

REGISTRATION NO. 33-60581

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

AMENDMENT NO. 2 TO

FORM S-3

REGISTRATION STATEMENT

UNDER
THE SECURITIES ACT OF 1933

WASHINGTON REAL ESTATE INVESTMENT TRUST
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

<TABLE>
<S>

DISTRICT OF COLUMBIA
(STATE OR OTHER JURISDICTION OF
INCORPORATION OR ORGANIZATION)

<C>

53-0261100
(I.R.S. EMPLOYER
IDENTIFICATION NO.)

</TABLE>

10400 CONNECTICUT AVENUE

KENSINGTON, MARYLAND 20895
(301) 929-5900

(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER
INCLUDING AREA CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

BENJAMIN H. DORSEY, ESQ.

GENERAL COUNSEL AND SECRETARY
10400 CONNECTICUT AVENUE
KENSINGTON, MARYLAND 20895
(301) 929-5900

(NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE
NUMBER INCLUDING AREA CODE, OF AGENT FOR SERVICE)

COPIES TO:

<TABLE>
<S>

JEFFREY E. JORDAN, ESQ.
ARENT FOX KINTNER PLOTKIN & KAHN
1050 CONNECTICUT AVENUE, N.W.
WASHINGTON, DC 20036-5339
(202) 857-6473

<C>

THOMAS R. SMITH, JR., ESQ.
BROWN & WOOD
ONE WORLD TRADE CENTER
NEW YORK, NY 10048-0557
(212) 839-5535

</TABLE>

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO PUBLIC:
AS SOON AS PRACTICABLE AFTER THIS REGISTRATION STATEMENT BECOMES EFFECTIVE.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR
DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL
FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION
STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF
THE SECURITIES ACT OF 1933, OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME
EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A),
MAY DETERMINE.

SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

SUBJECT TO COMPLETION

PRELIMINARY PROSPECTUS DATED JULY 17, 1995

PROSPECTUS

[WRIT LOGO]

3,500,000 SHARES

WASHINGTON REAL ESTATE INVESTMENT TRUST
SHARES OF BENEFICIAL INTEREST

The shares of beneficial interest (the "Shares") of Washington Real Estate Investment Trust ("WRIT" or the "Trust") are listed on the American Stock Exchange under the symbol "WRE." On June 30, 1995, the last reported sale price of the Shares on the American Stock Exchange was \$15 3/4 per Share.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

<TABLE>

<CAPTION>

<S>

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<C>

PRICE TO
PUBLIC

UNDERWRITING
DISCOUNT (1)

PROCEEDS TO
TRUST (2)

<CAPTION>

<S>

<C>

<C>

<C>

Per Share..... \$ \$ \$

Total(3)..... \$ \$ \$

</TABLE>

- (1) The Trust has agreed to indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act of 1933. See "Underwriting".
- (2) Before deducting expenses of the offering estimated at \$210,000, payable by the Trust.
- (3) The Trust has granted the Underwriters a 30-day option to purchase up to an additional 525,000 Shares to cover over-allotments, if any. If all of such Shares are purchased, the total Price to Public, Underwriting Discount and Proceeds to Trust will be \$, \$ and \$, respectively. See "Underwriting".

THE ATTORNEY GENERAL OF THE STATE OF NEW YORK HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

The Shares are offered by the several Underwriters, subject to prior sale, when, as and if delivered to and accepted by them, subject to approval of certain legal matters by counsel for the Underwriters. The Underwriters reserve the right to withdraw, cancel or modify such offer and to reject orders in whole or in part. It is expected that the delivery of the Shares offered hereby will be made in New York, New York on or about July , 1995.

MERRILL LYNCH & CO.

ALEX. BROWN & SONS

INCORPORATED

A.G. EDWARDS & SONS, INC.

LEGG MASON WOOD WALKER

INCORPORATED

The date of this Prospectus is July , 1995.

WRIT

GROWTH OF
FUNDS FROM OPERATIONS AND
DIVIDENDS PAID

<TABLE>
<CAPTION>

| YEAR | DIVIDENDS PAID | FUNDS FROM OPERATIONS |
|------|-------------------|--------------------------|
| ---- | ---- | ----- |
| <S> | <C> | <C> |
| 1980 | 3,484,210 | 4,990,351 |
| 1981 | 4,526,737 | 6,074,430 |
| 1982 | 4,929,329 | 6,590,953 |
| 1983 | 5,134,851 | 8,002,590 |
| 1984 | 8,053,184 | 9,889,957 |
| 1985 | 8,344,614 | 10,919,494 |
| 1986 | 9,822,265 | 12,703,890 |
| 1987 | 12,028,949 | 13,277,702 |
| 1988 | 13,087,538 | 14,587,538 |
| 1989 | 15,341,742 | 17,280,718 |
| 1990 | 17,030,987 | 19,229,034 |
| 1991 | 19,672,408 | 21,707,672 |
| 1992 | 22,513,368 | 23,850,876 |
| 1993 | 24,380,361 | 26,162,021 |
| 1994 | 25,981,388 | 27,100,541 |

</TABLE>

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE TRUST'S SHARES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE AMERICAN STOCK EXCHANGE, IN THE OVER-THE-COUNTER MARKET OR OTHERWISE. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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PROSPECTUS SUMMARY

This summary is qualified in its entirety by reference to the more detailed information and financial statements appearing elsewhere in this Prospectus or incorporated herein by reference. Unless otherwise indicated, the information presented herein assumes that the Underwriters' over-allotment option is not exercised.

THE TRUST

Washington Real Estate Investment Trust ("WRIT" or the "Trust"), founded in 1960, is an equity real estate investment trust investing in income-producing properties principally in the Greater Washington-Baltimore region. The Trust owns a diversified portfolio of 38 properties consisting of 13 office buildings, 11 shopping centers, five high-rise apartment buildings and nine industrial distribution properties.

WRIT's principal objective is to increase operating income by investing in high quality real estate with strong growth potential in prime locations and aggressively managing these properties with active leasing and capital improvement programs.

The percentage leased at March 31, 1995 for the Trust's properties was 91% for office buildings, 94% for shopping centers, 96% for apartment buildings and 95% for industrial distribution properties.

Total debt (all medium-term) on June 30, 1995 was \$43,000,000, which represented approximately 10% of the market capitalization of the Trust.

WRIT's income from operations and funds from operations have increased for 29 consecutive years. WRIT concentrates on increasing its funds from operations to achieve its objective of paying increasing dividends to its shareholders. Consecutive quarterly dividends have been paid for 33 years and the annual dividend paid has increased every year since 1970. The most recent dividend increase was to \$.25 per Share payable June 30, 1995 to shareholders of record on June 16, 1995, representing an indicated current annual rate of \$1.00. Since 1980, combined Share splits have totaled 10-for-1.

The principal offices of the Trust are located at 10400 Connecticut Avenue, Kensington, Maryland 20895, telephone (301) 929-5900/(800) 565-9748.

