement to the

contrary notwithstanding, no Lender shall be obligated to extend credit to the Borrower in violation of any limitation or prohibition provided by any applicable statute or regulation.

9.3. Taxes. Any taxes (excluding (i) federal taxation of the net income of

any Lender or applicable Lending Installation, (ii) state and local taxation in the jurisdiction where a Lender's home office is situated, (iii) state and local taxation in a jurisdiction other than described in (ii) above to the extent such Lender receives credit on its tax payments in its home jurisdiction for such taxes, and (iv) federal withholding tax imposed on payments due hereunder or under the Notes) or other similar assessments or charges made by any governmental or revenue authority in respect of the Loan Documents shall be paid by the Borrower when due (and Agent shall forward to Borrower copies of any notices of such taxes promptly following Agent's receipt of any such notices).

9.4. Headings. Section headings in the Loan Documents are for convenience

of reference only, and shall not govern the interpretation of any of the provisions of the Loan Documents.

9.5. Entire Agreement. The Loan Documents embody the entire agreement and

understanding among the Borrower, the Agent and the Lenders and supersede all prior commitments, agreements and understandings among the Borrower, the Agent and the Lenders relating to the subject matter thereof.

9.6. Several Obligations; Benefits of this Agreement. The respective

obligations of the Lenders hereunder are several and not joint and no Lender shall be the partner or agent of any other (except to the extent to which the Agent is authorized to act as such). The failure of any Lender to perform any of its obligations hereunder shall not relieve any other Lender from any of its obligations hereunder. This Agreement shall not be construed so as to confer any right or benefit upon any Person other than the parties to this Agreement and their respective successors and assigns.

9.7. Expenses; Indemnification. The Borrower shall reimburse the Agent for

any costs, internal charges and out-of-pocket expenses (including, without limitation, all reasonable fees for consultants and reasonable fees and reasonable expenses for attorneys for the Agent, which attorneys may be employees of the Agent) paid or incurred by the Agent in connection with the preparation, negotiation, execution, delivery, review, amendment, modification, and administration of the Loan Documents; provided that the provisions of Section 12.2.1 and 12.3.1 shall govern with respect to payment of the fees and

expenses associated with the sale of participating interests in, and assignments of, the Loans. The Borrower also agrees to reimburse the Agent and the Lenders for any costs, internal charges and out-of-pocket expenses (including,

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without limitation, all reasonable fees and reasonable expenses for attorneys for the Agent and the Lenders, which attorneys may be employees of the Agent or the Lenders) paid or incurred by the Agent or any Lender in connection with the collection and enforcement of the Loan Documents (including, without limitation, any workout). The Borrower further agrees to indemnify the Agent and each Lender, its directors, officers and employees against all losses, claims, damages, penalties, judgments, liabilities and expenses (including, without

limitation, all expenses of litigation or preparation therefor whether or not the Agent or any Lender is a party thereto) which any of them may pay or incur arising out of or relating to this Agreement, the other Loan Documents, the Properties, the transactions contemplated hereby or the direct or indirect application or proposed application of the proceeds of any Loan hereunder, except that the foregoing indemnity shall not apply to a Lender to the extent that any losses, claims, damages, penalties, judgments, liabilities and expenses are the result of such Lender's gross negligence or willful misconduct. The obligations of the Borrower under this Section shall survive the termination of this Agreement.

9.8. Numbers of Documents. All statements, notices, closing documents, and requests hereunder shall be furnished to the Agent with sufficient counterparts so that the Agent may furnish one to each of the Lenders.

9.9. Accounting. Except as provided to the contrary herein, all accounting terms used herein shall be interpreted and all accounting determinations hereunder shall be made in accordance with GAAP, except that any calculation or determination which is to be made on a consolidated basis shall be made for the Borrower and all its Subsidiaries, including those Subsidiaries, if any, which are unconsolidated on the Borrower's official financial statements.

9.10. Severability of Provisions. Any provision in any Loan Document that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction, and to this end the provisions of all Loan Documents are declared to be severable.

9.11. Nonliability of Lenders. The relationship between the Borrower, on the one hand, and the Lenders and the Agent, on the other, shall be solely that of borrower and lender. Neither the Agent nor any Lender shall have any fiduciary responsibilities to the Borrower. Neither the Agent nor any Lender undertakes any responsibility to the Borrower to review or inform the Borrower of any matter in connection with any phase of the Borrower's business or operations.

9.12. CHOICE OF LAW. THE LOAN DOCUMENTS (OTHER THAN THOSE CONTAINING A CONTRARY EXPRESS CHOICE OF LAW PROVISION) SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF ILLINOIS, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS.

9.13. CONSENT TO JURISDICTION. THE BORROWER HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR ILLINOIS STATE COURT SITTING IN CHICAGO IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENTS AND THE BORROWER HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND

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DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE AGENT OR ANY LENDER TO BRING PROCEEDINGS AGAINST THE BORROWER IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY THE BORROWER AGAINST THE AGENT OR ANY LENDER OR ANY AFFILIATE OF THE AGENT OR ANY LENDER INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT SHALL BE BROUGHT ONLY IN A COURT IN CHICAGO, ILLINOIS.

9.14. WAIVER OF JURY TRIAL. THE BORROWER, THE AGENT AND EACH LENDER HEREBY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT OR THE RELATIONSHIP ESTABLISHED THEREUNDER.

ARTICLE X

THE AGENT

10.1. Appointment. The First National Bank of Chicago is hereby appointed Agent hereunder and under each other Loan Document, and each of the Lenders irrevocably authorizes the Agent to act as the agent of such Lender. The Agent agrees to act as such upon the express conditions contained in this Article X.

The Agent shall not have a fiduciary relationship in respect of the Borrower or any Lender by reason of this Agreement.

10.2. Powers. The Agent shall have and may exercise such powers under the

Loan Documents as are specifically delegated to the Agent by the terms of each thereof, together with such powers as are reasonably incidental thereto. The Agent shall have no implied duties to the Lenders, or any obligation to the Lenders to take any action thereunder except any action specifically provided by the Loan Documents to be taken by the Agent.

10.3. General Immunity. Neither the Agent nor any of its directors,

officers, agents or employees shall be liable to the Borrower, the Lenders or any Lender for (i) any action taken or omitted to be taken by it or them hereunder or under any other Loan Document or in connection herewith or therewith except for its or their own gross negligence or willful misconduct; or (ii) any determination by the Agent that compliance with any law or any governmental or quasi-governmental rule, regulation, order, policy, guideline or directive (whether or not having the force of law) requires the Advances and Commitments hereunder to be classified as being part of a "highly leveraged transaction".

10.4. No Responsibility for Loans, Recitals, etc. Neither the Agent nor any

of its directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into, or verify (i) any statement, warranty or representation made in connection with any Loan Document or any borrowing hereunder; (ii) the performance or observance of any of the

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covenants or agreements of any obligor under any Loan Document, including, without limitation, any agreement by an obligor to furnish information directly to each Lender; (iii) the satisfaction of any condition specified in Article IV,

except receipt of items required to be delivered to the Agent; (iv) the validity, effectiveness or genuineness of any Loan Document or any other instrument or writing furnished in connection therewith; or (v) the value, sufficiency, creation, perfection or priority of any interest in any collateral security. The Agent shall have no duty to disclose to the Lenders information that is not required to be furnished by the Borrower to the Agent at such time, but is voluntarily furnished by the Borrower to the Agent (either in its capacity as Agent or in its individual capacity).

10.5. Action on Instructions of Lenders. The Agent shall in all cases be

fully protected in acting, or in refraining from acting, hereunder and under any other Loan Document in accordance with written instructions signed by the Required Lenders, and such instructions and any action taken or failure to act pursuant thereto shall be binding on all of the Lenders and on all holders of Notes. The Agent shall be fully justified in failing or refusing to take any action hereunder and under any other Loan Document unless it shall first be indemnified to its satisfaction by the Lenders pro rata against any and all liability, cost and expense that it may incur by reason of taking or continuing to take any such action.

10.6. Employment of Agents and Counsel. The Agent may execute any of its

duties as Agent hereunder and under any other Loan Document by or through employees, agents, and attorneys-in-fact and shall not be answerable to the Lenders, except as to money or securities received by it or its authorized agents, for the default or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care. The Agent shall be entitled to advice of counsel concerning all matters pertaining to the agency hereby created and its duties hereunder and under any other Loan Document.

10.7. Reliance on Documents; Counsel. The Agent shall be entitled to rely

upon any Note, notice, consent, certificate, affidavit, letter, telegram, statement, paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons, and, in respect to legal matters, upon the opinion of counsel selected by the Agent, which counsel may be employees of the Agent.

10.8. Agent's Reimbursement and Indemnification. The Lenders agree to

reimburse and indemnify the Agent ratably in proportion to their respective Commitments (i) for any amounts not reimbursed by the Borrower for which the Agent is entitled to reimbursement by the Borrower under the Loan Documents, (ii) for any other expenses incurred by the Agent on behalf of the Lenders, in connection with the preparation, execution, delivery, administration and enforcement of the Loan Documents and (iii) for any liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or

disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against the Agent in any way relating to or arising out of the Loan Documents or any other document delivered in connection therewith or the transactions contemplated thereby, or the enforcement of any of the terms thereof or of any such other documents, provided that no Lender shall be liable for any of the foregoing to the extent they arise from the gross negligence or willful misconduct of the Agent. The obligations of the Lenders under this Section 10.8 shall survive payment of the Obligations and termination of this Agreement.

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10.9. Rights as a Lender. In the event the Agent is a Lender, the Agent shall have the same rights and powers hereunder and under any other Loan Document as any Lender and may exercise the same as though it were not the Agent, and the term "Lender" or "Lenders" shall, at any time when the Agent is a Lender, unless the context otherwise indicates, include the Agent in its individual capacity. The Agent may accept deposits from, lend money to, and generally engage in any kind of trust, debt, equity or other transaction, in addition to those contemplated by this Agreement or any other Loan Document, with the Borrower or any of its Subsidiaries in which the Borrower or such Subsidiary is not restricted hereby from engaging with any other Person. The Agent, in its individual capacity, is not obligated to remain a Lender.

10.10. Lender Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon the Agent or any other Lender and based on the financial statements prepared by the Borrower and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and the other Loan Documents. Each Lender also acknowledges that it will, independently and without reliance upon the Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other Loan Documents.

10.11. Successor Agent. The Agent may resign at any time by giving written notice thereof to the Lenders and the Borrower, such resignation to be effective upon the appointment of a successor Agent or, if no successor Agent has been appointed, forty-five days after the retiring Agent gives notice of its intention to resign. Upon any such resignation, the Required Lenders shall have the right to appoint, on behalf of the Borrower and the Lenders, a successor Agent. If no successor Agent shall have been so appointed by the Required Lenders within thirty days after the resigning Agent's giving notice of its intention to resign, then the resigning Agent may appoint, on behalf of the Borrower and the Lenders, a successor Agent. If the Agent has resigned and no successor Agent has been appointed, the Lenders may perform all the duties of the Agent hereunder and the Borrower shall make all payments in respect of the Obligations to the applicable Lender and for all other purposes shall deal directly with the Lenders. No successor Agent shall be deemed to be appointed hereunder until such successor Agent has accepted the appointment. Any such successor Agent shall be a commercial bank having capital and retained earnings of at least \$50,000,000. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the resigning Agent. Upon the effectiveness of the resignation of the Agent, the resigning Agent shall be discharged from its duties and obligations hereunder and under the Loan Documents. After the effectiveness of the resignation of an Agent, the provisions of this Article XI shall continue in effect for the benefit of such Agent in respect of any actions taken or omitted to be taken by it while it was acting as the Agent hereunder and under the other Loan Documents.

10.12. Commitment as a Lender. First Chicago agrees to provide a Commitment of at least \$10,000,000 so long as First Chicago remains as Agent; provided, that the foregoing agreement of First Chicago shall not apply to assignments of all or any portion of First Chicago's Commitment which are made at any time following a Default by Borrower hereunder.

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ARTICLE XI

SETOFF; RATABLE PAYMENTS

11.1. Setoff. In addition to, and without limitation of, any rights of the Lenders under applicable law, if a Default occurs, any and all deposits (including all account balances, whether provisional or final and whether or not

collected or available) and any other Indebtedness at any time held or owing by any Lender to or for the credit or account of the Borrower may be offset and applied toward the payment of the Obligations owing to such Lender, whether or not the Obligations, or any part hereof, shall then be due.

11.2. Ratable Payments. If any Lender, whether by setoff or otherwise, has

payment made to it upon its Loans (other than payments received pursuant to Sections 3.1, 3.2 or 3.4) in a greater proportion than that received by any

other Lender, such Lender agrees, promptly upon demand, to purchase a portion of the Loans held by the other Lenders so that after such purchase each Lender will hold its ratable proportion of Loans. If any Lender, whether in connection with setoff or amounts which might be subject to setoff or otherwise, receives collateral or other protection for its Obligations or such amounts which may be subject to setoff, such Lender agrees, promptly upon demand, to take such action necessary such that all Lenders share in the benefits of such collateral ratably in proportion to their Loans. In case any such payment is disturbed by legal process, or otherwise, appropriate further adjustments shall be made.

ARTICLE XII

BENEFIT OF AGREEMENT; ASSIGNMENTS; PARTICIPATIONS -----

12.1. Successors and Assigns. The terms and provisions of the Loan

Documents shall be binding upon and inure to the benefit of the Borrower and the Lenders and their respective successors and assigns, except that (i) the Borrower shall not have the right to assign its rights or obligations under the Loan Documents and (ii) any assignment by any Lender must be made in compliance with Section 12.3. Notwithstanding clause (ii) of this Section, any Lender may

at any time, without the consent of the Borrower or the Agent, assign all or any portion of its rights under this Agreement and its Notes to a Federal Reserve Bank; provided, however, that no such assignment shall release the transferor Lender from its obligations hereunder. The Agent may treat the payee of any Note as the owner thereof for all purposes hereof unless and until such payee complies with Section 12.3 in the case of an assignment thereof or, in the case

of any other transfer, a written notice of the transfer is filed with the Agent. Any assignee or transferee of a Note agrees by acceptance thereof to be bound by all the terms and provisions of the Loan Documents. Any request, authority or consent of any Person, who at the time of making such request or giving such authority or consent is the holder of any Note, shall be conclusive and binding on any subsequent holder, transferee or assignee of such Note or of any Note or Notes issued in exchange therefor.

12.2. Participations.

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12.2.1 Permitted Participants; Effect. Any Lender may, in the

ordinary course of its business and in accordance with applicable law, at any time sell to one or more financial institutions, pension funds, or any other fund or entity that regularly makes or participates in real estate loans as part of its business ("Participants") participating interests in

any Loan owing to such Lender, any Note held by such Lender, any Commitment of such Lender or any other interest of such Lender under the Loan Documents. In the event of any such sale by a Lender of participating interests to a Participant, such Lender's obligations under the Loan Documents shall remain unchanged, such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, such Lender shall remain the holder of any such Note for all purposes under the Loan Documents, all amounts payable by the Borrower under this Agreement shall be determined as if such Lender had not sold such participating interests, and the Borrower and the Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under the Loan Documents. Notwithstanding anything contained in this Agreement to the contrary, Borrower shall not be obligated to pay any fees and expenses incurred by any Lender in connection with the sale of any participating interests in any Loan pursuant to this Section.

12.2.2. Voting Rights. Each Lender shall retain the sole right to

approve, without the consent of any Participant, any amendment, modification or waiver of any provision of the Loan Documents other than any amendment, modification or waiver with respect to any Loan or Commitment in which such Participant has an interest which forgives principal, interest or fees or reduces the interest rate or fees payable

with respect to any such Loan or Commitment, postpones any date fixed for any regularly-scheduled payment of principal of, or interest or fees on, any such Loan or Commitment, releases any guarantor of any such Loan or releases any substantial portion of collateral, if any, securing any such Loan.

12.2.3. Benefit of Setoff. The Borrower agrees each Participant

(where Borrower has received at least thirty (30) days' prior notice of the existence of such Participant) shall be deemed to have the right of setoff provided in Section 11.1 in respect of its participating interest in

amounts owing under the Loan Documents to the same extent as if the amount of its participating interest were owing directly to it as a Lender under the Loan Documents, provided that each Lender shall retain the right of setoff provided in Section 11.1 with respect to the amount of participating

interests sold to each such Participant. The Lenders agree to share with each such Participant, and each Participant, by exercising the right of setoff provided in Section 12.1, agrees to share with each Lender, any amount received pursuant to the exercise of its right of setoff, such amounts to be shared in accordance with Section 11.2 as if each such

Participant were a Lender.

12.3. Assignments.

12.3.1. Permitted Assignments. Any Lender may, in the ordinary course of its business and in accordance with applicable law, at any time assign to one or more financial institutions, pension funds, or any other fund or entity that regularly makes or participates in real estate loans as part of its business ("Purchasers") all or any portion (greater than or

equal to \$5,000,000 per assignee) of its rights and obligations under the

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Loan Documents. Such assignment shall be substantially in the form of Exhibit E hereto or in such other form as may be agreed to by the parties

thereto. The consent of the Agent shall be required prior to an assignment becoming effective with respect to a Purchaser which is not a Lender or an Affiliate thereof. Such consent shall not be unreasonably withheld. Notwithstanding anything contained in this Agreement to the contrary, Borrower shall not be obligated to pay any fees and expenses incurred by any Lender in connection with any assignment of any portion of the initial \$25,000,000 Maximum Aggregate Commitment pursuant to this Section; Borrower shall pay all of Agent's reasonable fees and expenses in connection with any future assignments of amounts representing increases in the Aggregate Commitment above the initial \$25,000,000 Maximum Aggregate Commitment.

12.3.2. Effect; Effective Date. Upon (i) delivery to the Agent of a

notice of assignment, substantially in the form attached as Exhibit I to Exhibit E hereto (a "Notice of Assignment"), together with any consents

required by Section 12.3.1, and (ii) payment by the assigning party of a

\$2,500 fee to the Agent for processing such assignment, such assignment shall become effective on the effective date specified in such Notice of Assignment. The Notice of Assignment shall contain a representation by the Purchaser to the effect that none of the consideration used to make the purchase of the Commitment and Loans under the applicable assignment agreement are "plan assets" as defined under ERISA and that the rights and interests of the Purchaser in and under the Loan Documents will not be "plan assets" under ERISA. On and after the effective date of such assignment, such Purchaser shall for all purposes be a Lender party to this Agreement and any other Loan Document executed by the Lenders and shall have all the rights and obligations of a Lender under the Loan Documents, to the same extent as if it were an original party hereto, and no further consent or action by the Borrower, the Lenders or the Agent shall be required to release the transferor Lender with respect to the percentage of the Aggregate Commitment and Loans assigned to such Purchaser. Upon the consummation of any assignment to a Purchaser pursuant to this Section

12.3.2, the transferor Lender, the Agent and the Borrower shall make

appropriate arrangements so that replacement Notes are issued to such transferor Lender and new Notes or, as appropriate, replacement Notes, are issued to such Purchaser, in each case in principal amounts reflecting their Commitment, as adjusted pursuant to such assignment.

12.4. Dissemination of Information. The Borrower authorize each Lender to

disclose to any Participant or Purchaser or any other Person acquiring an
interest in the Loan Documents by operation of law (each a "Transferee") and any

prospective Transferee any and all information in such Lender's possession
concerning the creditworthiness of the Borrower and its Subsidiaries.

12.5. Tax Treatment. If any interest in any Loan Document is transferred

to any Transferee which is organized under the laws of any jurisdiction other
than the United States or any State thereof, the transferor Lender shall cause
such Transferee, concurrently with the effectiveness of such transfer, to comply
with the provisions of Section 2.19.

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ARTICLE XIII

NOTICES

13.1. Giving Notice. Except as otherwise permitted by Section 2.14 with

respect to borrowing notices, all notices and other communications provided
to any party hereto under this Agreement or any other Loan Document shall be in
writing or by facsimile and addressed or delivered to such party at its address
set forth below its signature hereto or at such other address as may be
designated by such party in a notice to the other parties. Any notice
transmitted by facsimile, shall be deemed given when received according to the
recipient's automatically generated answerback. Any notice transmitted by
Federal Express or other recognized overnight courier shall be presumed
(rebuttably) given the business day after it is sent. Any other notice shall be
effective only when actually received.

13.2. Change of Address. The Borrower, the Agent and any Lender may each

change the address for service of notice upon it by a notice in writing to the
other parties hereto.

ARTICLE XIV

COUNTERPARTS

This Agreement may be executed in any number of counterparts, all of which
taken together shall constitute one agreement, and any of the parties hereto may
execute this Agreement by signing any such counterpart. This Agreement shall be
effective when it has been executed by the Borrower, the Agent and the Lenders
and each party has notified the Agent by telex or telephone, that it has taken
such action.

ARTICLE XV

NO OFFICER, ETC. LIABILITY

No trustee, officer or agent of the trust shall be held to any personal
liability whatsoever, in tort, contract or otherwise, in connection with the
transactions contemplated by this Agreement.

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IN WITNESS WHEREOF, the Borrower, the Lender and the Agent have executed
this Agreement as of the date first above written.

WASHINGTON REAL ESTATE
INVESTMENT TRUST

/s/ Edmund B. Cronin, Jr.
By: _____

Print Name: Edmund B. Cronin, Jr.

Title: President and Chief Executive Officer

6110 Executive Blvd.
Suite 800
Rockville, MD 20858

Phone: 301-984-9400
Facsimile: 301-984-9610

Attention: Edmund B. Cronin, Jr.

Commitments
- -----

\$25,000,000

THE FIRST NATIONAL BANK OF
CHICAGO, Individually and as Agent

By: _____

Print Name: Patricia Leung

Title: Managing Director

One First National Plaza
Chicago, Illinois 60670

Attention: Corporate Real Estate Division

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IN WITNESS WHEREOF, the Borrower, the Lender and the Agent have executed
this Agreement as of the date first above written.

WASHINGTON REAL ESTATE
INVESTMENT TRUST

By: _____

Print Name: Edmund B. Cronin, Jr.

Title: President and Chief Operating Officer

6110 Executive Blvd.
Suite 800
Rockville, MD 20858
Phone: 301-984-9400
Facsimile: 301-984-9610

Attention: Edmund B. Cronin, Jr.

Commitments
- -----

\$25,000,000

THE FIRST NATIONAL BANK OF
CHICAGO, Individually and as Agent

/s/ Patricia Leung

By: _____

Print Name: Patricia Leung

Title: Managing Director

One First National Plaza
Chicago, Illinois 60670

Attention: Corporate Real Estate Division

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EXHIBIT A

PRICING GRID

S&P Rating	Moody's Rating	LIBOR Applicable Margin	CBR Applicable Margin	Facility Fee (Per Annum)
A or higher	A2 or higher	0.55%	0%	0.15%
A-	A3	0.65%	0%	0.175%

BBB+	Baa1	0.70%	0%	0.175%
BBB	Baa2	1.00%	0%	0.20%
BBB-	Baa3	1.25%	0%	0.20%
Less than BBB-	Less than Baa3	2.20%	0.50%	0.25%

Other Fees:
Up-Front Commitment Fees: 3/8 of 1%

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EXHIBIT B

NOTE

\$25,000,000.00

March 17, 1999

Washington Real Estate Investment Trust, a real estate investment trust organized under the laws of the State of Maryland (the "Borrower"), promises to

pay to the order of The First National Bank of Chicago, a national banking association (the "Lender") the lesser of the principal sum of Twenty-Five

Million and No/100 Dollars (\$25,000,000.00) or the aggregate unpaid principal amount of all Loans made by the Lender to the Borrower pursuant to Article II of the Credit Agreement (as the same may be amended or modified from time to time, the "Agreement") hereinafter referred to, in immediately available

funds at the main office of The First National Bank of Chicago in Chicago, Illinois, as Agent, together with interest on the unpaid principal amount hereof at the rates and on the dates set forth in the Agreement. The Borrower shall pay the principal of and accrued and unpaid interest on the Loans in full on the Facility Termination Date.

The Lender shall, and is hereby authorized to, record on the schedule attached hereto, or to otherwise record in accordance with its usual practice, the date and amount of each Loan and the date and amount of each principal payment hereunder.

This Note is one of the Notes issued pursuant to, and is entitled to the benefits of, the Amended and Restated Credit Agreement, dated as of even date herewith among the Borrower and The First National Bank of Chicago, individually and as Agent, and the lenders named therein, including the Lender, to which Agreement reference is hereby made for a statement of the terms and conditions governing this Note, including the terms and conditions under which this Note may be prepaid or its maturity date accelerated. This Note constitutes one of the "Loan Documents." Capitalized terms used herein and not otherwise defined herein are used with the meanings attributed to them in the Agreement.

WASHINGTON REAL ESTATE INVESTMENT TRUST

By: _____
Print Name: _____
Title: _____

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SCHEDULE OF LOANS AND PAYMENTS OF PRINCIPAL
TO
NOTE OF WASHINGTON REAL ESTATE INVESTMENT TRUST
DATED AS OF MARCH 17, 1999

Date	Principal	Maturity of	Maturity	Unpaid
----	Amount	Interest	Principal	Balance
	of Loan	Period	Amount Paid	-----
	-----	-----	-----	

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EXHIBIT C

FORM OF OPINION

March __, 1999

The Agent and the Lenders who are parties to the Credit Agreement described below.

Gentlemen/Ladies:

We are counsel for Washington Real Estate Investment Trust, a real estate investment trust organized under the laws of the District of Columbia (the "Borrower"), and have represented the Borrower in connection with its execution

and delivery of a Amended and Restated Credit Agreement dated as of March __, 1999, among the Borrower, The First National Bank of Chicago, individually and as Agent, and the Lenders named therein, providing for Advances in an aggregate principal amount not exceeding \$25,000,000 initially at any one time outstanding (the "Agreement"). All capitalized terms used in this opinion and not otherwise defined shall have the meanings attributed to them in the Agreement.

We have examined the Borrower's articles of incorporation [trust indenture?], by-laws, and resolutions, together with the Loan Documents and such other matters of fact and law which we deem necessary in order to render this opinion. Based upon the foregoing, it is our opinion that:

1. The Borrower is a real estate investment trust duly qualified and formed, validly existing and in good standing under the laws of the District of Columbia and has all requisite authority to conduct its business in each jurisdiction in which its business is conducted.

2. The execution and delivery of the Loan Documents by the Borrower and the performance by the Borrower of its obligations under the Loan Documents have been duly authorized by all necessary corporate action and/or proceedings on the part of the Borrower and will not:

(a) require any consent of the Borrower's shareholders;

(b) violate any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on the Borrower or the Borrower's articles of incorporation [trust indenture?] or by-laws, or any indenture, instrument or agreement binding upon the Borrower; or

(c) result in, or require, the creation or imposition of any Lien pursuant to the provisions of any indenture, instrument or agreement binding upon the Borrower.

3. The Loan Documents have been duly executed and delivered by the Borrower and constitute legal, valid and binding obligations of the Borrower enforceable in accordance with their terms, except to the extent the enforcement thereof may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and subject also to the availability of equitable remedies if equitable remedies are sought.

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4. There is no litigation or proceeding against the Borrower which, if adversely determined, could have a Material Adverse Effect.

5. No approval, authorization, consent, adjudication or order of any governmental authority, which has not been obtained by the Borrower, is required to be obtained by the Borrower in connection with the execution and delivery of the Loan Documents, the borrowings under the Agreement or in connection with the payment by the Borrower of its obligations under the Loan Documents.

This opinion may be relied upon by the Agent, the Lenders and their participants, assignees and other transferees.

Very truly yours,

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EXHIBIT D

COMPLIANCE CERTIFICATE

To: The Lenders parties to the
Credit Agreement Described Below

This Compliance Certificate is furnished pursuant to that certain Amended and Restated Credit Agreement dated as of March 17, 1999 (as amended, modified, renewed or extended from time to time, the "Agreement") among the Borrower, the lenders party thereto and The First National Bank of Chicago, as Agent for the Lenders. Unless otherwise defined herein, capitalized terms used in this Compliance Certificate have the meanings ascribed thereto in the Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I am the duly appointed _____ of the Borrower;
2. I have reviewed the terms of the Agreement and I have made, or have caused to be made under my supervision, a detailed review of the transactions and conditions of the Borrower [and its Subsidiaries] during the accounting period covered by the attached financial statements;
3. The examinations described in paragraph 2 did not disclose, and I have no knowledge of, the existence of any condition or event which constitutes a Default or Unmatured Default during or at the end of the accounting period covered by the attached financial statements or as of the date of this Certificate, except as set forth below; and
4. Schedule I attached hereto sets forth financial data and computations evidencing the Borrower's compliance with certain covenants of the Agreement. All of such financial data fairly present the Borrower's financial position and results of operations and its cash flows for the periods reflected. All of such computations are accurate.