THE OFFERING

| | |
|---------------------|-----------|
| <TABLE> | |
| <S> | <C> |
| Shares Offered..... | 3,500,000 |

Shares to be Outstanding after the
Offering..... 31,742,544
Use of Proceeds..... To repay certain indebtedness outstanding
under lines of credit, to acquire the
Frederick County Square Shopping Center and
to acquire and/or renovate, expand or
improve income producing properties. See
"Use of Proceeds".
American Stock Exchange Symbol..... WRE
</TABLE>

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SUMMARY FINANCIAL DATA
(IN THOUSANDS, EXCEPT PER SHARE DATA)

<TABLE>
<CAPTION>

| | YEAR ENDED DECEMBER 31, | | | | | THREE MONTHS ENDED MARCH 31, | |
|---|-------------------------|-----------|-----------|-----------|-----------|------------------------------------|-----------|
| | 1990 | 1991 | 1992 | 1993 | 1994 | 1994 | 1995 |
| | <C> | <C> | <C> | <C> | <C> | <C> | <C> |
| OPERATING DATA | | | | | | | |
| Real estate rental revenue... | \$ 30,233 | \$ 33,311 | \$ 34,132 | \$ 39,375 | \$ 45,511 | \$ 11,312 | \$ 12,464 |
| Income before gain on sale of real estate..... | 16,122 | 18,386 | 20,429 | 22,506 | 23,122 | 5,805 | 6,159 |
| Gain on sale of real estate..... | 0 | 0 | 0 | 741 | 0 | 0 | 0 |
| Net income..... | 16,122 | 18,386 | 20,429 | 23,247 | 23,122 | 5,805 | 6,159 |

<TABLE>
<CAPTION>

| | DECEMBER 31, | | | | | MARCH 31, | |
|---|--------------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 1990 | 1991 | 1992 | 1993 | 1994 | 1994 | 1995 |
| | <C> | <C> | <C> | <C> | <C> | <C> | <C> |
| BALANCE SHEET DATA | | | | | | | |
| Real estate (at cost)..... | \$113,317 | \$117,576 | \$155,765 | \$170,461 | \$206,378 | \$172,711 | \$225,585 |
| Total assets..... | 106,955 | 135,741 | 185,673 | 162,011 | 178,806 | 162,418 | 195,034 |
| Mortgages payable..... | 12,379 | 11,329 | 1,115 | 0 | 0 | 0 | 0 |
| Lines of credit payable/ Short-term bank loan..... | 0 | 0 | 21,000 | 0 | 18,000 | 0 | 34,000 |
| Shareholders' equity..... | 90,621 | 119,944 | 159,027 | 157,348 | 154,659 | 156,801 | 154,040 |

<TABLE>
<CAPTION>

| | YEAR ENDED DECEMBER 31, | | | | | THREE MONTHS ENDED MARCH 31, | |
|--------------------------------------|-------------------------|-----------|-----------|-----------|-----------|------------------------------------|----------|
| | 1990 | 1991 | 1992 | 1993 | 1994 | 1994 | 1995 |
| | <C> | <C> | <C> | <C> | <C> | <C> | <C> |
| OTHER DATA | | | | | | | |
| Funds from operations (1).... | \$ 19,187 | \$ 21,675 | \$ 23,817 | \$ 26,122 | \$ 27,055 | \$ 6,727 | \$ 7,234 |
| Dividends paid..... | 17,031 | 19,672 | 22,513 | 24,380 | 25,981 | 6,495 | 6,778 |
| Dividends paid per share (2)..... | 0.73 | 0.79 | 0.84 | 0.89 | 0.92 | 0.23 | 0.24 |

(1) Funds from Operations ("FFO"), as defined by the National Association of Real Estate Investment Trusts ("NAREIT"), is net income adjusted for depreciation and amortization and gains or losses from property sales. FFO does not represent cash flows from operations as defined by generally accepted accounting principles, should be considered along with, but not as an alternative to, net income as an indicator of the Company's operating performance and is not indicative of cash available to fund all cash flow needs. In March 1995, NAREIT issued a clarification of its definition of FFO. The clarification provides that amortization of deferred financing costs and depreciation of non-real estate assets are no longer to be added back to net income in arriving at FFO and that extraordinary, nonrecurring items should be adjusted out of net income. The amounts reflected in this Prospectus have been adjusted to incorporate that clarification.

(2) Adjusted to give effect to the 3-for-2 share split in May 1992.

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GENERAL OPERATING PRACTICES

The Trust generally observes the following operating practices:

Selection of Real Estate Investments: The Trust purchases properties principally in the Greater Washington-Baltimore region where its senior management is located and knows, on a firsthand basis, the market and the economic factors which affect it. In order to avoid the greater risks of speculative development, the Trust generally buys existing income producing properties.

Property Type Diversification: The Trust seeks to invest in properties with different supply-demand cycles and growth periods and therefore seeks to maintain a balanced and diversified portfolio of office buildings, shopping centers, apartment buildings and industrial distribution properties. The percentage contribution to the Trust's total real estate rental revenue by property group for the first quarter of 1995 was as follows:

| | | |
|----------|---|------|
| <TABLE> | | |
| | <S> | <C> |
| | Office Buildings..... | 42% |
| | Shopping Centers..... | 25% |
| | Apartment Buildings..... | 23% |
| | Industrial Distribution Properties..... | 10% |
| | | --- |
| | | 100% |
| </TABLE> | | |

Tenant Diversification: The Trust also seeks to maintain a diversified tenant base in its commercial properties in order to minimize the influence of any one tenant on the Trust's revenues. As of May 31, 1995, WRIT's commercial tenant base was diversified among approximately 900 tenants, with the average tenant occupying less than 3,600 square feet and no single lease accounting for more than 2.1% of the Trust's annual revenues. As of the same date, annual rents attributable to all Federal Government tenants totaled approximately 5.0% of the Trust's annual revenues.

Capitalization and Finance Strategy: Until recently, the Trust maintained substantial cash reserves from the proceeds of Share offerings in lieu of utilizing debt for acquisitions and capital improvements. As a result of changed market conditions, the Trust now has commitments for bank lines of credit with medium-term rather than short-term features. For the foreseeable future, the Trust intends to utilize these credit facilities to fund acquisitions and major capital improvements. The Trust intends to retire these debt obligations from future Share offerings. The Trust's management believes this method of funding for future investment provides greater flexibility for timing of public Share offerings, reduces exposure to yield maintenance costs and avoids lock out from prepayment features found in long-term debt agreements.

In determining its borrowing policy, the Trust also considers its debt service coverage ratio (funds from operations plus debt service divided by the debt service). A ratio of 3:1 is generally considered conservative and the Trust intends to maintain its debt service coverage ratio in excess of this. Capital market conditions may from time to time influence management to reconsider this policy if it deems that a change is in the best interest of the Trust.

The Trust currently has unsecured bank lines of credit and commitments totaling \$75,000,000. These commitments permit the Trust to extend the term of the loans outstanding for up to a period of 5 years at the Trust's option. At June 30, 1995, \$43,000,000 was outstanding on these lines at a weighted average interest rate of 6.8%.

100% Ownership: The Trust currently owns 100% of the equity of all of its properties and has no partners, participating mortgages or other equity or income sharing arrangements.

Although management of the Trust anticipates that it will generally continue to follow the foregoing practices, management is not bound to do so and may change particular practices in light of future economic conditions and other relevant factors.

RECENT DEVELOPMENTS

Management Transition

In March of 1995, Arthur A. Birney, a co-founder and Trustee of the Trust, became Chairman of the Board of Trustees and Edmund B. Cronin, Jr., President, Chief Operating Officer and Trustee, became Chief Executive Officer, succeeding B. Franklin Kahn, who had served as Chairman and Chief Executive Officer until

his retirement.

The Trust has also increased its senior management strength and depth with the addition of Larry E. Finger, Senior Vice President and Chief Financial Officer, in December 1993, Thomas L. Regnell, Vice President -- Acquisitions, in January 1995 and Mary Beth Avedesian, Vice President -- Investments, in March 1995. See "Management".

Property Acquisitions

On June 30, 1995, the Trust entered into a contract to purchase the Frederick County Square Shopping Center in the City of Frederick, Maryland for \$13,350,000. The 233,000 rentable square foot center is 100% leased to 23 tenants, including KMart, MJ Designs, F & M Drugs, Jo-Ann Fabrics, Burger King and Sizzler. As part of the purchase price, the Trust expects to assume an existing mortgage in the approximate amount of \$7,755,000, bearing interest at 9% and maturing on January 1, 2003. The Trust anticipates that this property will produce a first full year return on investment (funds from operations divided by total investment) in excess of 10%. Closing on the property is expected to occur on or before July 31, 1995. No assurance can be given, however, that the proposed acquisition will be consummated.