Described below are the exceptions, if any, to paragraph 3 by listing, in detail, the nature of the condition or event, the period during which it has existed and the action which the Borrower has taken, is taking, or proposes to take with respect to each such condition or event:

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The foregoing certifications, together with the computations set forth in Schedule I hereto and the financial statements delivered with this Certificate in support hereof, are made and delivered this ___ day of _____, 19__.

WASHINGTON REAL ESTATE INVESTMENT TRUST

By: _____

Title: _____

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[SAMPLE]

SCHEDULE I TO COMPLIANCE CERTIFICATE

Schedule of Compliance as of _____ with
Provisions of ___ and ___ of
the Agreement

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EXHIBIT E

ASSIGNMENT AGREEMENT

This Assignment Agreement (this "Assignment Agreement") between _____ (the "Assignor") and _____ (the "Assignee") is dated as of _____, 19___. The parties hereto agree as follows:

1. PRELIMINARY STATEMENT. The Assignor is a party to an Amended and Restated Credit Agreement (which, as it may be amended, modified, renewed or extended from time to time is herein called the "Credit Agreement") described in Item 1 of Schedule 1 attached hereto ("Schedule 1"). Capitalized terms used herein and not otherwise defined herein shall have the meanings attributed to them in the Credit Agreement.

2. ASSIGNMENT AND ASSUMPTION. The Assignor hereby sells and assigns to the Assignee, and the Assignee hereby purchases and assumes from the Assignor, an interest in and to the Assignor's rights and obligations under the Credit Agreement such that after giving effect to such assignment the Assignee shall have purchased pursuant to this Assignment Agreement the percentage interest specified in Item 3 of Schedule 1 of all outstanding rights and obligations under the Credit Agreement relating to the facilities listed in Item 3 of Schedule 1 and the other Loan Documents. The aggregate Commitment (or Loans, if the applicable Commitment has been terminated) purchased by the Assignee hereunder is set forth in Item 4 of Schedule 1.

3. EFFECTIVE DATE. The effective date of this Assignment Agreement (the "Effective Date") shall be the later of the date specified in Item 5 of Schedule 1 or two Business Days (or such shorter period agreed to by the Agent) after a Notice of Assignment substantially in the form of Exhibit I attached hereto has been delivered to the Agent. Such Notice of Assignment must include any consents required to be delivered to the Agent by Section 12.3.1 of the Credit Agreement. In no event will the Effective Date occur if the payments required to be made by the Assignee to the Assignor on the Effective Date under Sections 4 and 5 hereof are not made on the proposed Effective Date. The Assignor will notify the Assignee of the proposed Effective Date no later than the Business Day prior to the proposed Effective Date. As of the Effective Date, (i) the Assignee shall have the rights and obligations of a Lender under the Loan Documents with respect to the rights and obligations assigned to the Assignee hereunder and (ii) the Assignor shall relinquish its rights and be released from its corresponding obligations under the Loan Documents with respect to the rights and obligations assigned to the Assignee hereunder.

4. PAYMENTS OBLIGATIONS. On and after the Effective Date, the Assignee shall be entitled to receive from the Agent all payments of principal, interest and fees with respect to the interest assigned hereby. The Assignee shall advance funds directly to the Agent with respect to all Loans and reimbursement payments made on or after the Effective Date with respect to the interest assigned hereby. [In consideration for the sale and assignment of Loans hereunder, (i) the Assignee shall pay the Assignor, on the Effective Date, an amount equal to the principal amount of the portion of all CBR Loans assigned to the Assignee hereunder and (ii) with respect to each LIBOR Loan made by the Assignor and assigned to the Assignee hereunder which is outstanding on the Effective Date, (a) on the last day of the Interest Period therefor or (b) on such earlier date agreed to by the Assignor and the Assignee or (c) on the date on which any such LIBOR Loan either becomes due (by acceleration or otherwise) or is prepaid (the date as

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described in the foregoing clauses (a), (b) or (c) being hereinafter referred to as the "Payment Date"), the Assignee shall pay the Assignor an amount equal to the principal amount of the portion of such LIBOR Loan assigned to the Assignee which is outstanding on the Payment Date. If the Assignor and the Assignee agree that the Payment Date for such LIBOR Loan shall be the Effective Date, they shall agree to the interest rate applicable to the portion of such Loan assigned hereunder for the period from the Effective Date to the end of the existing Interest Period applicable to such LIBOR Loan (the "Agreed Interest Rate") and any interest received by the Assignee in excess of the Agreed Interest Rate shall be remitted to the Assignor. In the event interest for the period from the Effective Date to but not including the Payment Date is not paid by the Borrower with respect to any LIBOR Loan sold by the Assignor to the Assignee hereunder, the Assignee shall pay to the Assignor interest for such period on the portion of such LIBOR Loan sold by the Assignor to the Assignee hereunder at the

applicable rate provided by the Credit Agreement. In the event a prepayment of any LIBOR Loan which is existing on the Payment Date and assigned by the Assignor to the Assignee hereunder occurs after the Payment Date but before the end of the Interest Period applicable to such LIBOR Loan, the Assignee shall remit to the Assignor the excess of the prepayment penalty paid with respect to the portion of such LIBOR Loan assigned to the Assignee hereunder over the amount which would have been paid if such prepayment penalty was calculated based on the Agreed Interest Rate. The Assignee will also promptly remit to the Assignor (i) any principal payments received from the Agent with respect to LIBOR Loans prior to the Payment Date and (ii) any amounts of interest on Loans and fees received from the Agent which relate to the portion of the Loans assigned to the Assignee hereunder for periods prior to the Effective Date, in the case of CBR Loans or fees, or the Payment Date, in the case of LIBOR Loans, and not previously paid by the Assignee to the Assignor.]* In the event that either party hereto receives any payment to which the other party hereto is entitled under this Assignment Agreement, then the party receiving such amount shall promptly remit it to the other party hereto.

*Each Assignor may insert its standard payment provisions in lieu of the payment terms included in this Exhibit.

5. FEES PAYABLE BY THE ASSIGNEE. The Assignee shall pay to the

Assignor a fee on each day on which a payment of interest or fees (including any Commitment Fee or Unused Facility Fee) is made under the Credit Agreement with respect to the amounts assigned to the Assignee hereunder (other than a payment of interest or commitment fees for the period prior to the Effective Date or, in the case of LIBOR Loans, the Payment Date, which the Assignee is obligated to deliver to the Assignor pursuant to Section 4 hereof). The amount of such fee shall be the difference between (i) the interest or fee, as applicable, paid with respect to the amounts assigned to the Assignee hereunder and (ii) the interest or fee, as applicable, which would have been paid with respect to the amounts assigned to the Assignee hereunder if each interest rate was ___ of 1% less than the interest rate paid by the Borrower or if the commitment fee was ___ of 1% less than the commitment fee paid by the Borrower, as applicable. In addition, the Assignee agrees to pay ___% of the recordation fee required to be paid to the Agent in connection with this Assignment Agreement.

6. REPRESENTATIONS OF THE ASSIGNOR; LIMITATIONS ON THE ASSIGNOR'S

LIABILITY. The Assignor represents and warrants that it is the legal and

beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim created by the Assignor. It is understood and agreed that the assignment and assumption hereunder are made without recourse to the Assignor and that the Assignor makes no other representation or warranty of any kind to the Assignee. Neither the Assignor nor any of its officers, directors, employees, agents or attorneys shall be responsible for (i) the due execution, legality, validity, enforceability, genuineness, sufficiency or collectability of any Loan Document, including without limitation, documents granting the Assignor and the other Lenders a security interest in assets of the Borrower or any guarantor, (ii) any representation, warranty or statement made in or in connection with any of the Loan Documents, (iii) the financial condition or creditworthiness of the Borrower or any guarantor, (iv) the performance of or compliance with any of the terms or provisions of any of the Loan Documents, (v) inspecting any of the Property, books or records of the Borrower, (vi) the validity, enforceability, perfection, priority, condition, value or sufficiency of any collateral securing or purporting to secure the Loans or (vii) any mistake, error of judgment, or action taken or omitted to be taken in connection with the Loans or the Loan Documents.

7. REPRESENTATIONS OF THE ASSIGNEE. The Assignee (i) confirms that it

has received a copy of the Credit Agreement, together with copies of the financial statements requested by the Assignee and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment Agreement, (ii) agrees that it will, independently and without reliance upon the Agent, the Assignor or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, (iii) appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under the Loan Documents as are delegated to the Agent by the terms thereof, together with such powers as are reasonably incidental thereto, (iv) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender, (v) agrees that its payment instructions and notice instructions are as set forth in the

attachment to Schedule 1, (vi) confirms that none of the funds, monies, assets or other consideration being used to make the purchase and assumption hereunder are "plan assets" as defined under ERISA and that its rights, benefits and interests in and under the Loan Documents will not be "plan assets" under ERISA, (vii) confirms that it is either a financial institution, a pension fund, or a fund or entity that regularly makes or participates in real estate loans as part of its business [and (viii) attaches the forms prescribed by the Internal Revenue Service of the United States certifying that the Assignee is entitled to receive payments under the Loan Documents without deduction or withholding of any United States federal income taxes].*

*to be inserted if the Assignee is not incorporated under the laws of the United States, or a state thereof.

8. INDEMNITY. The Assignee agrees to indemnify and hold the Assignor

harmless against any and all losses, costs and expenses (including, without limitation, reasonable attorneys' fees) and liabilities incurred by the Assignor in connection with or arising in any

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manner from the Assignee's non-performance of the obligations assumed under this Assignment Agreement.

9. SUBSEQUENT ASSIGNMENTS. After the Effective Date, the Assignee

shall have the right pursuant to Section 12.3.1 of the Credit Agreement to assign the rights which are assigned to the Assignee hereunder to any entity or person, provided that (i) any such subsequent assignment does not violate any of the terms and conditions of the Loan Documents or any law, rule, regulation, order, writ, judgment, injunction or decree and that any consent required under the terms of the Loan Documents has been obtained and (ii) unless the prior written consent of the Assignor is obtained, the Assignee is not thereby released from its obligations to the Assignor hereunder, if any remain unsatisfied, including, without limitation, its obligations under Sections 4, 5 and 8 hereof.

10. REDUCTIONS OF AGGREGATE COMMITMENT. If any reduction in the

Aggregate Commitment occurs between the date of this Assignment Agreement and the Effective Date, the percentage interest specified in Item 3 of Schedule 1 shall remain the same, but the dollar amount purchased shall be recalculated based on the reduced Aggregate Commitment.

11. ENTIRE AGREEMENT. This Assignment Agreement and the attached

Notice of Assignment embody the entire agreement and understanding between the parties hereto and supersede all prior agreements and understandings between the parties hereto relating to the subject matter hereof.

12. GOVERNING LAW. This Assignment Agreement shall be governed by the

internal law, and not the law of conflicts, of the State of Illinois.

13. NOTICES. Notices shall be given under this Assignment Agreement in

the manner set forth in the Credit Agreement. For the purpose hereof, the addresses of the parties hereto (until notice of a change is delivered) shall be the address set forth in the attachment to Schedule 1.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment Agreement by their duly authorized officers as of the date first above written.

[NAME OF ASSIGNOR]

By: _____
Title: _____

[NAME OF ASSIGNEE]

By: _____
Title: _____

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1. Description and Date of Credit Agreement:
2. Date of Assignment Agreement: _____, 19__
3. Amounts (As of Date of Item 2 above):
 - a. Total of Commitments (Loans)* under Credit Agreement \$ _____
 - b. Assignee's Percentage of each Loan purchased under the Assignment Agreement** _____ %
 - c. Amount of Assigned Share in each Loan purchased under the Assignment Agreement \$ _____
4. Assignee's Aggregate (Loan Amount)* Commitment Amount Purchased Hereunder: \$ _____
5. Proposed Effective Date: _____

* If a Commitment has been terminated, insert outstanding Loans in place of Commitment

** Percentage taken to 10 decimal places

Accepted and Agreed:

[NAME OF ASSIGNOR]

[NAME OF ASSIGNEE]

By: _____
Title: _____

By: _____
Title: _____

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Attachment to SCHEDULE 1 to ASSIGNMENT AGREEMENT

Attach Assignor's Administrative Information Sheet, which must include notice address for the Assignor and the Assignee

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EXHIBIT I
to Assignment Agreement

NOTICE
OF ASSIGNMENT

_____, 19__

To: [NAME OF BORROWER]

[NAME OF AGENT]

From: [NAME OF ASSIGNOR] (the "Assignor")

[NAME OF ASSIGNEE] (the "Assignee")

1. We refer to that Amended and Restated Credit Agreement (the "Credit Agreement") described in Item 1 of Schedule 1 attached hereto ("Schedule 1"). Capitalized terms used herein and not otherwise defined herein shall have the meanings attributed to them in the Credit Agreement.

2. This Notice of Assignment (this "Notice") is given and delivered to the Agent pursuant to Section 12.3.2 of the Credit Agreement.

3. The Assignor and the Assignee have entered into an Assignment Agreement, dated as of _____, 19__ (the "Assignment"), pursuant to which, among other things, the Assignor has sold, assigned, delegated and transferred to the Assignee, and the Assignee has purchased, accepted and assumed from the Assignor the percentage interest specified in Item 3 of Schedule 1 of all outstandings, rights and obligations under the Credit Agreement relating to the facilities listed in Item 3 of Schedule 1. The Effective Date of the Assignment shall be the later of the date specified in Item 5 of Schedule 1 or two Business Days (or such shorter period as agreed to by the Agent) after this Notice of Assignment and any consents and fees required by Sections 12.3.1 and 12.3.2 of the Credit Agreement have been delivered to the Agent, provided that the Effective Date shall not occur if any condition precedent agreed to by the Assignor and the Assignee has not been satisfied.

4. The Assignor and the Assignee hereby give to the Borrower and the Agent notice of the assignment and delegation referred to herein. The Assignor will confer with the Agent before the date specified in Item 5 of Schedule 1 to determine if the Assignment Agreement will become effective on such date pursuant to Section 3 hereof, and will confer with

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the Agent to determine the Effective Date pursuant to Section 3 hereof if it occurs thereafter. The Assignor shall notify the Agent if the Assignment Agreement does not become effective on any proposed Effective Date as a result of the failure to satisfy the conditions precedent agreed to by the Assignor and the Assignee. At the request of the Agent, the Assignor will give the Agent written confirmation of the satisfaction of the conditions precedent.

5. The Assignor or the Assignee shall pay to the Agent on or before the Effective Date the processing fee of \$2,500 required by Section 11.3.2 of the Credit Agreement.

6. If Notes are outstanding on the Effective Date, the Assignor and the Assignee request and direct that the Agent prepare and cause the Borrower to execute and deliver new Notes or, as appropriate, replacements notes, to the Assignor and the Assignee. The Assignor and, if applicable, the Assignee each agree to deliver to the Agent the original Note received by it from the Borrower against its receipt of a new Note in the appropriate amount.

7. The Assignee advises the Agent that notice and payment instructions are set forth in the attachment to Schedule 1.

8. The Assignee hereby represents and warrants that none of the funds, monies, assets or other consideration being used to make the purchase pursuant to the Assignment are "plan assets" as defined under ERISA and that its rights, benefits, and interests in and under the Loan Documents will not be "plan assets" under ERISA.

9. The Assignee authorizes the Agent to act as its agent under the Loan Documents in accordance with the terms thereof. The Assignee acknowledges that the Agent has no duty to supply information with respect to the Borrower or the Loan Documents to the Assignee until the Assignee becomes a party to the Credit Agreement.*

*May be eliminated if Assignee is a party to the Credit Agreement prior to the Effective Date.

NAME OF ASSIGNOR

NAME OF ASSIGNEE

By: _____

By: _____

Title: _____

Title: _____

ACKNOWLEDGED AND CONSENTED
TO BY THE FIRST NATIONAL BANK
OF CHICAGO, AS AGENT

ACKNOWLEDGED BY WASHINGTON
REAL ESTATE INVESTMENT TRUST

By: _____

By: _____

Title: _____

Title: _____

[Attach photocopy of Schedule 1 to Assignment]

EXHIBIT F
LOAN/CREDIT RELATED MONEY TRANSFER INSTRUCTION

To The First National Bank of Chicago,
as Agent (the "Agent") under the Credit Agreement
Described Below.

Re: Amended and Restated Credit Agreement, dated as of March __, 1999 (as
the same may be amended or modified, the "Credit Agreement"), among
Washington Real Estate Investment Trust (the "Borrower"), the Agent, and
the Lenders named therein. Terms used herein and not otherwise defined
shall have the meanings assigned thereto in the Credit Agreement.

The Agent is specifically authorized and directed to act upon the
following standing money transfer instructions with respect to the proceeds of
Advances or other extensions of credit from time to time until receipt by the
Agent of a specific written revocation of such instructions by the Borrower,
provided, however, that the Agent may otherwise transfer funds as hereafter
directed in writing by the Borrower in accordance with Section 13.1 of the
Credit Agreement or based on any telephonic notice made in accordance with
Section 2.14 of the Credit Agreement.

Facility Identification Number _____

Customer/Account Name _____

Transfer Funds To _____

For Account No. _____

Reference/Attention To _____

Authorized Officer _____
(Customer Representative) Date _____

(Please Print) Signature _____

Bank Officer Name _____
Date _____

(Please Print) Signature _____

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SCHEDULE 1
JURISDICTIONS
(See Section 5.1)

- 4 -

SCHEDULE 2
SUBSIDIARIES AND OTHER INVESTMENTS
(See Section 5.7)

(Deliver Completed Form to Credit Support Staff For Immediate Processing)

Investment In	Owned By	Amount of Investment	Percent Ownership	Jurisdiction of Ownership
-----	-----	-----	-----	-----

SCHEDULE 3

INDEBTEDNESS AND LIENS
(See Sections 5.13 and 6.17)

Indebtedness Incurred By -----	Indebtedness Owed To -----	Property Encumbered (If Any) -----	Maturity and Amount of Indebtedness -----
--------------------------------------	----------------------------------	---------------------------------------------	----------------------------------------------------

AMENDED AND RESTATED CREDIT AGREEMENT

THIS AMENDED AND RESTATED CREDIT AGREEMENT, dated as of August 26, 1999, but effective for all purposes as of July 25, 1999 (the "Agreement"), by and between WASHINGTON REAL ESTATE INVESTMENT TRUST, a Maryland real estate investment trust (the "Borrower"), CRESTAR BANK, a Virginia banking corporation, FIRST UNION NATIONAL BANK, a national banking association, successor to Signet Bank, and any other banks that are parties to this Agreement at any time (the "Banks"), and CRESTAR BANK, a Virginia banking corporation, in its capacity as agent for the Banks (the "Agent"), recites and provides:

RECITALS

The Borrower, the Banks and the Agent are parties to the Credit Agreement, dated as of July 25, 1997, as amended by the letter agreement dated May 14, 1998 (the "Existing Credit Agreement"). The Borrower, the Banks and the Agent have agreed to amend and restate the Existing Credit Agreement upon the terms and subject to the conditions set forth below. Accordingly, the Borrower, the Banks and the Agent agree that the Existing Credit Agreement is amended and restated as follows:

ARTICLE I
DEFINITIONS

As used in this Agreement, the following terms have the following meanings, which shall be equally applicable to both the singular and plural forms of the defined terms.

"Acquisition" means any transaction, or any series of related

transactions, consummated on or after the date of this Agreement, by which the Borrower or any of its Subsidiaries (i) acquires any going business or all or substantially all of the assets of any firm, corporation or division thereof, whether through purchase of assets, merger or otherwise or (ii) directly or indirectly acquires (in one transaction or as the most recent transaction in a series of transactions) at least a majority (in number of votes) of the securities of a corporation which have ordinary voting power for the election of directors (other than securities having such power only by reason of the happening of a contingency) or a majority (by percentage or voting power) of the outstanding partnership interests of a partnership or membership interests of a limited liability company.

"Agreement" means this Credit Agreement, as the same may be amended,

modified or supplemented from time to time.

"Business Day" means a day of the year on which banks are not required or

authorized to close in New York City, or Richmond, Virginia, and which dealings are carried on in the London interbank market.

"Capital Stock" means any and all shares, interests, participations or

other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation) and any and all warrants or options to purchase any of the foregoing.

"Cash Flow to Debt Service Ratio" means, as of any date for any period, the

ratio calculated by dividing (a) actual EBITDA for such period, by (b) Consolidated Debt Service for such period.

"Closing Date" means July 25, 1999.

"Commitment" has the meaning assigned to such term in Section 2.1.

"Commitment Percentage" means, with respect to any Bank, the percentage of

the aggregate Commitments represented by such Bank's Commitment.

"Commitment Schedule" has the meaning assigned to such term in Section

2.1.

"Consolidated Debt Service" for any period means (a) Consolidated Interest

Expense for such period plus (b) the aggregate amount of scheduled principal

payments of Indebtedness (excluding optional prepayments and scheduled principal payments in respect of any Indebtedness which is payable in a single installment at final maturity) required to be made during such period by the Borrower or any of its consolidated Subsidiaries.

"Consolidated Interest Expense" for any period means the amount of interest

expense of the Borrower and its Subsidiaries for such period on the aggregate principal amount of their Indebtedness, determined on a consolidated basis in accordance with GAAP plus any capitalized interest which accrued during such

period.

"Consolidated Secured Indebtedness," as of any date of determination, means

the sum of (a) the aggregate principal amount of all Indebtedness of the Borrower and its Subsidiaries outstanding at such date which does not constitute Unsecured Indebtedness and (b) the excess, if any, of (i) the aggregate principal amount of all Unsecured Indebtedness of the Subsidiaries of the Borrower over (ii) \$10,000,000, determined on a consolidated basis in accordance

with GAAP.

"Consolidated Senior Unsecured Indebtedness," as of any date of

determination, means the sum of (a) the aggregate principal amount of all Indebtedness of the Borrower and its Subsidiaries outstanding at such date which constitutes Unsecured Indebtedness (excluding (i) Indebtedness which is contractually subordinated to the Indebtedness of the Borrower and its Subsidiaries under the Loan Documents on customary terms acceptable to the Agent, (ii) Indebtedness of the Borrower and its Subsidiaries under the Loan Documents and (iii) Indebtedness incurred pursuant to any commitment referred to in clause (c) below), (b) the

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aggregate Commitments then in effect under this Agreement, and (c) the aggregate commitments then in effect with respect to any other unsecured committed line of credit extended to the Borrower or any of its Subsidiaries, determined on a consolidated basis in accordance with GAAP.

"Consolidated Tangible Net Worth," at any date of determination, means an

amount equal to (a) Total Capitalization Value as of such date minus (b)

Consolidated Total Indebtedness as of such date.

"Consolidated Total Indebtedness," as of any date of determination, means

all Indebtedness of the Borrower and its Subsidiaries outstanding at such date, determined on a consolidated basis in accordance with GAAP.

"Defaulting Bank" has the meaning assigned to such term in Section 2.9.

"EBITDA" means earnings before interest, taxes (other than real estate

taxes), depreciation and amortization expense, all as determined in accordance with GAAP.

"ERISA" has the meaning assigned to such term in Section 5.1(a).

"Event of Default" has the meaning assigned to such term in Section 6.1.

"Federal Funds Rate" means, for any period, a fluctuating interest rate per

annum equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of Richmond, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for such day on such transactions received by the Agent from three Federal funds brokers of recognized standing selected by it.

"Financing Lease means any lease of property, real or personal, the

obligations of the lessee in respect of which are, in accordance with GAAP, capitalized on a balance sheet of the lessee.

"First Chicago Agreement" means the Amended and Restated Credit Agreement,

dated as of March 17, 1999, between the Borrower, First National Bank of

Chicago, as agent, and the lenders party thereto, as amended from time to time.

"Funding Bank" has the meaning assigned to such term in Section 2.9.

"GAAP" means generally accepted accounting principles consistent with those

applied in the preparation of the Borrower's financial statements for the fiscal
year ended on December 31, 1996.

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"Guarantee Obligation" means, as to any Person (the "guaranteeing

person"), any obligation (determined without duplication) of (a) the

guaranteeing person or (b) another Person (including, without limitation, any
bank under any letter of credit) to induce the creation of which the
guaranteeing person has issued a reimbursement, counterindemnity or similar
obligation, in either case guaranteeing or in effect guaranteeing any
Indebtedness, leases, dividends or other obligations (the "primary obligations")

of any other third Person (the "primary obligor") in any manner, whether

directly or indirectly, including, without limitation, any obligation of the
guaranteeing person, whether or not contingent, (i) to purchase any such primary
obligation or any property constituting direct or indirect security therefor,
(ii) to advance or supply funds (1) for the purchase or payment of any such
primary obligation or (2) to maintain working capital or equity capital of the
primary obligor or otherwise maintain the net worth or solvency of the primary
obligor, (iii) to purchase property, securities or services primarily for the
purpose of assuring the owner of any such primary obligation of the ability of
the primary obligor to make payment of such primary obligation or (iv) otherwise
to assure or hold harmless the owner of any such primary obligation against loss
in respect thereof; provided, however, that the term Guarantee Obligation shall

not include endorsements of instruments for deposit or collection in the
ordinary course of business. The amount of any Guarantee Obligation of any
guaranteeing person shall be deemed to be the maximum stated amount of the
primary obligation relating to such Guarantee Obligation (or, if less, the
maximum stated liability set forth in the instrument embodying such Guarantee
Obligation), provided, that in the absence of any such stated amount or stated

liability, the amount of such Guarantee Obligation shall be such guaranteeing
person's maximum reasonably anticipated liability in respect thereof as
determined by the Borrower in good faith.

"Indebtedness" of any Person at any date means without duplication, (a) all

indebtedness of such Person for borrowed money (including liabilities arising
under Financing Leases), (b) all obligations of such Person for the deferred
purchase price of property or services (other than current trade liabilities
incurred in the ordinary course of business and payable in accordance with
customary practices), to the extent such obligations constitute indebtedness for
the purposes of GAAP, (c) any other indebtedness of such Person which is
evidenced by a note, bond, debenture or similar instrument, (d) all obligations
of such Person in respect of acceptances issued or created for the account of
such Person, (e) all Guarantee Obligations of such Person (excluding, in the
case of the Borrower, Guarantee Obligations of the Borrower in respect of
primary obligations of any Subsidiary), and (f) all liabilities secured by any
lien (other than liens for taxes not yet due and payable) on any property owned
by such Person even though such Person has not assumed or otherwise become
liable for the payment thereof

"Indemnified Liabilities" has the meaning assigned to such term in Section

8.5.

"Interest Period" means, for each Loan, the period commencing on the date

of such Loan and ending on the last day of the period selected by the Borrower
pursuant to the provisions below and, thereafter, each subsequent period
commencing on the last day of the immediately

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preceding Interest Period and ending on the last day of the period selected by
the Borrower pursuant to the provisions below. When interest is based on the
Prime Rate, the duration of each such Interest Period may be any period of time
of up to 30 days selected by the Borrower. In all other cases, the duration of
each such Interest Period shall be one, two, three, six, nine or twelve months
for LIBOR Loans, or any period of 90 days or more for the Term Loans, as the
Borrower may select, upon notice given by the Agent not later than 11:00 A.M.
(Eastern time) on the third Business Day prior to the first day of such Interest
Period (prompt written notice of which shall be given by the Agent to the

Banks); provided, however, that (1) whenever the last day of any Interest Period

would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day, unless such extension for a LIBOR Loan would cause the last day of such Interest Period to occur in the next following calendar month, in which case the last day of such Interest Period shall occur on the next preceding Business Day, (2) if no Interest Period is selected by the Borrower, the Interest Period shall be one month for LIBOR Loans and Prime Rate Loans and 90 days for Term Loans, and (3) no Interest Period shall expire later than the Termination Date.

"LIBOR" means, with respect to each day during each Interest Period

pertaining to a Loan, the rate of interest determined on the basis of the rate for deposits in dollars for a period equal to such Interest Period commencing on the first day of such Interest Period appearing on Page 3750 of the Telerate Service as of 11:00 A.M., London time, two Business Days prior to the beginning of such Interest Period. In the event that such rate does not appear on Page 3750 of the Telerate Service (or otherwise on such service), "LIBOR" shall be

determined by reference to such other publicly available service for displaying eurodollar rates as may be agreed upon by the Agent and the Borrower or, in the absence of such agreement, "LIBOR" shall instead be the rate per annum equal to

the rate at which Crestar Bank is offered dollar deposits at or about 10:00 A.M., New York City time, two (2) Business Days prior to the beginning of such Interest Period in the interbank eurodollar market where the eurodollar and foreign currency and exchange operations in respect of its Loan are then being conducted for delivery on the first day of such Interest Period for the number of days comprised therein and in an amount comparable to the amount of its Loan to be outstanding during such Interest Period.

"LIBOR Loans" means any Loan or portion thereof with respect to which the

interest rate is calculated by reference to LIBOR.