During the past 12 months, the Trust acquired the following properties:

- Tycon Plaza II and III office buildings containing approximately 293,000 rentable square feet, in Tysons Corner, Virginia
- The Shoppes of Foxchase, a 128,000 rentable square foot shopping center, in Alexandria, Virginia
- 6110 Executive Boulevard, a 198,000 rentable square foot office building, in Rockville, Maryland
- Tech 100 Industrial Park, a 167,000 square foot industrial distribution complex in Howard County, Maryland, three miles from Baltimore-Washington International Airport.

The aggregate purchase price of these properties totaled approximately \$53,000,000, and the Trust anticipates that these properties (including capital improvements) will produce an average first full year return on investment (funds from operations divided by total investment) of 11.3%. See "Description of Real Estate Investments".

Property Repositionings

In late 1994 and continuing into 1995, the Trust has repositioned the following properties, through capital improvements, to enable them to compete at higher rental levels in their markets:

- Chevy Chase Metro Plaza -- The Trust is adding 10,000 square feet of rentable area within a previously occupied two-story theater along with other building improvements. Resulting rental increases are expected to increase this property's anticipated annual operating income by 55%.
- 1901 Pennsylvania Avenue, N.W., Washington, D.C. -- Major renovations, expected to be completed in the third quarter of 1995, to the main lobby, building hallways, common areas and restrooms, and modernizing of the elevator equipment, elevator cabs and building mechanical systems are expected to enable this building to compete successfully in the downtown Washington, D.C. market.

Renovations, expansions and tenant improvements, including those listed above, are currently underway or are anticipated at several of the Trust's properties, the estimated aggregate cost of which is approximately \$11,300,000 for 1995.

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See "Description of Real Estate Investments" below for further information regarding the improvements made to certain properties.

GREATER WASHINGTON-BALTIMORE REAL ESTATE MARKET

The Greater Washington-Baltimore regional real estate market continues to be one of the strongest in the United States. All sectors of the region's commercial and multi-family real estate market are experiencing relatively high occupancy levels. Rents have stabilized, concessions have substantially receded, and little speculative development is taking place in the region. Though credit for real estate acquisitions and development is more available now than in recent years, the providers of credit continue to be very selective. This situation reduces competition for acquisitions.

The CMSA (Consolidated Metropolitan Statistical Area) region which includes metropolitan Washington-Baltimore is the fourth largest region in the United States with a population in excess of 6.9 million. Additionally, the region is

ranked number one nationally in both median household income and population with higher education at the undergraduate and post graduate level based on Bureau of Census statistical data. The Greater Washington-Baltimore regional economy is principally service industry oriented and, particularly in the case of the Greater Washington area, is driven by the presence of the Federal Government. There has been, and management expects there will continue to be, a shrinking in the size of the Federal Government as evidenced by, among other things, a decrease in direct Federal Government employment. However, to date, this decrease has been more than offset by an increase in employment in the private business sectors of the Greater Washington economy. While the Federal Government workforce reductions to date have not resulted in any major negative impact on the business of the Trust, no assurance can be given as to the effect on the Trust of further cutbacks in Federal spending or employment.

The strength of the Greater Washington-Baltimore region is evidenced by the research of such groups as the Metropolitan Council of Governments and The Greater Washington Research Center, which demonstrates that as a result of the increased outsourcing of government goods and services requirements the region is experiencing positive growth, though at a slower rate than during 1980-1989. As the chart below demonstrates, during 1994 regional Federal Government employment declined by approximately 11,000 while private sector employment increased by approximately 56,000.

WAGE AND SALARY EMPLOYMENT
WASHINGTON PMSA*
JANUARY 1994 AND 1995
(EMPLOYMENT IN THOUSANDS)

<TABLE>
<CAPTION>

| SECTOR | AT 1/94 | AT 1/95 | CHANGE |
|-------------------------|------------|------------|--------|
| Private..... | 1,684.8 | 1,740.5 | 55.7 |
| Federal Government..... | 381.2 | 370.3 | -10.9 |

</TABLE>

* Primary Metropolitan Statistical Area (PMSA) employment data reflect official re-benchmarked totals for 1994 and preliminary 1995 estimates.

The Trust has historically focused its leasing efforts toward the private sector smaller space user. Only 5% of the Trust's anticipated 1995 gross revenue is generated from space leased to the Federal Government. Management believes that the combination of a strong capital structure, access to capital, strong organizational capabilities and firsthand knowledge of regional economic and real estate trends uniquely positions the Trust to take advantage of attractive acquisition opportunities. In particular, the Trust's property type diversification, property management and enhancement and leasing capabilities enable it to be very flexible in property selection with the goal of increasing property operating income over the near term and property values over the long term.

USE OF PROCEEDS

The net proceeds to be received by the Trust from the issuance and sale of the Shares offered hereby (the "Offering") are estimated at \$ (\$ if the Underwriters' over-allotment option is exercised in full). Approximately \$18,000,000 of the net proceeds will be used to repay certain borrowings outstanding under the Trust's lines of credit. Those borrowings were used to acquire the Tycon Plaza and Foxchase properties and currently bear interest at a rate of 6.94% and are due and payable on August 25, 1995 (subject to extension until August 25, 1998 at the Trust's option). An additional \$5,700,000 of the net proceeds will be used in connection with the acquisition of the Frederick County Square Shopping Center. See "The Trust -- Recent Developments -- Property Acquisitions". The balance of the net proceeds may be used to acquire and/or renovate, expand or improve income-producing properties or to repay other indebtedness drawn under the lines of credit. It is expected that properties purchased in the future will be of the same general character as those presently held by the Trust.

Pending the uses described above, the net proceeds may be invested in certificates of deposit, highly rated commercial paper or other similar interest-bearing government or rated corporate securities.

CAPITALIZATION

The following table sets forth the capitalization of the Trust as of March 31, 1995, and as adjusted to give effect to an increase of approximately \$9,000,000 in amounts outstanding under the lines of credit since March 31, 1995 and the issuance and sale of the Shares offered hereby and the anticipated use

of \$18,000,000 of the net proceeds to repay indebtedness outstanding under the lines of credit.

<TABLE>
<CAPTION>

| | MARCH 31, 1995 | |
|--|----------------|----------|
| | ACTUAL | AS |
| | | ADJUSTED |
| | (IN THOUSANDS) | |
| <S> | <C> | <C> |
| Lines of credit payable:..... | \$ 34,000 | \$25,000 |
| Shareholders' equity: | | |
| Shares of beneficial interest; without par value; unlimited authorization: 28,242,544 issued and outstanding, and 31,742,544, as adjusted..... | 138,722 | |
| Undistributed gains on real estate dispositions..... | 15,319 | 15,319 |
| Total shareholders' equity..... | 154,041 | |
| Total capitalization..... | \$188,041 | \$ |

</TABLE>

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DIVIDENDS

The Trust's policy is to pay quarterly dividends aggregating annually at least 95% of its ordinary taxable income. Decisions by the Trustees as to distributions of capital gains are made on a case by case basis. The Trust's policy complies with the current distribution provisions of federal income tax laws applicable to real estate investment trusts and, assuming compliance with other requirements, income so distributed is not taxable to the Trust under such laws. The declaration of dividends is discretionary with the Trustees and depends upon the Trust's distributable funds, financial requirements, tax considerations and other factors. It is the present intention of the Trustees to consider the payment of cash dividends each quarter, but no assurance can be given that past dividend practices will be followed in the future.