"LIBOR Spread" has the meaning assigned to such term in Section 2.3(b).

"Lien" has the meaning assigned to such term in Section 5.2(a).

"Loan Documents" means this Agreement, the Note, each Subsidiary Guaranty,

and any guarantees, security agreements, notes, or any other document now or hereafter executed or delivered in connection with the Loans, in evidence thereof or as security therefor, as any of the same may be amended, modified or supplemented from time to time.

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"Loans" has the meaning assigned to such term in Section 2.1.

"Majority Banks" has the meaning assigned to such term in Section 2.1.

"Market Area" has the meaning assigned to such term in Section 2.1.

"Moody's" means Moody's Investors Service, Inc. and its successors.

"Non-Usage Fee Rate" has the meaning assigned to such term in Section 2.6.

"Note" has the meaning assigned to such term in Section 2.7.

"Partial Loan" has the meaning assigned to such term in Section 2.9.

"Participant" has the meaning assigned to such term in Section 8.12.

"Permitted Liens" means those Liens which do not violate Section 5.2(a)

hereof.

"Person" means any natural person, corporation, firm, joint venture,

partnership, association, enterprise, trust or other entity or organization, or any government or political subdivision or any agency, department or instrumentality thereof.

"Prime Rate" means the rate established from time to time by the Agent as

its prime rate, which rate is recorded in the Agent's Central Credit
Administration Division and used as a reference for fixing the lending rate on
commercial loans. The Borrower acknowledges that the prime rate is not
necessarily the lowest rate of interest charged by the Bank. For purposes of
this Agreement, any change in the Prime Rate shall be effective on the date such
change in the Prime Rate is announced.

"Prime Rate Loan" means any Loan or portion thereof with respect to which

the interest rate is calculated by reference to the Prime Rate.

"Prime Rate Spread" has the meaning assigned to such term in Section

2.3(c).

"Pro Forma EBITDA" means, for any Person for any period, EBITDA calculated

as if the Property then owned by such Person had been owned by such Person for
the entire period.

"Property" of a Person means any and all property, whether real, personal,

tangible, intangible, or mixed, of such Person, or other assets owned, leased or
operated by such Person.

"Recovery Bank" has the meaning assigned to such term in Section 2.10.

"S&P" means Standard & Poor's Ratings Group and its successors.

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"Subsidiary," as to any Person, means a corporation, partnership, limited

partnership, limited liability company or other entity of which shares of stock
or other ownership interests having ordinary voting power (other than stock or
such other ownership interests having such power only by reason of the happening
of a contingency) to elect a majority of the board of directors or other
managers of such entity are at the time owned, or the management of which is
otherwise controlled, directly or indirectly through one or more intermediaries,
or both, by such Person. Unless otherwise qualified, all references to a
"Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a Subsidiary
or Subsidiaries of the Borrower.

"Subsidiary Guaranty" has the meaning assigned to such term in Section

5.1(c).

"Termination Date" has the meaning assigned to such term in Section 2.1.

"Term Loan" means any Loan or portion thereof with respect to which the

interest rate is calculated by reference to the Treasury Rate.

"Term Loan Spread" has the meaning assigned to such term in Section 2.3(c).

"Total Capitalization Value" means for any Person for any quarter, the

product of (a) annualized EBITDA for such Person during such quarter (which
annualized EBITDA shall be calculated by annualizing Pro Forma EBITDA for the
most recently ended fiscal quarter), and (b) ten (10).

"Total Tangible Assets," of any Person on any date, means the current book

value of the total assets of such Person other than that portion of such
Person's assets that constitute intangible assets as determined in accordance
with GAAP plus accumulated depreciation on the depreciable assets (excluding

intangible assets) from such Person's original book value of such assets which
is reflected in the current book value of such assets.

"Transferee Bank" has the meaning assigned to such term in Section 8.13.

"Treasury Rate" means, for any Interest Period, the rate per annum, rounded

upwards, if necessary, to the next higher 1/100th of 1%, which is the
average yield on United States Treasury Securities, adjusted to a constant
maturity corresponding to the length of the applicable Interest Period, as
reported for the most recent weekly reporting period covered in the weekly
statistical release (currently entitled "Weekly Summary of Banking and Credit

Measures") published by the Board of Governors of the Federal Reserve System for the Friday immediately preceding the first day of such Interest Period (or as reasonably established by the Agent for an Interest Period for which no such yield is published).

"Type" means, with respect to any Loan, its designation as a Prime Rate

Loan, a LIBOR Loan or a Term Loan.

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"Unencumbered Asset," with respect to any asset, at any date of

determination, means the circumstance that such asset on such date (a) is not subject to any Liens of any kind, other than Permitted Liens, (b) is not subject to any agreement including (i) any agreement governing Indebtedness incurred in order to finance or refinance the acquisition of such asset, and (ii) if applicable, the organizational documents of any Subsidiary (other than the First Chicago Agreement, the terms of which restrict the Borrower's and its Subsidiaries' ability to encumber certain assets) which prohibits or limits the ability of the Borrower or any of its Subsidiaries to create, incur, assume or suffer to exist any Lien upon any assets or Capital Stock of the Borrower or any of its Subsidiaries (excluding any agreement which limits generally the amount of secured Indebtedness which may be incurred by the Borrower and its Subsidiaries), and (c) is not subject to any agreement (including any agreement governing Indebtedness incurred in order to finance or refinance the acquisition of such asset, but excluding the terms of the First Chicago Agreement) which entitles any Person to the benefit of any Lien (other than Permitted Liens) on any assets or Capital Stock of the Borrower or any of its Subsidiaries, or would entitle any Person to the benefit of any Lien (other than Permitted Liens) on such assets or Capital Stock upon the occurrence of any contingency (including, without limitation, pursuant to an "equal and ratable" clause). For the purposes of this Agreement, any Property of a Subsidiary which is not a Wholly-Owned Subsidiary shall not be deemed to be unencumbered unless both (i) such Property and (ii) all Capital Stock of such Subsidiary held by the Borrower is unencumbered.

"Unsecured Indebtedness" means all Indebtedness of any Person that is not

secured by a Lien on any income, Capital Stock, Property or any other asset of such Person.

"Value of Unencumbered Assets," as of any date, for all Unencumbered Assets

shall mean the product of (a) the annualized EBITDA from all such Unencumbered Assets for the most recent calendar quarter for which results have been reported to Lender (which annualized net operating income shall be determined by multiplying the EBITDA from all such Unencumbered Assets for such calendar quarter by four (4)), and (b) ten (10).

"Wholly-Owned Subsidiary" of a Person means (i) any Subsidiary all of the

outstanding voting securities of which shall at the time be owned or controlled, directly or indirectly, by such Person or one or more Wholly-Owned Subsidiaries of such Person, or by such Person and one or more Wholly-Owned Subsidiaries of such Person, or (ii) any partnership, association, joint venture or similar business organization 100% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled.

"WRIT LP" means WRIT Limited Partnership, a Delaware limited partnership.

"Year 2000 Issues" means anticipated costs, problems and uncertainties

associated with the inability of certain computer applications to handle effectively data including dates on and after January 1, 2000, as such inability affects the business, operations and financial condition of the Borrower and its Subsidiaries and of the Borrower's and its Subsidiaries' material customers, suppliers and vendors.

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"Year 2000 Program" is defined in Section 4.1(k).

ARTICLE 2 LOANS

SECTION 2.1. Loans. Subject to the terms and conditions and relying upon

the representations and warranties set forth in this Agreement, each Bank severally agrees to make loans (the "Loans") to the Borrower, from time to time on any Business Day (as defined below) during the period from the date hereof until July 25, 2002 (the "Termination Date") in an aggregate amount not to exceed at any time outstanding the commitment of such Bank (as to each Bank, its

"Commitment") as set forth on the Commitment schedule attached as Schedule 2.1

(as amended from time to time, the "Commitment Schedule"), provided that at no time shall the outstanding Loans exceed \$50,000,000. The Loans made on any Business Day shall be in an amount not less than \$1,000,000 or an integral multiple thereof. The Loans shall be used only for the purpose of refinancing existing Indebtedness of the Borrower to the Banks and purchasing income producing real estate in the Market Area (as defined below) and to make capital improvements to real property owned by the Borrower and located in the Market Area. "Market Area" means Washington D.C., Virginia, Maryland, Delaware and southeastern Pennsylvania. Loans may not be used to prepay or refinance outstanding Loans. (The Banks agree that the continuation or conversion of a Loan at the expiration of the current Interest Period shall not constitute a refinancing of such Loan.) Loans may be used to purchase income producing real estate outside of the Market Area with the prior written consent of the Majority Banks, which shall not be unreasonably withheld. "Majority Banks" means, as of any date, Banks whose aggregate Commitments total at least 66 2/3% of all Commitments.

SECTION 2.2. Making Loans

(a) Loans shall be made on written request, given not later than 11:00 A.M. (Eastern time) at least three Business Days prior to the date of the proposed Loans, from the Borrower to the Agent, identifying the real estate to be purchased or the capital improvements to be made, specifying the date and amount of the Loans, specifying the Type of Loans and selecting the initial Interest Period for such Loans. The Agent shall give prompt written notice of each borrowing request to the Banks. Not later than 1:00 P.M. (Eastern time) on the date of such Loans and upon fulfillment of the applicable conditions set forth in Article 3, each Bank will make its ratable share of such Loans available to the Agent in same day funds in accordance with such Bank's Commitment Percentage. Upon the Agent's receipt of such funds, it shall credit the proceeds to the Borrower's operating account with the Agent.

(b) At the expiration of the Interest Period for any Loan, the Borrower will have the right to continue such Loan or a portion thereof for a subsequent Interest Period, or to convert such Loan to another type of Loan, subject in each case to the selection of Interest Periods in accordance with the definition thereof and the provisions set forth below. Loans may be converted or continued only by a written request from the Borrower to the Agent, given not

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later than 11:00 A.M. (Eastern time) at least three Business Days prior to the end of the applicable Interest Period. Each such written request must specify the applicable Interest Period and Type subject to continuation or conversion. The Agent shall give prompt written notice of each continuation and conversion request to the Banks. Each continuation or conversion of a Loan must become effective on the last day of the Interest Period then in effect with respect to such Loan. The aggregate amount of Loans to be continued or converted shall be not less than \$1,000,000 or an integral multiple thereof. If the Agent does not receive a timely written request for the continuation or conversion of a Loan, such Loan shall become, at the end of the applicable Interest Period therefor, a Prime Rate Loan with an Interest Period of five days.

(c) Each written request from the Borrower to the Agent for the making, continuation and conversion for Loans shall be irrevocable and binding on the Borrower. The Borrower shall indemnify each Bank against any loss, cost or expense incurred by such Bank as a result of any failure to fulfill on or before the date specified in such request for such Loans the applicable conditions set forth in Article 3, including, without limitation, any loss (including loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Bank to fund the Loan when the Loan, as a result of such failure, is not made on such date.

(d) If not sooner paid, the Loans shall be repaid on the Termination Date.

(e) Unless the Agent shall have received notice from a Bank prior to the date of any Loans that such Bank will not make available to the Agent such Bank's ratable portion of such Loans, the Agent may assume that such Bank has made such portion available to the Agent on the date of such Loans in accordance with Section 2.2(a) and the Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Bank shall not have so made such ratable portion available to the Agent, such Bank and the Borrower severally agree to repay to the Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Agent, at (1) in the case of the Borrower, the interest rate applicable at the time to such Loans, and (2) in the case of such Bank, the Federal Funds Rate. If such Bank shall repay to the Agent such corresponding amount, such amount so repaid shall constitute such Bank's Loan for purposes of this Agreement.

(f) The failure of any Bank to make the Loans to be made by such Bank shall not relieve the other Banks of their obligations, if any, hereunder to make their Loans, but none of the Banks shall be responsible for the failure of the other Banks to make Loans.

SECTION 2.3. Interest.

(a) The Borrower shall pay interest on the unpaid principal amount of each Loan from the date of such Loan until such principal amount shall be paid in full, monthly in

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arrears, on the first day of each calendar month, at the sum of (1) in the case of a LIBOR Loan, LIBOR for the applicable Interest Period plus the applicable LIBOR Spread, (2) in the case of a Prime Rate Loan, the Prime Rate plus the applicable Prime Rate Spread, adjusted daily when and as the Prime Rate is changed, and (3) in the case of a Term Loan, the Treasury Rate for the applicable Interest Period plus the applicable Term Loan Spread.

(b) As of the date of this Agreement, the "LIBOR Spread" is 0.70% the "Prime Rate Spread" is 0% and the Term Loan Spread is 1.50%. The applicable LIBOR Spread, Prime Rate Spread and Term Loan Spread shall be subject to change at any time as determined based upon the lower (i.e. less desirable) of the

Borrower's Moody's debt rating, and the Borrower's S&P's debt rating, as the case may be. The applicable Spreads shall be adjusted effective on the next Business Day following any change in the Borrower's Moody's debt rating and/or S&P's debt rating, as the case may be. The applicable debt ratings and corresponding LIBOR Spreads, Prime Rate Spreads and Term Loan Spreads are as follows:

<TABLE>
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S&P Rating	Moody's Rating	LIBOR Spread	Prime Rate Spread	Term Loan Spread
- - - - -	- - - - -	- - - - -	- - - - -	- - - - -
<S>	<C>	<C>	<C>	<C>
A or higher	A2 or higher	.55%	0%	1.30%
A-	A3	.65%	0%	1.425%
BBB+	Baa1	.70%	0%	1.50%
BBB	Baa2	1.00%	0%	1.80%
BBB-	Baa3	1.25%	0%	2.05%
Less than BBB-	Less than Baa3	2.20%	.50%	3.05%
No Rating	No Rating	2.25%	.50%	3.05%

(c) After maturity or upon the occurrence and during the continuance of an Event of Default hereunder, the Prime Rate Spread shall be 2.50%, the LIBOR Spread shall be 4.25%, and the Term Loan Spread shall be 5.05%.

SECTION 2.4. Prepayments.

(a) The Borrower shall have the right to prepay any Loans at any time subject to the prepayment penalty described below for a Term Loan; provided,

however, that each partial prepayment shall be in an aggregate principal amount

of not less than \$1,000,000 or an integral multiple thereof. No prepayment penalty will be imposed for LIBOR Loans or Prime Rate Loans, or for a Term Loan that is prepaid on the last day of the Interest Period applicable thereto. The Borrower shall give the Agent at least three Business Days' prior written notice of prepayment (prompt written notice of which shall be given to the Banks by the Agent) and in such notice specify the prepayment date and the principal amount of each Loan to be prepaid.

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Such notice of prepayment shall be irrevocable and shall commit the Borrower to prepay in the amount stated therein. All prepayments under this Section shall be accompanied by accrued interest on the principal amount being prepaid to the date of prepayment. Amounts prepaid shall be available to be reborrowed from the Banks hereunder in accordance with the terms of this Agreement.

(b) The prepayment penalty for a Term Loan that is prepaid on a day other than the last day of the Interest Period applicable thereto will be equal to the present value of the difference between the amount that would have been realized by the Banks for the remaining term of the applicable Interest Period, and any lesser amount that would have been realized by the Banks by reinvesting the prepaid amount at the Treasury Rate with a maturity most closely equal to, but not longer than, the remaining term of the applicable Interest Period. To determine such present value, the foregoing difference shall be discounted to its present value at a discount rate equal to the applicable Treasury Rate.

SECTION 2.5. Funding Provisions.

(a) Increased Costs. If, due to either (1) the introduction of or any

change (other than any change by way of imposition or increase of reserve requirements, referred to in subsection (b) below) in any law or regulation or (2) the compliance with any guideline or request from any central bank or other governmental authority (whether or not having the force of law), there shall be any increase in the cost to a Bank of agreeing to make or making, funding or maintaining the Loans, then the Borrower shall from time to time, within 20 Business Days after written demand by such Bank, pay to such Bank additional amounts sufficient to compensate such Bank for such increased cost. A certificate as to the amount of such increased cost shall be submitted to the Borrower by such Bank with such demand, and such certificate shall be presumed to be correct.

(b) Additional Interest. The Borrower shall pay to each Bank, so long

as such Bank shall be required under regulations of the Board of Governors of the Federal Reserve System to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency liabilities (as such term is defined in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time), additional interest on the unpaid principal amount of each LIBOR Loan made by such Bank, from the date of such LIBOR Loan until such principal amount is paid in full, at an interest rate per annum equal at all times to the remainder obtained by subtracting (1) LIBOR for the Interest Period for such LIBOR Loan from (2) the rate obtained by dividing such LIBOR by a percentage equal to 100% minus the reserve percentage applicable during such Interest Period (or if more than one such percentage shall be so applicable, the daily average of such percentages for those days in such Interest Period during which any such percentage shall be so applicable) under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) for such Bank with respect to liabilities or assets consisting

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of or including Eurocurrency liabilities having a term equal to such Interest Period, payable on each date on which interest is payable on such LIBOR Loan. Such additional interest shall be determined by such Bank and notified to the Borrower. The Agent acknowledges that as of the date hereof, banks are not required to maintain reserves with respect to Eurocurrency liabilities.

(c) Increased Capital. If a Bank reasonably determines that compliance

with any law or regulation or any guideline or request from any central bank or other governmental authority (whether or not having the force of law) reasonably affects or would affect the amount of capital required or expected to be maintained by such Bank or any corporation controlling such Bank and that the amount of such capital is increased by or based upon the existence of such Bank's commitment to lend hereunder and other commitments of this type, then, within 20 Business Days after written demand by such Bank, the Borrower shall pay to such Bank, from time to time as specified by such Bank, additional amounts sufficient to compensate such Bank or such corporation in the light of such circumstances, to the extent that such Bank reasonably determines such increase in capital to be allocable to the existence of such Bank's commitment to lend hereunder. A certificate as to such amounts shall be submitted to the Borrower by such Bank with such demand, and such certificate shall be presumed to be correct.

(d) Illegality. Notwithstanding any other provision of this

Agreement, if a Bank shall notify the Borrower that the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for such Bank to perform its obligations hereunder to make, fund or maintain Loans hereunder based on LIBOR, or if such Bank notifies the Borrower that such Bank in good faith has determined that LIBOR will not adequately reflect the cost to the Bank of making or maintaining Loans, such Bank shall provide the Borrower with a comparable interest rate option for the Loans.

SECTION 2.6. Fees.

(a) The Borrower agrees to pay to the Banks a fee on the daily Unused Amount (as defined below) aggregate Commitments, whether used or unused, from the effective date hereof until the Termination Date, as extended from time to time, at the rate per annum set forth in the schedule below (the "Non-Usage Fee Rate"), payable in arrears on the first Business Day of each January, April, July and October, during the term of the Commitments of the Banks, beginning on October 1, 1999, and on the Termination Date, as extended from time to time. The "Unused Amount" means, on a daily basis, the amount by which \$50,000,000 exceeds

the aggregate outstanding balance of the Loans. The Agent shall submit a quarterly statement for such fee to the Borrower.

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<TABLE>
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S&P Rating	Moody's Rating	Non-Usage Fee Rate
-----	-----	-----
<S>	<C>	<C>
A or higher	A2 or higher	.15%
A-	A3	.20%
BBB+	Baa1	.20%
BBB	Baa2	.20%
BBB-	Baa3	.20%
Less than BBB-	Less than Baa3	.25%
No Rating	No Rating	.25%

</TABLE>

The Non-Usage Fee Rate shall be determined in the same manner as the determination of the LIBOR Spread pursuant to Section 2.3(b) hereof (e.g., if the Borrower's Moody's debt rating is Baa 1 and its S&P debt rating is A, the Non-Usage Fee Rate shall be based on the Moody's debt rating), with adjustments becoming effective on the next Business Day following any change in the applicable debt rating. As of the date hereof, the Non-Usage Fee Rate is .20%.

(b) On the Closing Date, the Borrower shall pay to the Agent, for the account of the Agent, the fee set forth in the letter agreement between the Borrower and the Agent.

SECTION 2.7. Note. The Borrower's obligation to repay the Loans made by a Bank, together with accrued interest thereon, shall be evidenced by a single promissory note in the amount of such Bank's Commitment, in the form of Exhibit A attached hereto, duly executed on behalf of the Borrower and payable to such Bank (as amended from time to time, the "Notes").

SECTION 2.8. Payments and Computations.

(a) The Borrower shall make each payment hereunder and under the Notes not later than 12:00 noon (Eastern time) on the day when due in U.S. dollars to the Agent at its address at 8245 Boone Boulevard, 8th Floor, Vienna, Virginia 22182, Attention: Nancy B. Richards, in same day funds. The Agent will promptly thereafter cause to be distributed in like funds relating to the payment of principal, interest or fees ratably (other than amounts payable to a particular Bank pursuant to Section 2.5 or to the Agent pursuant to the letter agreement referred to in Section 2.6(b) above) to the Banks in accordance with wire transfer instructions provided to the Agent by the Banks from time to time.

(b) The Borrower shall establish an account with the Agent into which the proceeds of the Loans will be deposited. The Borrower hereby authorizes the Agent, if and to the extent payment is not made when due hereunder or under the Notes, to charge from time to time against such account with the Agent any amount so due.

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(c) All computations of interest and non-usage fees shall be made by the Agent on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or fee is payable. Each determination by the Agent of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.

(d) Whenever any payment hereunder or under the Notes shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest and fees, as the case may be; provided, however, if such extension would cause the payment of principal or interest of the Loans bearing interest based on LIBOR to be made in the next following calendar month, such payment should be made on the next preceding Business Day.

SECTION 2.9. Sharing of Payments etc. Except to the extent otherwise

expressly provided herein, (a) Loans shall be made, continued and converted by the Banks pro rata in accordance with their respective Commitment Percentages, and (b) each payment of the principal of or interest on the Loans or of fees (other than pursuant to the letter agreement referred to in Section 2.6 above) shall be made for the account of the Banks pro rata in accordance with their respective amounts thereof then due and payable. If any Bank shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of the Loans made by it (other than pursuant

to Sections 2.5 or 8.5(b)) in excess of its ratable share of payments on account of the Loans obtained by all the Banks, such Bank shall forthwith purchase from the other Banks such participations in the Loans made by them as shall be necessary to cause such purchasing Bank to share the excess payment ratably with each of them; provided, however, that if all or any portion of such excess

payment is thereafter recovered from such purchasing Bank, such purchase from each Bank shall be rescinded and such Bank shall repay to the purchasing Bank the purchase price to the extent of such recovery together with an amount equal to such Bank's ratable share (according to the proportion of (1) the amount of such Bank's required repayment to (2) the total amount so recovered from the purchasing Bank) of any interest or other amount paid or payable by the purchasing Bank in respect of the total amount so recovered. The Borrower agrees that any Bank so purchasing a participation from another Bank pursuant to this Section 2.9 may, to the fullest extent permitted by law, exercise all of its rights of payment (including the right of set-off) with respect to such participation as fully as if such Bank were the direct creditor of the Borrower in the amount of such participation. If a Bank shall default in its obligation to fund any Loan hereunder (a "Defaulting Bank"), then simultaneously with any funding by any of the remaining Banks (each, a "Funding Bank"), of their respective Commitment Percentages of such Loan (such a Loan is sometimes referred to as a "Partial Loan"), the respective pro rata payments to be received by each Funding Bank shall be adjusted to correspond to the aggregate percentage of all then outstanding Loans (including all Partial Loans) made by such Funding Bank. Following any adjustment of each Bank's pro rata share pursuant to the preceding sentence, such Bank's pro rata share shall be readjusted only

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upon the first to occur of (i) a Defaulting Bank subsequently funding its Commitment Percentage of any such Partial Loan, or (ii) the repayment in full (including all interest thereon) to each Bank of its Commitment Percentage of any such Partial Loan. Notwithstanding anything contained herein to the contrary, in no event shall any Defaulting Bank be entitled to receive any repayment of its Commitment Percentage of any Loans (or any interest earned thereon) until such time as the Funding Banks have received repayment in full of the amount of any Partial Loan, together with all interest thereon. The Borrower shall have the right to replace a Defaulting Bank in the manner set forth in Section 2.10 below, and upon the replacement of any Defaulting Bank, such Defaulting Bank shall refund to the Borrower the pro rata share of all commitment fees paid to such Defaulting Bank which have not been earned by such Defaulting Bank as of the date of such replacement, determined by multiplying the amount of all commitment fees paid by the Borrower to or for the benefit of such Defaulting Bank by a fraction, the numerator of which is the number of months (it being understood and agreed that for purposes of this provision a portion of any month shall constitute a complete "month") which have elapsed in the term of the Commitment, and the denominator of which is 36.

SECTION 2.10. Replacement of Bank by Reason of Change in Circumstances. In

the event that any Bank (a "Recovery Bank") requires the Borrower to make any payment to such Recovery Bank in accordance with the provisions of Section 2.5, then upon written notice from the Borrower to Agent, the Borrower and the Agent shall mutually use their respective best efforts to find another lender to replace the Recovery Bank. If a replacement lender is found then the Borrower shall pay to the Recovery Bank all amounts owed to such Recovery Bank under this Agreement and the Note (including, without limitation, any amounts owed under Section 2.5), such Recovery Bank shall no longer be a "Bank" hereunder, and concurrently therewith the remaining parties hereto shall execute such instruments as shall be necessary to have the replacement lender become a "Bank" hereunder having a Commitment equal to that of the Recovery Bank.

ARTICLE 3
CONDITIONS OF LENDING

SECTION 3.1. Condition Precedent to Initial Loan. The obligation of the

Banks to make the initial Loan under this Agreement is subject to the condition precedent that the Agent shall have received on or before the day of such Loan the following, each dated such day, in form and substance satisfactory to the Agent:

(a) The Notes and a Subsidiary Guaranty from each Subsidiary;

(b) Certified copies of the declaration of trust and bylaws of the Borrower, together with resolutions of the Board of Trustees of the Borrower approving this Agreement and the Notes, and of all documents evidencing other necessary trust action and governmental approvals, if any, with respect to this Agreement or the Notes;

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(c) Current good standing certificates as to the Borrower's existence in the State of Maryland as a real estate investment trust and as to the

existence of each Subsidiary in the jurisdiction in which it is organized;

(d) A certificate of a duly authorized officer of the Borrower certifying the incumbency names and true signatures of the officers of the Borrower authorized to sign this Agreement, the Notes, and the other documents to be delivered hereunder;

(e) Certified copies of the organizational documents and resolutions of each Subsidiary authorizing the Subsidiary Guaranty, and a certificate of a duly authorized representative of such Subsidiary certifying the incumbency, names and true signatures of the representatives of such Subsidiary authorized to sign the Subsidiary Guaranty; and

(f) A favorable opinion of Arent Fox Kintner Plotkin & Kahn, counsel for the Borrower and the Subsidiaries, as to such matters as the Banks may reasonably request.

SECTION 3.2. Conditions Precedent to All Loans. The obligation of the Banks

to make each Loan (including the initial Loan) shall be subject to the further conditions precedent that on the date of Loan the following statements shall be true (and each of the giving of the applicable notice requesting such Loan and the acceptance by the Borrower of the proceeds of Loan shall constitute a representation and warranty by the Borrower that on the date of such Loan such statements are true):

(a) The representations and warranties contained in Section 4.1 are correct on and as of the date of such Loan, before and after giving effect to such Loan and to the application of the proceeds therefrom, as though made on and as of such date, except that the representation made in Section 4.1(a) shall be deemed to be made with respect to any Subsidiaries acquired or formed in accordance with Section 5.1(c) and the representations made in Section 4.1(e) shall be deemed to be made with respect to the financial statements most recently delivered in accordance with Section 5.1(b); and

(b) No event has occurred and is continuing, or would result from such Loan or from the application of the proceeds therefrom, which constitutes an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES

SECTION 4.1. Representations and Warranties of the Borrower. The Borrower

represents and warrants as follows:

(a) The Borrower is a real estate investment trust duly formed, validly existing and in good standing under the laws of the State of Maryland, and is qualified to do

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business in each jurisdiction where such qualification is required. The only Subsidiary of the Borrower as of the date of this Agreement is WRIT LP.

(b) The execution, delivery and performance by the Borrower of this Agreement and the Notes are within the Borrower's trust powers, have been duly authorized by all necessary trust action, and do not contravene (1) the Borrower's declaration of trust or bylaws or (2) law or any contractual restriction binding on or affecting the Borrower.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Borrower of this Agreement or the Notes.

(d) This Agreement and the Notes when delivered hereunder will be legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms.

(e) The consolidated balance sheet of the Borrower and its Subsidiaries reported on SEC Form 10-Q for the fiscal quarter ended on March 31, 1999, and the related consolidated statements of income, equity and cash flows of the Borrower and its Subsidiaries for the fiscal quarter then ended, copies of which have been furnished to the Bank, fairly present the financial condition of the Borrower and its Subsidiaries as of such date and the results of the operations of the Borrower and its Subsidiaries for the period ended on such date, all in accordance with generally accepted accounting principles consistently applied, and since March 31, 1999, there has been no material adverse change in such condition or operations.