The tax status of 1994 dividends were reported as:

<TABLE>
<CAPTION>

| ORDINARY INCOME | CAPITAL GAINS | RETURN OF | |
|--------------------|------------------|--------------|-------|
| | | CAPITAL | TOTAL |
| <S> | <C> | <C> | <C> |
| 90.5% | -- | 9.5% | 100% |

</TABLE>

DIVIDEND REINVESTMENT PLAN

The Trust has a Dividend Reinvestment Plan (the "Plan") which allows shareholders to acquire additional Shares by automatically reinvesting all or part of their cash dividends. Shares are acquired pursuant to the Plan at a price equal to the prevailing market price of such Shares, without payment of any brokerage commission or service charge by the participant. The Plan also allows participating shareholders to purchase Shares pursuant to the same terms and in the same manner as cash dividends are invested in amounts of not less than \$100 nor more than \$25,000 per calendar year, without payment of any brokerage commission or service charge by the participant. Shareholders who do not participate in the Plan continue to receive cash dividends, as declared.

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On Page 10 of the Prospectus there appears a map of the Greater Washington, D.C. Metropolitan area indicating the location of the Trust's 38 properties and indicates whether each property is a shopping center, an office building, industrial distribution property or an apartment building. There is also a list of properties conforming to the list appearing on the following pages of the Prospectus.

INVESTMENTS OF THE TRUST

The following table describes the Trust's real estate investment portfolio. All dollar amounts are in thousands and all information is as of March 31, 1995, except for Tech 100 Industrial Park for which information is as of May 17, 1995, the date of acquisition. Net square footage does not include garage or surface parking. The percent leased is the percentage of net rentable space leased including signed leases for space not yet occupied by the tenants.

<TABLE>
<CAPTION>

| REAL ESTATE INVESTMENTS (CORRESPONDING NUMBER TOTAL ON PAGE 10 MAP) INVESTMENT | YEAR ACQUIRED | NET SQUARE FEET | PERCENT LEASED | ACQUISITION COST | CAPITAL IMPROVEMENTS SINCE ACQUISITION |
|---|------------------|-----------------------|-------------------|---------------------|---|
| ----- | ----- | ----- | ----- | ----- | ----- |
| <S> | <C> | <C> | <C> | <C> | <C> |
| <C> | | | | | |
| SHOPPING CENTERS | | | | | |
| Takoma Park (1)..... | 1963 | 58,811 | 100% | \$ 1,500,000 | \$ 1,000 |
| \$ 1,501,000 | | | | | |
| Prince William Plaza (2)..... | 1968 | 53,999 | 87 | 992,000 | 385,000 |
| 1,377,000 | | | | | |
| Westminster (3)..... | 1972 | 171,531 | 89 | 2,442,000 | 1,675,000 |
| 4,117,000 | | | | | |
| Dover Mart (4)..... | 1973 | 44,044 | 100 | 707,000 | 664,000 |
| 1,371,000 | | | | | |
| Concord Centre (5)..... | 1973 | 76,383 | 91 | 1,263,000 | 2,605,000 |
| 3,868,000 | | | | | |
| Clairmont (6)..... | 1976 | 40,455 | 100 | 1,046,000 | 634,000 |
| 1,680,000 | | | | | |
| Wheaton Park (7)..... | 1977 | 46,716 | 100 | 1,480,000 | 690,000 |
| 2,170,000 | | | | | |
| Bradlee (8)..... | 1984 | 167,974 | 100 | 9,580,000 | 3,402,000 |
| 12,982,000 | | | | | |
| Chevy Chase Metro Plaza (9)..... | 1985 | 49,893 | 93 | 5,854,000 | 2,344,000 |
| 8,198,000 | | | | | |
| Montgomery Village (10)..... | 1992 | 196,464 | 93 | 20,730,000 | 458,000 |
| 21,188,000 | | | | | |
| Shoppes of Foxchase (11)..... | 1994 | 127,564 | 94 | 8,818,000 | 261,000 |
| 9,079,000 | | | | | |
| ----- | | ----- | --- | ----- | ----- |
| Sub-Total..... | | 1,033,834 | 94% | \$ 54,412,000 | \$13,119,000 |
| \$ 67,531,000 | | ----- | --- | ----- | ----- |
| ----- | | | | | |
| OFFICE BUILDINGS | | | | | |
| 1901 Pennsylvania Ave. (12)..... | 1977 | 96,506 | 51% (a) | \$ 4,373,000 | \$ 3,243,000 |
| \$ 7,616,000 | | | | | |
| WRIT Building (13)..... | 1979 | 65,885 | 96 | 1,912,000 | 2,900,000 |
| 4,812,000 | | | | | |
| One Metro Square (14)..... | 1979 | 208,243 | 90 | 11,709,000 | 5,222,000 |
| 16,931,000 | | | | | |
| 444 N. Frederick Ave. (15)..... | 1989 | 65,809 | 90 | 4,630,000 | 1,196,000 |
| 5,826,000 | | | | | |
| 7700 Leesburg Pike (16)..... | 1990 | 122,222 | 95 | 7,670,000 | 2,107,000 |
| 9,777,000 | | | | | |
| Arlington Financial (17)..... | 1992 | 51,655 | 100 | 6,293,000 | 136,000 |
| 6,429,000 | | | | | |
| 515 King Street (18)..... | 1992 | 78,073 | 98 | 8,034,000 | 605,000 |
| 8,639,000 | | | | | |
| Saratoga Office Bldg. (19)..... | 1993 | 59,013 | 80 | 3,018,000 | 366,000 |
| 3,384,000 | | | | | |
| Lexington Office Bldg. (20)..... | 1993 | 47,751 | 100 | 2,442,000 | 133,000 |
| 2,575,000 | | | | | |
| Brandywine Center (21)..... | 1993 | 34,982 | 100 | 1,454,000 | 104,000 |
| 1,558,000 | | | | | |

| | | | | | |
|--|------|-----------|------|---------------|--------------|
| Tycon Plaza II (22)..... 10,861,000 | 1994 | 141,043 | 97 | 10,505,000 | 356,000 |
| Tycon Plaza III (23)..... 11,477,000 | 1994 | 151,670 | 99 | 11,049,000 | 428,000 |
| 6110 Executive Boulevard (24)..... 16,433,000 | 1995 | 198,252 | 93 | 16,409,000 | 24,000 |
| ----- | | | --- | ----- | ----- |
| Sub-Total..... \$106,318,000 | | 1,321,104 | 91% | \$ 89,498,000 | \$16,820,000 |
| ----- | | | --- | ----- | ----- |
| APARTMENT BUILDINGS/UNITS | | | | | |
| 3801 Connecticut Avenue /307 (29)..... \$ 6,511,000 | 1963 | 242,000 | 97% | \$ 3,098,000 | \$ 3,413,000 |
| Roosevelt Towers/191 (25)..... 3,863,000 | 1965 | 229,000 | 95 | 2,332,000 | 1,531,000 |
| Park Adams/200 (26)..... 4,248,000 | 1969 | 210,000 | 99 | 1,940,000 | 2,308,000 |
| Country Club Towers/227 (28)..... 5,112,000 | 1969 | 276,000 | 92 | 2,861,000 | 2,251,000 |
| Munson Hill Towers/279 (27) (b)..... 6,829,000 | 1970 | 340,000 | 98 | 3,337,000 | 3,492,000 |
| ----- | | | --- | ----- | ----- |
| Sub-Total (1,200 units)..... \$ 26,563,000 | | 1,297,000 | 96% | \$ 13,568,000 | \$12,995,000 |
| ----- | | | --- | ----- | ----- |
| INDUSTRIAL DISTRIBUTION PROPERTIES | | | | | |
| Shirley I-395 (30)..... \$ 2,865,000 | 1961 | 112,585 | 100% | \$ 1,917,000 | \$ 948,000 |
| Dept. of Commerce (31)..... 2,617,000 | 1971 | 105,000 | 100 | 1,356,000 | 1,261,000 |
| V Street (33)..... 586,000 | 1973 | 30,753 | 25 | 443,000 | 143,000 |
| Capital Freeway (34)..... 4,118,000 | 1974 | 145,000 | 100 | 1,505,000 | 2,613,000 |
| Fullerton (35)..... 4,873,000 | 1985 | 103,339 | 95 | 4,267,000 | 606,000 |
| Ravensworth Center (32)..... 1,787,000 | 1986 | 29,000 | 100 | 1,451,000 | 336,000 |
| Pepsi-Cola (36)..... 4,066,000 | 1987 | 68,750 | 100 | 2,552,000 | 1,514,000 |
| Charleston (37)..... 4,262,000 | 1993 | 85,267 | 92 | 4,136,000 | 126,000 |
| Tech 100 (38)..... 6,832,000 | 1995 | 167,267 | 96 | 6,832,000 | N/A |
| ----- | | | --- | ----- | ----- |
| Sub-Total..... \$ 32,006,000 | | 846,961 | 95% | \$ 24,459,000 | \$ 7,547,000 |
| ----- | | | --- | ----- | ----- |
| TOTAL..... \$232,418,000 | | 4,498,899 | 94% | \$181,937,000 | \$50,481,000 |
| ===== | | | === | ===== | ===== |

</TABLE>

- (a) 1901 Pennsylvania Avenue is undergoing significant renovations; see "Recent Developments" and "Description of Real Estate Investments".
- (b) The site of Munson Hill Towers apartments is rented under a ground lease requiring annual payments of \$22,590 until the expiration of the lease in 2060.

DESCRIPTION OF REAL ESTATE INVESTMENTS

The Trust's portfolio of 38 properties consists of 13 office buildings with approximately 1,321,000 rentable square feet, 11 shopping centers with approximately 1,034,000 rentable square feet, five high-rise apartment buildings with approximately 1,200 units and nine industrial distribution properties with approximately 847,000 square feet. In the opinion of management, the Trust's properties are adequately protected by "all risk" insurance coverage, have been well maintained and are in good condition.

The following are descriptions of WRIT's most significant properties in each property group, in terms of total investment.

OFFICE BUILDING GROUP:

Tycon Plaza II and III
8229-8245 Boone Boulevard
Tysons Corner, Virginia

In June 1994, the Trust purchased these two 8-story office buildings containing a total of 293,000 rentable square feet plus on-site parking for 895 cars. At the time of purchase, the property was 71% leased and at March 31, 1995, was 98% leased. Over the past year, extensive improvements totaling approximately \$784,000 have been made in order to reposition the property in its market.

One Metro Square
51 Monroe Street
Rockville, Maryland

One Metro Square, purchased in 1979, is a 22-story office building containing 208,000 rentable square feet of office and retail space. The property includes an indoor garage with 360 parking spaces. The building is connected by elevated pedestrian bridges to the Montgomery County Office Building-Courthouse complex and to a Washington Metro (subway) station. Portions of the roof are leased for communications antennae, creating additional current annual income of approximately \$270,000.

6110 Executive Boulevard
Rockville, Maryland

In January 1995, the Trust purchased this 10-story office building containing 198,000 rentable square feet. This property includes a detached 3-story parking deck and on-site parking area for 565 cars. At the time of purchase, the property was 91% leased. At March 31, 1995, the property was 93% leased, and new leases are being signed at rents of \$17.50 per square foot, which is above the building average of \$15.86.

7700 Leesburg Pike
Falls Church, Virginia

In October 1990, WRIT purchased 7700 Leesburg Pike, a circular four-story office building and parking deck with an interior wooded atrium and office tower in the center. The property contains a total of 122,000 rentable square feet, and is located just inside the Capital Beltway (I-495) near Tysons Corner, Virginia. There are approximately 465 decked and open parking spaces. The building won an American Institute of Architecture award and is set in a wooded campus environment on seven acres of land. The existing building was 95% leased at March 31, 1995, and there is strong leasing interest from prospective tenants for additional space. Plans and specifications are now complete for the addition of 20,000 square feet of office space to the top deck of the parking structure. Completion of the construction of the addition is expected in the fourth quarter of 1995.

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1901 Pennsylvania Avenue, N.W.
Washington, D.C.

1901 Pennsylvania Avenue is an 11-story office building with 97,000 rentable square feet located three blocks west of the White House and two blocks from a Washington Metro station. As the result of three lease expirations in late 1994 and early 1995, this property was 51% leased at March 31, 1995. Though this occupancy level is not acceptable, it provides the Trust with an opportunity to make major capital improvements to this 35-year old building. The Trust has remodeled the lobby, replaced the roof and is in the process of modernizing the hallways, elevators, mechanical systems and restrooms. The Pennsylvania Avenue location and the desire of the Trust to lease to small space users, along with the upgraded building features, are expected to reposition this property in its market.

SHOPPING CENTER GROUP:

Montgomery Village Center
Montgomery Village Avenue
Gaithersburg, Maryland

In December 1992, the Trust purchased Montgomery Village Center, a Giant Food supermarket anchored shopping center, containing 169,000 square feet of retail space, 28,000 square feet of townhouse-type office space and on-site parking for 791 cars. At March 31, 1995, this property was 93% leased. This property is located in the Montgomery Village Planned Unit Development ("P.U.D."), and its value is substantially enhanced by the controlled nature of the zoning restrictions in the P.U.D. and in the Gaithersburg, Maryland area in general with its existing restrictions on commercial growth and lack of available building sites.

Bradlee Shopping Center
3600 King Street
Alexandria, Virginia

The Bradlee Shopping Center contains 168,000 square feet of rentable area, and existing tenants include Giant Food, G.C. Murphy, Rite-Aid and 43 other tenants. As the Trust has expanded and improved the shopping center and its tenancy, annual rents have increased from \$1,124,000 in 1985, the first full year of the property's operations under WRIT, to \$3,614,000 in 1995. Located in a densely populated area with few vacant building sites, this property was 100% leased at March 31, 1995.

The Shoppes of Foxchase
4600 Duke Street
Alexandria, Virginia

In 1994, the Trust purchased the Shoppes of Foxchase containing 128,000 rentable square feet, plus on-site parking for 583 cars. The center is anchored by Rite-Aid and Magruder's stores and was 94% leased at March 31, 1995. The timing of various lease expirations affords the Trust opportunities to enhance the property's gross revenues over the near term. In the meantime, the property is earning a 12% return on investment (funds from operations divided by total investment).

Chevy Chase Metro Plaza
5252 Wisconsin Avenue, N.W.
Washington, D.C.

The Trust has recently repositioned this property. Beginning in the fourth quarter of 1994, with completion expected in the third quarter of 1995, the property is being increased in size by the addition of 10,000 square feet through the termination of a movie theater lease, installation of two floors in the theater area and the renovation of other vacant space in the building. The property now contains 49,000 square feet of retail space. All of the new addition and renovation area, totaling 31,500 square feet, has been leased to T.J. Maxx. Riggs National Bank and two restaurants occupy the balance of the leased space. There is strong tenant interest in leasing the remaining 10,000 square feet in the property. Interior parking is provided in the

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attached three deck parking garage containing 133 parking spaces. This property was formerly known as Jenifer One Shopping Center and is located in the Chevy Chase area of the District of Columbia, adjacent to a Metro entrance. Nearby shopping anchored by Lord & Taylor, Saks Fifth Avenue and Neiman-Marcus provides substantial retail traffic.

APARTMENT BUILDING GROUP:

Munson Hill Towers
6129 Leesburg Pike
Falls Church, Virginia

Munson Hill Towers is a luxury, architecture award-winning, 12-story apartment building that contains 279 apartments and is located approximately eight miles from downtown Washington, D.C. The 12 1/2 acre property upon which the building is situated includes a swimming pool, tennis court and other recreational facilities. In addition, there are 450 on-site parking spaces. This property was 98% leased at March 31, 1995.

3801 Connecticut Avenue, N.W.
Washington, D.C.

3801 Connecticut Avenue is a nine-story apartment building containing 307 apartment units and 3,150 square feet of office space. The building has 92 indoor parking spaces. The apartments are subject to District of Columbia rent control laws, which allow landlords to make rent increases tied to the rate of inflation (subject to an annual maximum of 10%) and also allow additional rent increases as units are re-rented to new tenants. This property was 97% leased at March 31, 1995.