(f) To the best of the Borrower's knowledge, there is no pending or threatened action or proceeding affecting the Borrower before any court, governmental agency or arbitrator, which may materially adversely affect the

financial condition or operations of the Borrower or which purports to affect the legality, validity or enforceability of this Agreement or the Notes.

(g) No proceeds of any Loan will be used to acquire any equity security of a class which is registered pursuant to Section 12 of the Securities Exchange Act of 1934.

(h) The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System), and no proceeds of any Loan will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock.

(i) The Borrower is not an "investment company" within the meaning of, or is exempt from, the provisions of the Investment Company Act of 1940, as amended.

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(j) The Borrower is qualified as a real estate investment trust under Sections 856 to 860 of the Internal Revenue Code.

(k) The Borrower has made a full and complete assessment of the Year 2000 Issues and has a realistic and achievable program for remediating the Year 2000 Issues on a timely basis (the "Year 2000 Program"). Based on such assessment and on the Year 2000 Program the Borrower does not reasonably anticipate that Year 2000 Issues will have a material adverse effect on the financial condition of the Borrower and its Subsidiaries.

ARTICLE 5
COVENANTS OF THE BORROWER

SECTION 5.1. Affirmative Covenants. So long as the Notes shall remain

unpaid or any Bank shall have any Commitment hereunder, the Borrower will, unless the Majority Banks shall otherwise consent in writing:

(a) Compliance with Laws. Comply, and cause each Subsidiary to comply,

in all material respects with all applicable laws, rules, regulations and orders, such compliance to include, without limitation, (1) paying before the same become delinquent all taxes, assessments and governmental charges imposed upon it or upon its property except to the extent contested in good faith, (2) maintaining all employee benefit plans subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA") in conformity with the provisions

thereof, including the minimum funding requirements of ERISA, and (3) the treatment, disposal, removal, storage and release of hazardous or toxic substances in accordance with applicable environmental laws and regulations.

(b) Reporting Requirements. Furnish to each Bank:

(1) as soon as available and in any event within 45 days after the end of each of the first three quarters of each fiscal year of the Borrower, the SEC Form 10-Q of the Borrower filed for such quarter;

(2) as soon as available and in any event within 90 days after the end of each fiscal year of the Borrower, a copy of the SEC Form 10-K of the Borrower for such year for the Borrower, containing audited financial statements for such year certified by independent public accountants reasonably acceptable to the Banks, accompanied by an operating statement for such year for each real estate project owned by the Borrower or a Subsidiary setting forth a breakdown of revenues, expenses, net operating income and occupancy for each such project, and an itemization of any lease of space of 10,000 square feet or more that will expire within 12 months after the date of such operating statement. The operating statements and the information contained therein shall be confidential information and, unless required by applicable law, shall not be provided to any person except each Bank's regulators and accountants;

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(3) Within 45 days after the end of each fiscal quarter, a certificate of the chief financial officer of the Borrower to the effect that no Event of Default, and no event which, with the giving of notice or lapse of time, or both, would constitute an Event of Default, occurred during the prior quarter and containing calculations of the financial covenants set forth in Section 5.2(d); and

(4) as soon as possible and in any event within five days after

an officer of the Borrower has knowledge of the occurrence of each Event of Default and each event which, with the giving of notice or lapse of time, or both, would constitute an Event of Default, continuing on the date of such statement, a statement of the chief financial officer of the Borrower setting forth details of such Event of Default or event and the action which the Borrower has taken and proposes to take with respect thereto;

(5) promptly after the sending or filing thereof, copies of all other reports which the Borrower sends to any of its security holders or regulators, and copies of all reports and registration statements which the Borrower or any Subsidiary files with the Securities and Exchange Commission or any national securities exchange; and

(6) such other information respecting the condition or operations, financial or otherwise, of the Borrower, the Subsidiaries or any of their Properties as the Banks may from time to time reasonably request.

(c) Delivery of Subsidiary Guaranties. Payment of all Indebtedness of

the Borrower arising under this Agreement and the Notes shall be guaranteed by WRIT LP and each other Subsidiary of the Borrower formed or acquired after the date of this Agreement. The Borrower shall promptly notify the Agent of any planned formation or acquisition of any Subsidiary. Within 10 days after the Borrower forms or acquires any Subsidiary, the Borrower shall cause such Subsidiary to execute and deliver to the Banks a valid and enforceable guaranty agreement (as "Subsidiary Guaranty") together with such other documents as the Banks shall reasonably request. Each Subsidiary Guaranty and such other documents each shall be in form and substance satisfactory to the Banks. Such documents shall include, without limitation:

(1) an opinion of counsel to the Subsidiary, addressed to the Agent, covering such matters as the Agent may reasonably request;

(2) copies of evidence of all actions taken by the Subsidiary to authorize the execution, delivery and performance of the Subsidiary Guaranty;

(3) certified copies of the organizational documents of the Subsidiary;

(4) a certificate as to the authority, incumbency and signatures of the representatives of the Subsidiary authorized to execute the Subsidiary Guaranty; and

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(5) a current certificate of good standing or formation (or similar instrument) issued by the appropriate state official of the state of organization of the Subsidiary.

(d) Year 2000. The Borrower will take and will cause each of its

Subsidiaries to take all such actions as are reasonably necessary to successfully implement the Year 2000 Program and to assure that the Year 2000 Issues will not have a material adverse effect on the financial condition of the Borrower and its Subsidiaries. At the request of the Agent or any Lender, the Borrower will provide a description of the Year 2000 Program, together with any updates or progress reports with respect thereto.

SECTION 5.2. Negative Covenants. So long as the Notes shall remain unpaid

or any Bank shall have any Commitment hereunder, the Borrower will not, without the written consent of the Majority Banks:

(a) Liens. Create or permit to exist, or permit any of its

Subsidiaries to create or permit to exist, any lien, security interest or other charge or encumbrance or any other type of preferential arrangement (collectively, a "Lien"), upon or with respect to any of its Properties, whether now owned or hereafter acquired, or assign, or permit any of its Subsidiaries to assign, any right to receive income, in each case to secure or provide for the payment of any Indebtedness of any person or entity, other than (1) the Lien for real estate taxes and any similar assessments or charges which are not yet due and payable (2) mechanics' Liens and/or judgments which the Borrower will have released or bonded off, or otherwise provide adequate security for, within 60 days, (3) Liens existing on income producing Property at the time of its acquisition by the Borrower, and any refinancings thereof that do not increase the amount of such liens, (4) a Lien in an aggregate amount not to exceed \$50,000,000 securing a loan made by First Union National Bank (or an affiliate thereof) and encumbering certain apartment Properties known as Country Club Towers, Park Adams, Munson Hill Towers, Roosevelt Towers and The Ashby at McLean, and (5) Liens in an aggregate amount not to exceed \$500,000 at any time outstanding. In case any Property is subjected to a Lien in violation of this Section 5.2(a), the Borrower and the applicable Subsidiary will make or cause to be made provision whereby the Notes will be secured equally and ratably with all other obligations secured thereby, and in any case the Banks shall have the

benefit, to the full extent that and with such priority as the Banks may be entitled thereto under applicable law, of an equitable lien on such property securing the Notes. Such violation shall constitute an Event of Default hereunder, however, whether or not such provision for an equal and ratable lien is made.

(b) Financial Covenants. Allow or permit to exist, or permit any of

its Subsidiaries to permit to exist, on a consolidated basis together with its Subsidiaries: (1) a Cash Flow to Debt Service Ratio of less than 2.5, as determined at the end of each fiscal quarter, based upon annualized results for the preceding two fiscal quarters; (2) a Consolidated Tangible Net Worth of less than \$225,000,000; (3) Consolidated Total Indebtedness greater than fifty percent (50%) of Total Capitalization Value; (4) Consolidated Secured Indebtedness greater than fifteen percent (15%) of Total Capitalization Value; (5) the Value of Unencumbered Assets to be less

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than 2.0 times the Consolidated Senior Unsecured Indebtedness; or (6) annualized EBITDA (determined by multiplying by two (2) the sum of EBITDA for the two (2) most recently ended fiscal quarters) to be less than seventeen and one-half percent (17.50%) of Consolidated Total Indebtedness.

(c) Mergers. Merge or consolidate with or into, or convey, transfer,

lease or otherwise dispose of (or permit any Subsidiary to do so), whether in one transaction or in a series of transactions all or substantially all of its assets (whether now owned or hereafter acquired) to, (1) the Borrower may form and acquire "qualified REIT subsidiaries" (as such term is defined in the Internal Revenue Code) and may transfer assets to such Subsidiary, provided that each such Subsidiary complies with the provisions of Section 5.1(c), and (2) that the Borrower may merge or consolidate with or into any other person or entity, provided that, immediately after giving effect to such proposed

transaction, no Event of Default or event which, with the giving of notice or lapse of time, or both, would constitute an Event of Default would exist and the Borrower is the surviving entity.

(d) Acquisition and Investments. Make nor permit any of its

Subsidiaries to make:

(1) any Acquisition, except mergers permitted pursuant to Section 5.2(c);

(2) by a single transaction or through a series of related transactions any acquisition of property if the cost of such property would be more than \$50,000,000 for any such property;

(3) any investments in, or loans or advances to, any unconsolidated Person to the extent such investments, loans or advances in the aggregate would exceed ten percent (10%) of their Total Tangible Assets on a consolidated basis.

(e) Asset Sales. During any fiscal year sell assets that in the

aggregate generated 10% or more of consolidated EBITDA for the Borrower and its Subsidiaries for the immediately preceding fiscal year.

ARTICLE 6 EVENTS OF DEFAULT

SECTION 6.1. Events of Default. If any of the following events ("Events of Default") shall occur and be continuing, the Agent shall, at the request of the Majority Banks, be entitled to exercise the remedies provided for in Section 6.2:

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(a) The Borrower shall fail to pay any principal of any Note when the same becomes due and payable and such failure continues for a period of five days after written notice to the Borrower from the Agent; or

(b) The Borrower shall fail to pay any interest on the Notes when the same shall become due and payable and such failure continues for a period of ten days after written notice from the Agent to the Borrower; or

(c) Any representation or warranty made by the Borrower or a Subsidiary in any Loan Document or by the Borrower or any Subsidiary (or any of its officers or representatives) in connection with this Agreement shall prove to have been incorrect in any material respect when made; or

(d) The Borrower or a Subsidiary shall fail to perform or observe any

term, covenant or agreement contained in this Agreement or in the Subsidiary Guaranty on its part to be performed or observed if such failure shall remain unremedied for 30 days after written notice thereof shall have been given to the Borrower or such Subsidiary, as applicable, by the Agent, provided that the Borrower or such Subsidiary, as applicable, shall be entitled such additional time, as may be reasonably approved by the Banks, but not more than 90 days, to cure a default under Section 5.1(a) which cannot reasonably be cured within 30 days so long as the Borrower or such Subsidiary, as applicable, commences such cure promptly and proceeds diligently with such cure; or

(e) The Borrower shall fail to pay any principal of or interest on any Indebtedness which is outstanding in a principal amount of at least \$100,000 in the aggregate (but excluding Indebtedness evidenced by the Notes) of the Borrower (as the case may be), when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise, provided that a demand instrument issued by the Borrower shall not be deemed to be due and payable until demand is made by the holder thereof), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Indebtedness; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Indebtedness and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Indebtedness; or any such Indebtedness shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), redeemed, purchased or defeased, or an offer to prepay, redeem, purchase or defease such Indebtedness shall be required to be made, in each case prior to the stated maturity thereof; or

(f) The Borrower shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Borrower seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up,

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reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 60 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur; or the Borrower shall take any action to authorize any of the actions set forth above in this subsection (f); or

(g) The Borrower shall fail to qualify as a real estate investment trust under Sections 856 to 860 of the Internal Revenue Code; or

(h) Any judgment or order for the payment of money in excess of \$1,000,000 shall be rendered against the Borrower and either (1) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (2) there shall be any period of 10 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(i) The occurrence of an event described in Sections 6.1(e) or (h) shall occur with respect to any Subsidiary or the occurrence of an event described in Section 6.1(f) with respect to a Subsidiary or Subsidiaries with aggregate Total Tangible Assets of more than \$10,000,000.

SECTION 6.2. Remedies. Upon the occurrence of any Event of Default, the Agent shall, at the request of the Majority Banks:

(a) by notice to the Borrower, declare the obligation of each Bank to make Loans to be terminated, whereupon the same shall forthwith terminate; and

(b) by notice to the Borrower, declare the Notes, all interest thereon and all other amounts payable under this Agreement to be forthwith due and payable, whereupon the Notes, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest, or further notice of any kind, all of which are hereby expressly waived by the Borrower; provided, however, that in the event of an actual or deemed entry of

an order for relief with respect to the Borrower under the Federal Bankruptcy Code, (1) the obligation of each Bank to make Loans shall automatically be terminated and (2) the Loans, the Notes, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand,

protest or any notice of any kind, all of which are hereby expressly waived by the Borrower.

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ARTICLE 7
THE AGENT

SECTION 7.1. Authorization and Action. Each Bank hereby appoints and

authorizes the Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Agent by the terms hereof, together with such powers as are reasonably incidental thereto. As to any matters not expressly provided for by this Agreement (including, without limitation, enforcement or collection of the Notes), the Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Banks, and such instructions shall be binding upon all Banks and all holders of Notes; provided,

however, that the Agent shall not be required to take any action that exposes

the Agent to personal liability or that is contrary to this Agreement, any Note or applicable law. The Agent agrees to give to each Bank prompt notice of each notice given to it by the Borrower pursuant to the terms of this Agreement.

SECTION 7.2. Agent's Reliance, etc. Neither the Agent nor any of its

directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement, except for its or their own gross negligence or willful misconduct. Without limitation of the generality of the foregoing, the Agent: (1) may treat the payee of any Note as the holder thereof, subject to the provisions of Section 8.13; (2) may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (3) makes no warranty or representation to any Bank and shall not be responsible to any Bank for any statements, warranties or representations (whether written or oral) made by the Borrower or another Bank in or in connection with this Agreement; (4) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement on the part of the Borrower or to inspect the property (including the books and records) of the Borrower; (5) shall not be responsible to any Bank for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement, any Note or any other instrument or document furnished pursuant hereto; and (6) shall incur no liability under or in respect of this Agreement by acting upon any notice, consent, certificate or other instrument or writing (which may be by telecopier, telegram, cable or telex) reasonably believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 7.3. Agent and Affiliates. With respect to its Commitment, the

Loans made by it, the Note issued to it and the Indebtedness due to it, the Agent shall have the same rights and powers under this Agreement as any other Bank and may exercise the same as though it were not the Agent, and the term "Bank" or "Banks" shall, unless otherwise expressly indicated, include Crestar

Bank in its individual capacity. Crestar Bank and its affiliates may accept deposits from, lend money to, act as trustee under indentures of, and generally engage in

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any kind of business with, the Borrower and any person or entity who may do business with or own common stock of the Borrower, all as if Crestar Bank were not the Agent and without any duty to account therefor to the Banks.