INDUSTRIAL DISTRIBUTION PROPERTY GROUP:

Tech 100 Industrial Park
N/E/C Route #100 and Route #1
Howard County, Maryland

In May 1995, the Trust purchased the Tech 100 Industrial Park, a 3-building industrial distribution complex containing 167,000 square feet plus on-site parking for 331 cars. Tech 100 is located 25 miles northeast of Washington, D.C. and 7 miles southwest of Baltimore, Maryland, in the Route 100 Industrial Park which contains 2.5 million square feet of industrial distribution space within 3 miles of Baltimore-Washington International Airport. Route 100 is a major arterial road connecting Interstate 95 with Interstate 97 and Route 301. At the time of acquisition, the property was 96% leased. With leases beginning to mature, the Trust expects to renew tenant leases at current market rental rates, which it believes are above existing rates on maturing leases.

Fullerton Business Center
7401 Fullerton Road
Springfield, Virginia

Fullerton Business Center is located in the 2,000,000 square foot Fullerton Industrial Park. This multi-tenanted property contains 103,000 square feet plus on-site parking for 247 cars. At March 31, 1995, the property was 95% leased.

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SELECTED FINANCIAL DATA
(IN THOUSANDS, EXCEPT PER SHARE DATA)

The following table sets forth selected financial data for the Trust and should be read in conjunction with the Financial Statements and Notes incorporated herein by reference.

<TABLE>
<CAPTION>

| | YEAR ENDED DECEMBER 31, | | | | | THREE MONTHS ENDED MARCH 31, | |
|---|-------------------------|-----------|-----------|-----------|-----------|---------------------------------|-----------|
| | 1990 | 1991 | 1992 | 1993 | 1994 | 1994 | 1995 |
| <S> | <C> | <C> | <C> | <C> | <C> | <C> | <C> |
| OPERATING DATA | | | | | | | |
| Real estate rental revenue.... | \$ 30,233 | \$ 33,311 | \$ 34,132 | \$ 39,375 | \$ 45,511 | \$ 11,312 | \$ 12,464 |
| Real estate expenses..... | (9,557) | (10,089) | (10,330) | (11,830) | (14,031) | (3,280) | (3,897) |
| | 20,676 | 23,222 | 23,802 | 27,545 | 31,480 | 8,032 | 8,567 |
| Depreciation..... | (3,065) | (3,289) | (3,388) | (3,616) | (3,933) | (922) | (1,075) |
| | 17,611 | 19,933 | 20,414 | 23,929 | 27,547 | 7,110 | 7,492 |
| Other income (expense)..... | 2,213 | 2,326 | 3,311 | 1,496 | (550) | (654) | 102 |
| Interest expense..... | (1,053) | (1,080) | (454) | (61) | (614) | 0 | (532) |
| General and administrative.... | (2,649) | (2,793) | (2,842) | (2,858) | (3,261) | (651) | (903) |
| Income before gain on sale of real estate..... | 16,122 | 18,386 | 20,429 | 22,506 | 23,122 | 5,805 | 6,159 |
| Gain on sale of real estate... | 0 | 0 | 0 | 741 | 0 | 0 | 0 |
| Net income..... | \$ 16,122 | \$ 18,386 | \$ 20,429 | \$ 23,247 | \$ 23,122 | \$ 5,805 | \$ 6,159 |
| Income before gain on sale of real estate per share (1)... | \$ 0.69 | \$ 0.74 | \$ 0.76 | \$ 0.80 | \$ 0.82 | \$ 0.21 | \$ 0.22 |
| Net income per share (1)..... | \$ 0.69 | \$ 0.74 | \$ 0.76 | \$ 0.82 | \$ 0.82 | \$ 0.21 | \$ 0.22 |

</TABLE>

<TABLE>
<CAPTION>

| | DECEMBER 31, | | | | | MARCH 31, | |
|---|--------------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 1990 | 1991 | 1992 | 1993 | 1994 | 1994 | 1995 |
| <S> | <C> | <C> | <C> | <C> | <C> | <C> | <C> |
| BALANCE SHEET DATA | | | | | | | |
| Real estate (at cost)..... | \$113,317 | \$117,576 | \$155,765 | \$170,461 | \$206,378 | \$172,711 | \$225,585 |
| Total assets..... | 106,955 | 135,741 | 185,673 | 162,011 | 178,806 | 162,418 | 195,034 |
| Mortgages payable..... | 12,379 | 11,329 | 1,115 | 0 | 0 | 0 | 0 |
| Lines of credit payable/ Short-term bank loan..... | 0 | 0 | 21,000 | 0 | 18,000 | 0 | 34,000 |
| Shareholders' equity..... | 90,621 | 119,944 | 159,027 | 157,348 | 154,659 | 156,801 | 154,040 |

</TABLE>

<TABLE>
<CAPTION>

| | YEAR ENDED DECEMBER 31, | | | | | THREE MONTHS ENDED MARCH 31, | |
|---|-------------------------|-----------|-----------|-----------|-----------|---------------------------------|----------|
| | 1990 | 1991 | 1992 | 1993 | 1994 | 1994 | 1995 |
| <S> | <C> | <C> | <C> | <C> | <C> | <C> | <C> |
| OTHER DATA | | | | | | | |
| Funds from operations (2).... | \$ 19,187 | \$ 21,675 | \$ 23,817 | \$ 26,122 | \$ 27,055 | \$ 6,727 | \$ 7,234 |
| Weighted average number of shares outstanding (1)..... | 23,223 | 24,708 | 26,910 | 28,223 | 28,239 | 28,233 | 28,243 |
| Dividends paid..... | \$ 17,031 | \$ 19,672 | \$ 22,513 | \$ 24,380 | \$ 25,981 | \$ 6,495 | \$ 6,778 |
| Dividends paid per share (1)..... | \$ 0.73 | \$ 0.79 | \$ 0.84 | \$ 0.89 | \$ 0.92 | \$ 0.23 | \$ 0.24 |

</TABLE>

(1) Adjusted to give effect to the 3-for-2 share split in May 1992.

(2) Funds from Operations ("FFO"), as defined by the National Association of Real Estate Investment Trusts ("NAREIT"), is net income adjusted for depreciation and amortization and gains or losses from property sales. FFO does not represent cash flows from operations as defined by generally accepted accounting principles, should be considered along with, but not as an alternative to, net income as an indicator of the Company's operating performance and is not indicative of cash available to fund all cash flow needs. In March 1995, NAREIT issued a clarification of its definition of FFO. The clarification provides that amortization of deferred financing costs and depreciation of non-real estate assets are no longer to be added back to net income in arriving at FFO and that extraordinary, nonrecurring items should be adjusted out of net income. The amounts reflected in this Prospectus have been adjusted to incorporate that clarification.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

WRIT's fundamental emphasis is on the growth of cash flow from operating activities. Dividends to shareholders are based upon these cash flows. WRIT's capital improvements, leasing and management, and acquisitions of additional properties are the major contributors to sustained growth of cash flows.

Occupancy rates have a major impact on rental revenue. Other factors such as new or renewal leases at market rates, Consumer Price Index based annual rental rate increases, increases in rentable area, timing of new property acquisitions and certain other capital expenditures also influence rental revenue.

Three Months Ended March 31, 1995 and 1994:

Income from real estate in the first quarter of 1995 of \$7,492,497 increased 5% compared with \$7,110,032 for the first quarter of 1994. This increase is primarily attributable to the Tycon Plaza II and III office buildings acquired June 1, 1994, the Shoppes of Foxchase acquired June 30, 1994 and the 6110 Executive Boulevard office building acquired January 26, 1995. Net income for the three months ended March 31, 1995 in the amount of \$6,159,411 or \$.22 per share increased 6% from \$5,805,007 or \$.21 per share from the comparable quarter of 1994.

The average occupancy of 95% for the year 1994 decreased to 93% for the first quarter of 1995. This decrease is due primarily to vacancies at one of WRIT's office buildings, 1901 Pennsylvania Avenue and one shopping center, Chevy Chase Metro Plaza. In late 1994, WRIT commenced a major capital improvement program at 1901 Pennsylvania Avenue in order to promote the expeditious lease-up of this property. On March 23, 1995, T.J. Maxx, a national retailer, took possession of 31,500 square feet of space at Chevy Chase Metro Plaza. This increased the occupancy level from 39% on March 22, 1995 to 90% on the date of possession. The term of this lease is ten years.

Real estate operating expenses as a percentage of revenue were 31% for the three months ended March 31, 1995 as compared to 29% for the comparable period of 1994. This increase is attributable to the decline in occupancy levels in the first quarter of 1995 as compared to the first quarter of 1994 and to the fact that operating expenses as a percentage of revenues are higher for office building properties than all other property types within the WRIT portfolio. WRIT's percentage of office buildings within its entire real estate portfolio has increased from 39% at March 31, 1994 to 42% as of March 31, 1995 based on revenues. This increase is primarily attributable to the acquisitions of the Tycon Plaza II and III office buildings in June 1994 and the 6110 Executive Boulevard office building in January 1995.

In the first quarter of 1994, a marketable investment security was written down to its estimated realizable value, resulting in a charge of \$799,571 to operations. This amount is included in the \$654,209 of other expense in the statement of operations at March 31, 1994.

Investment income declined for the three months ended March 31, 1995 compared to the same period of 1994 due to substantial funds previously invested in marketable securities being utilized for property acquisitions.

Interest expense was \$531,625 for the quarter ended March 31, 1995 as a result of the \$18,000,000 of outstanding advances on the line of credit obtained in June 1994 and \$16,000,000 of outstanding advances obtained in connection with the January 26, 1995 acquisition of the 6110 Executive Boulevard office building.

General and administrative expenses increased \$252,573 or 39% for the three months ended March 31, 1995 as compared to the same period in 1994. The majority of this increase is the result of personnel additions since June 1994 and annual increases in officers' salaries effective January 1, 1995. These personnel

additions include WRIT's current president and chief executive officer who joined WRIT in June 1994 as president and chief operating officer.

Twelve Months Ended December 31, 1994:

The percentage increase in real estate rental revenue from 1993 to 1994 by property type was as follows:

| <TABLE> | <S> | <C> |
|---------|---|-----|
| | Office Buildings..... | 34% |
| | Apartment Buildings..... | 4% |
| | Shopping Centers..... | 5% |
| | Industrial Distribution Properties..... | 17% |

During 1994, WRIT's office building group achieved increases of 34% in revenues and 36% in operating income, mostly due to the acquisitions of the three Heritage office buildings in November 1993 and the two Tycon Plaza office buildings in June 1994.

The Tycon office buildings were 71% leased at acquisition in June 1994, 90% leased at December 31, 1994 and 98% leased as of March 31, 1995. The Heritage properties were acquired in November 1993 and include three office buildings (the Lexington, Saratoga and Brandywine), and one industrial distribution property (the Charleston). At December 31, 1994, the Lexington and Brandywine office buildings were 100% leased and the Saratoga 96% leased.

The income growth from office buildings owned for all of 1993 and 1994 was due to increases in rental rates and improved occupancy levels at 7700 Leesburg Pike. This growth was partially offset by a substantial increase in vacancy during 1994 at the 1901 Pennsylvania Avenue property, which lost 3 major tenants resulting in an occupancy level of 52% at year end. The Trust commenced a major capital improvement program at 1901 Pennsylvania Avenue in 1994 in order to promote the expeditious lease-up of this property. See "Description of Real Estate Investments".

During 1994, WRIT's apartment building group showed increases of 4% in revenues and 7% in operating income due to the combination of a 2% increase in rental rates and an overall increase in occupancy to 97% in 1994 from 95% in 1993, together with an increase in operating expenses of only 1%.

During 1994, WRIT's shopping center group showed an increase of 5% in revenues and 3% in operating income due to the acquisition of the Shoppes of Foxchase in June 1994.

Excluding the Shoppes of Foxchase, shopping center revenue was down 1% and operating income down 4% for 1994. Major elements of the decrease in operating income included a 10% increase in overall operating expenses and the vacancy at Chevy Chase Metro Plaza to accommodate renovations. See "Description of Real Estate Investments". WRIT has leased the majority of the Chevy Chase Metro Plaza vacancy to T.J. Maxx.

During 1994, WRIT's industrial distribution property group showed increases of 17% in revenues and 15% in operating income due to the acquisition of the Charleston Business Center in November 1993 and major occupancy increases at the Fullerton and Department of Commerce Information Center properties, only slightly offset by an occupancy decrease at the V Street property.

For 1994, excluding the Charleston Business Center, industrial distribution property revenue was up 4% and operating income was up 3%. In 1994, rental rates for these properties declined 1% from 1993, but overall occupancy increased to 94% in 1994 from 89% in 1993.

The average occupancy (for the entire real estate portfolio) was 95% for 1994.

Real estate operating expenses as a percentage of revenue was 31% during 1994.

In 1994, other income (expense) became an expense/charge to operations as a result of the following:

- a) A decline in interest income from 1993 to 1994 due to the use of funds for properties acquired in 1994.
- b) At March 31, 1994, a marketable investment security was written down to its estimated realizable value, resulting in a charge of \$800,000 to operations in the first quarter of 1994. This security was sold in May, 1994 for its March 31, 1994 realizable value.

c) During 1994, WRIT was audited by a State Unclaimed Property Division, resulting in an assessment to WRIT of \$271,000. This amount was charged to operations in the fourth quarter of 1994.

Interest expense was \$614,000 for the year of 1994 as a result of the \$9,000,000 advance on the line of credit on June 1, 1994 for the acquisition of Tycon Plaza II and III and an additional advance of \$9,000,000 for the acquisition of The Shoppes of Foxchase on June 30, 1994.

CAPITAL RESOURCES AND LIQUIDITY

WRIT has utilized the proceeds of Share offerings, long-term fixed interest rate debt, lines of credit and cash flow from operations for its capital needs. The WRIT philosophy has been to acquire income-producing real estate with strong growth potential and to improve its real estate holdings through carefully planned additions and improvements to control operating expenses and generate higher rental income.

On January 26, 1995, WRIT acquired the 6110 Executive Boulevard office building with approximately 198,000 rentable square feet of office space and a detached three story parking deck in Rockville, Maryland, at a purchase price of \$16,380,000. Capital improvements (including tenant work) of \$2,691,000 to WRIT's various properties were completed in the first three months of 1995. After the acquisition of 6110 Executive Boulevard in January 1995 and capital improvements in the first quarter of 1995, the remainder of cash and marketable investment securities was approximately \$1,008,000 at March 31, 1995.

External sources of capital are available to WRIT from its existing unsecured credit commitments and management believes that additional sources of capital are available from selling additional Shares and/or the issuance of debt. As of June 30, 1995, WRIT had line of credit commitments in place from commercial banks for up to \$75,000,000 of which \$43,000,000 is currently outstanding at a weighted average interest rate of 6.8% with maturities ranging from August 25, 1995 (subject to extension until August 25, 1998 at WRIT's option) to January 31, 1999. These lines of credit may be used to purchase income-producing property or for capital improvements. Of these lines, \$25,000,000 are under a 4-year revolving credit agreement and \$50,000,000 are for 1 year with WRIT having the right to extend the maturity date of advances for up to 4 years. Both lines of credit are therefore considered medium-term rather than short-term.