SECTION 7.4. Bank Credit Decision. Each Bank acknowledges that it has,

independently and without reliance upon the Agent or any other Bank and based on the financial statements referred to in Section 4.1(e) and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Bank also acknowledges that it will, independently and without reliance upon the Agent or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement.

SECTION 7.5. Indemnification. The Banks agree to indemnify the Agent (to

the extent not reimbursed by the Borrower), ratably according to their respective Commitment Percentages, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against the Agent in any way relating to or arising

out of this Agreement or any action taken or omitted by the Agent under this Agreement, provided that no Bank shall be liable for any portion of such

liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Agent's gross negligence or willful misconduct. Without limitation of the foregoing, each Bank agrees to reimburse the Agent promptly upon demand for its ratable share of any out-of-pocket expenses (including counsel fees) incurred by the Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, to the extent that the Agent is not reimbursed for such expenses by the Borrower.

SECTION 7.6. Successor Agent. The Agent may resign at any time by giving

written notice thereof to the Banks and the Borrower. Upon any such resignation, the Banks shall have the right to appoint a successor Agent. If no successor Agent shall have been so appointed by the Banks, and shall have accepted such appointment, within 30 days after the retiring Agent's giving of notice of resignation, then the retiring Agent, on behalf of the Banks, may appoint a successor Agent, which shall be a commercial bank organized under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least \$50,000,000. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Agent's resignation hereunder as Agent, the provisions of this Article 7 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement.

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SECTION 7.7. Borrower's Reliance. The Borrower shall be entitled to rely

upon written confirmation from the Agent as to the consent of the Banks to any action by the Borrower for which such consent is required. Crestar Bank agrees with the Borrower that it shall use good faith efforts to remain the Agent under this Agreement.

ARTICLE 8
MISCELLANEOUS

SECTION 8.1. Amendments. No amendment or waiver of any provision of this

Agreement or the Note, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Borrower, the Agent and the Majority Banks, or where unanimous consent is required, by all Banks, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. The unanimous consent of all Banks will be required for any amendment, waiver or consent, the effect of which is to (a) reduce any amount payable hereunder or under the Note, or (b) extend the time of payment of any amount payable hereunder or under the Note, (c) increase the amount of any Commitment, (d) release the Borrower from any liabilities hereunder or under the Note, (e) change the definition of Majority Banks, or (f) amend the provisions of this Section 8.1.

SECTION 8.2. Notices. All notices and other communications provided for

hereunder shall be in writing and mailed, by certified mail, postage prepaid, or delivered by reputable overnight courier service, if to the Borrower, at its address at 6110 Executive Boulevard, Suite 800, Rockville, Maryland 20852, Attention: Larry E. Finger, with a copy of any notice of an Event of Default to David M. Osnos, Esq., at Arent Fox Kintner Plotkin & Kahn at 1050 Connecticut Avenue, N.W., Washington, D.C. 20036, if to the Agent, at its address at 8245 Boone Boulevard, 8th Floor, Vienna, Virginia 22182, Attention: Nancy B. Richards; and if to the Banks, at their respective addresses set forth on the Commitment Schedule attached hereto or any updates thereof; or, as to each party, at such other address as shall be designated by such party in a written notice to the other party. All such notices and communications shall be effective upon receipt.

SECTION 8.3. No Waiver; Remedies. No failure on the part of the Agent or

the Banks to exercise, and no delay in exercising, any right hereunder or under the Notes shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 8.4. Accounting Terms. All accounting terms not specifically

defined herein shall be construed in accordance with GAAP.

SECTION 8.5. Costs, Expenses and Taxes. The Borrower agrees (a) to pay or

reimburse the Agent on demand for all its costs and expenses incurred in connection with the

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preparation, execution and delivery of, and any amendment, supplement or modification to, this Agreement, the Notes and any other documents prepared in connection herewith or therewith, and the consummation of the transactions contemplated hereby and thereby, including, without limitation, the reasonable fees and disbursements of counsel to the Agent; (b) to pay or reimburse the Agent and each Bank for all of their respective costs and expenses incurred in connection with the enforcement or preservation of any rights under this Agreement, the Notes and any such other documents, including, without limitation, reasonable fees and disbursements of counsel to the Agent and each Bank, except that the Borrower shall not be responsible for any costs or expenses attributable to disputes among the Banks or among the Agent and any Bank; (c) to pay, indemnify and hold each Bank and the Agent harmless from any and all recording and filing fees and any and all liabilities with respect to, or resulting from any delay in paying, stamp, excise and other taxes, if any, that may be payable or determined to be payable in connection with the execution and delivery or consummation of any of the transactions contemplated by, or any amendment, supplement or modification to, or any waiver or consent under or in respect of, this Agreement, the Notes and any such other documents; and (d) to pay, indemnify and hold each Bank and the Agent harmless from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever arising out of or relating to the making or maintaining of the Loans, or the enforcement, performance and administration of this Agreement, the Notes and any such other documents, or expenses or other liabilities arising out of any bankruptcy or insolvency proceeding of the Borrower (all of the foregoing, collectively, the "indemnified liabilities"), provided, that the Borrower shall

not have any obligations hereunder to the Agent or any Bank with respect to indemnified liabilities arising from the gross negligence or willful misconduct of the Agent or any such Bank. The agreements in this Section 8.5 shall survive repayment of the Notes. The Borrower shall not be responsible for the fees and expenses incurred by any Participant, any Transferee Bank (as such terms are defined below), the Agent or any Bank in connection with any acquisition of any interest in the Loans, other than the fees and expenses of counsel to the Agent in connection with the execution and delivery of this Agreement.

SECTION 8.6. Survival of Agreements, Representations and Warranties. All

warranties, representations and covenants made by the Borrower herein or in any certificate or other instrument delivered by it or on its behalf in connection with this Agreement shall be considered to have been relied upon by the Agent and the Banks and shall survive the making of the Loans herein contemplated and the issuance and delivery to the Banks of the Notes regardless of any investigation made by the Banks or on their behalf and shall continue in full force and effect so long as any amount due or to become due hereunder is outstanding and unpaid. All statements in any such certificate or other instrument shall constitute representations and warranties by the Borrower hereunder.

SECTION 8.7. Binding Effect. This Agreement and the Notes issued hereunder,

shall be binding upon and inure to the benefit of the Borrower, the Agent and the Banks and their

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respective successors and assigns, except that the Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Banks.

SECTION 8.8. Entire Agreement. Except for the other loan documents

expressly referred to in this Agreement, this Agreement represents the entire agreement between the Agent, the Banks and the Borrower and supersedes all prior commitments.

SECTION 8.9. Severability. In case any one or more of the provisions

contained in this Agreement or the Notes shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The parties shall endeavor in good faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 8.10. Section Headings. The section headings used herein are for

convenience of reference only, are not part of this Agreement and are not to affect the construction of or be taken into consideration in interpreting this Agreement.

SECTION 8.11. No Assignment. The Borrower may not assign its rights or

obligations under this Agreement.

SECTION 8.12. Participations by Banks. Any Bank may at any time sell to one

or more financial institutions (each of such financial institutions being herein called a "Participant") participating interests in any of the Loans held by such Bank and its Commitment, provided, however, that:

(a) No participation contemplated by this Section 8.12 shall relieve such Bank from its obligations hereunder;

(b) Such Bank shall remain solely responsible for the performance of such obligations; and

(c) The Borrower, the Agent, and the other Banks shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement.

SECTION 8.13. Assignments by Banks. Any Bank, with the prior written

consent of the Agent, may at any time agree to assign a portion of such Bank's Commitment to another financial institution (a "Transferee Bank") provided that,

after giving effect to such assignment, such Bank must continue to hold a Commitment of not less than \$7,500,000 and unless the Borrower's written consent is first obtained, there will not be more than five Banks at any time. Crestar Bank agrees that unless an Event of Default has occurred and is continuing, it shall not

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hold a Commitment of less than \$12,500,000. In such event the Bank and the Transferee Bank shall so notify the Agent and the Borrower of the date on which such assignment is to be effective. On such effective date:

(a) The Agent shall deliver to the Borrower and each of the Banks a Commitment Schedule as of such effective date, reflecting the Commitments of the Banks after giving effect to such assignment.

(b) The Agent, the assigning Bank and the Transferee Bank shall execute and deliver an assignment agreement, in form and substance acceptable to the Agent, which shall constitute an amendment to this Agreement to the extent necessary to reflect such transfer.

(c) Upon request by any Bank following an assignment made in accordance with this Section 8.13, the Borrower shall issue, in exchange for the existing Note held by such Bank, new Notes to the assignor and assignee reflecting the assignment.

SECTION 8.14. Governing Law. This Agreement and the Notes shall be governed

by, and construed in accordance with, the laws of the Commonwealth of Virginia.

SECTION 8.15. No Officer, Etc., Liability. No trustee, officer or agent of

the trust shall be held to any personal liability whatsoever, in tort, contract or otherwise, in connection with the transactions contemplated by this Agreement.

[SIGNATURES ON FOLLOWING PAGE]

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

BORROWER:

WASHINGTON REAL ESTATE
INVESTMENT TRUST

By: /s/ Larry E. Finger

Name: Larry E. Finger
Title: Sr. Vice President &
Chief Financial Officer

AGENT:

CRESTAR BANK

By: /s/ Nancy B. Richards

Nancy B. Richards
Vice President

BANKS:

CRESTAR BANK

By: /s/ Nancy B. Richards

Name: Nancy B. Richards
Title: Vice President

FIRST UNION NATIONAL BANK

By: /s/ John A. Schissel

Name: John A. Schissel
Title: Director

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Schedule 2.1

COMMITMENT SCHEDULE

BANKS	COMMITMENT
-----	-----
Crestar Bank	\$30,000,000
Real Estate Finance Group	
8245 Boone Boulevard, Suite 820	
Vienna, Virginia 22182-3871	
Attention: Nancy B. Richards	
Vice President	
Telephone: (703) 902-9039	
Telecopier: (703) 902-9245	

Wire transfer instructions:

Crestar Bank - ABA #051000020
For Credit: REFG/GWR - Vienna, VA 22182 Ref.- WRIT Loan Number #9832791
Phone Advice: Connie Dores on 703-902-9166

First Union National Bank	\$20,000,000
REIT Banking Group	
One First Union Center, TW-6	
Charlotte, North Carolina 28288-0166	
Attention: John Schissel	
Director	
Telephone: (704) 383-1967	
Telecopier: (704) 383-6205	

Wire transfer instructions:

First Union National Bank
ABA# 053 000 219
Account Number: 465906 00 10352
Reference: Washington REIT

EXHIBIT A

PROMISSORY NOTE

\$ _____, _____

FOR VALUE RECEIVED, the undersigned, WASHINGTON REAL ESTATE INVESTMENT TRUST, a Maryland real estate investment trust (the "Borrower"), HEREBY PROMISES TO PAY to the order of _____ (the "Bank") the principal amount of _____ DOLLARS (\$ _____) or, if less, the outstanding aggregate principal amount of all Loans made by the Bank to the Borrower pursuant to the Credit Agreement (as hereinafter defined), on the Termination Date (as defined in the Credit Agreement).

The Borrower promises to pay interest on the principal amount of each Loan from the date of such Loan until such principal amount is paid in full, at such interest rates, and payable at such times, as are specified in the Credit Agreement referred to below.

Both principal and interest are payable in lawful money of the United States of America to Crestar Bank, as Agent (the "Agent"), at 8245 Boone Boulevard, Vienna, Virginia 22182 in same day funds.

This Promissory Note is one of the Notes referred to in, and is entitled to the benefits of, the Amended and Restated Credit Agreement dated as of August 26, 1999, but effective for all purposes as of July 25, 1999 (as amended, modified or supplemented from time to time, the "Credit Agreement"), between the Borrower, the Agent, the Bank and the other banks that are parties thereto. The Credit Agreement, among other things, (i) provides for the making of loans (the "Loans") by the Bank to the Borrower from time to time in an aggregate amount not to exceed at any time outstanding the U.S. dollar amount first above mentioned, the indebtedness of the Borrower resulting from each such Loan being evidenced by this Promissory Note, and (ii) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events and also for prepayments on account of principal hereof prior to the maturity hereof upon the terms and conditions therein specified.

WASHINGTON REAL ESTATE
INVESTMENT TRUST

By: _____
Name: _____
Title: _____

WASHINGTON REALTY INVESTMENT TRUST

COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES
AND PREFERRED DIVIDENDS<TABLE>
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	Year ended December 31,		
	1999	1998	1997
	----	----	----
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Net earnings before loss (gain) on sale of real estate	\$ 36,392	\$ 34,300	\$ 30,136
Add back:			
Fixed charges	22,495	17,106	9,761
Deduct:			
Capitalized interest	(224)	(0)	(70)
Earnings available for fixed charges and preferred dividends	\$ 58,663	\$ 51,406	\$ 39,827
Fixed Charges			
Interest expense	\$ 22,271	\$ 17,106	\$ 9,691
Capitalized interest	224	0	70
Interest portion of rent expense	0	0	0
Total fixed charges	22,495	17,106	9,761
Preferred dividends	0	0	0
Total fixed charges and preferred dividends	\$ 22,495	\$ 17,106	\$ 9,761
Ratio of Earnings to Fixed Charges and Preferred Dividends	2.61	3.01	4.08

</TABLE>

[LOGO] ARTHUR ANDERSEN

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference of our report dated February 4, 2000 included in Washington Real Estate Investment Trust's Form 10-K for the year ended December 31, 1999, into Washington Real Estate Investment Trust's previously filed Registration Statements on Form S-8, File No. 33-63671, Form S-3, Filed No. 333-23157, Form S-8, File No. 333-48081, Form S-4, File No. 333-48293 and Form S-3, File No. 333-81913.

/s/ Arthur Andersen LLP

Vienna, Virginia
March 23, 2000

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