Cash flow from operating activities totaled \$8,300,000 for the three months ended March 31, 1995 including net income of \$6,200,000 and depreciation of \$1,100,000. Rental revenue has been the principal source of funds to pay the Trust's operating expenses, interest expense and dividends to shareholders. The Trust paid a dividend of \$6,800,000 during the first quarter.

Net cash used in investing activities for the three months ended March 31, 1995 was \$17,800,000, including the acquisition of 6110 Executive Boulevard for \$16,500,000 and capital improvements to the Trust's properties of \$2,700,000, less \$1,400,000 provided by the maturity and or sale of marketable securities. Financing activities provided \$16,000,000 from borrowings under the Trust's lines of credit.

Management believes that it has the liquidity and the access to capital necessary to meet all of its known obligations and to make additional property acquisitions when appropriate. WRIT continues to pursue acquisition opportunities and capital improvement projects to enhance long-term growth.

MANAGEMENT

The Trustees and executive officers of the Trust are:

<TABLE>
<CAPTION>

| NAME | AGE | POSITION |
|----------------------------|-----|---|
| Arthur A. Birney..... | 67 | Trustee and Chairman of the Board |
| Edmund B. Cronin, Jr. | 58 | Trustee, President and Chief Executive Officer |
| Mary Beth Avedesian..... | 35 | Vice President -- Investments |
| William N. Cafritz..... | 69 | Trustee (President, William Cafritz Development Corp., a real estate development company) |
| Benjamin H. Dorsey..... | 71 | Trustee, Secretary and General Counsel |
| Larry E. Finger..... | 42 | Senior Vice President and Chief Financial Officer |
| Laura M. Franklin..... | 34 | Vice President and Chief Accounting Officer |
| Sandra T. Hunt..... | 43 | Vice President -- Leasing |

| | | |
|------------------------|----|---|
| B. Franklin Kahn..... | 70 | Trustee and Chairman Emeritus (President, Benjamin Franklin Corporation) |
| David M. Osnos..... | 63 | Trustee (Senior partner, Arent Fox Kintner Plotkin & Kahn (legal counsel to the Trust); Director, VSE Corporation, an engineering company; Director, EastGroup Properties, a real estate company) |
| Kenneth C. Reed..... | 42 | Vice President -- Property Management |
| Thomas L. Regnell..... | 38 | Vice President -- Acquisitions |
| Stanley P. Snyder..... | 60 | Trustee (Chairman, Snyder, Kamerow & Associates, P.C., Certified Public Accountants) |

</TABLE>

Mr. Arthur A. Birney, a founding Trustee, is Managing Partner and Chief Executive Officer of Washington Brick & Terra Cotta Company, a real estate investment and holding company founded in 1892, and President of Port Annapolis Marina, Inc.

Mr. Edmund B. Cronin, Jr. has 35 years of real estate investment, operations and finance experience in the Washington-Baltimore metropolitan market. From 1977 to 1993, he served as Chairman and Chief Executive Officer of Smithy Braedon, a full service commercial real estate firm providing leasing, sales, asset management, finance, consulting, investment advisory and development services. From 1993 until joining WRIT in June 1994, Mr. Cronin was Chief Executive Officer of H.G. Smithy Company, a real estate management and investment advisory service company whose debt and equity assets under management total approximately \$1.5 billion.

Ms. Mary Beth Avedesian joined the Trust as Vice President -- Investments in March 1995. Ms. Avedesian was an Assistant Vice President for Towle Financial Services from 1993 to 1995, where she was responsible for acquisition due diligence and asset management. From 1991 to 1993, Ms. Avedesian was a Marketing Manager for AMRESCO, a subsidiary of NationsBank formed to dispose of bank-owned property; and from 1987 to 1991 Ms. Avedesian was a Financial Analyst and Development Coordinator with Himmel and Company on the \$350 million Reston Town Center.

Mr. Benjamin H. Dorsey, a co-founder of the Trust, has held the position of Secretary and General Counsel since 1960.

Mr. Larry E. Finger, an attorney and CPA, joined the Trust as Vice President and Chief Financial Officer in December 1993 and was promoted to Senior Vice President and Chief Financial Officer in June 1995. Mr. Finger previously served as Chief Operating Officer of Savage/Fogarty Companies, Inc., a real estate

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investment, management and development company based in Alexandria, Virginia. Mr. Finger was employed by Savage/Fogarty for 13 years, from 1978 to 1991 serving four years in the accounting division, ultimately as Vice President -- Finance, seven years as Senior Vice President and General Counsel then Executive Vice President and General Counsel, and finally two years as Chief Operating Officer. During 1992 and until he joined the Trust, Mr. Finger created and operated a multi-restaurant delivery business in Richmond, Virginia.

Ms. Laura M. Franklin, a CPA, joined the Trust as Assistant Vice President -- Finance in August 1993 and was promoted to Vice President and Chief Accounting Officer in June 1995. From 1985 to 1993, Ms. Franklin was an associate with Reznick, Fedder and Silverman, P.C., a regional public accounting firm known nationally to the real estate industry. While at Reznick, Ms. Franklin provided audit and tax services to clients.

Ms. Sandra T. Hunt has held the position of Vice President -- Leasing since 1984.

Mr. Kenneth C. Reed, Vice President -- Property Management, is President of CSN Management, Inc., which manages the Trust's properties. Mr. Reed has been with CSN Management since 1983 and has held the position of President since 1991.

Mr. Thomas L. Regnell joined the Trust as Vice President -- Acquisitions in January 1995. Mr. Regnell previously served as an Investment Officer with Federal Realty Investment Trust in Bethesda, Maryland. Mr. Regnell was employed by Federal Realty from 1992 to 1995, and was responsible for Federal Realty's real estate acquisitions in the Midwest and Southeast United States. Prior to joining Federal Realty, Mr. Regnell was a Vice President with Spaulding & Slye Company, a real estate development, brokerage and management company in Bethesda, Maryland.

SHARES

The Trust is authorized to issue an unlimited number of Shares. The Shares

do not have preference, conversion, exchange, preemptive, cumulative voting or redemption rights. Holders of Shares are entitled to one vote per Share, to participate pro rata in distributions as may be declared by the Trustees and, upon liquidation of the Trust, to receive their pro rata share of the assets after payment of liabilities and expenses of the Trust. All of the Trust's outstanding Shares are, and the Shares offered hereby will be, when issued against full payment of the agreed purchase price, validly issued, fully paid and, subject to the matters set forth below, non-assessable.

The Shares are not redeemable at the option of the Trust except (i) to the extent that would be necessary to maintain the Trust's "real estate investment trust" tax status under the Internal Revenue Code of 1986, as amended (the "Code"), or (ii) where necessary to prevent any person or entity from owning more than 10% of the Shares. The Trust's Declaration of Trust provides that any merger, consolidation or liquidation of the Trust, or any sale of all or substantially all of its assets, must be approved by a majority of the Trustees, and that if any such transaction is with, into or to a Related Shareholder (a person or entity beneficially owning, directly or indirectly, 5% or more of the outstanding Shares), the transaction must be approved by a majority of the Trustees not appointed or nominated by or acting on behalf of the Related Shareholder or an affiliate or associate of the Related Shareholder. The Declaration of Trust also establishes the number of Trustees at not less than three nor more than seven and divides the Trustees into three classes to be elected on a staggered basis. The provisions referred to in this paragraph may be amended only by the affirmative vote of the holders of 70% or more of the outstanding Shares. The Declaration of Trust may otherwise be amended by a vote of the holders of a majority of the outstanding Shares. Shareholders may remove any Trustee by the affirmative vote of the holders of two-thirds of the outstanding Shares at a meeting called for such purpose.

The Declaration of Trust provides that no shareholder shall be personally liable in connection with the Trust's property or the affairs of the Trust. The Declaration of Trust further provides that the Trust shall indemnify and hold harmless shareholders against all claims and liabilities and related reasonable expenses to which they become subject by reason of their being or having been shareholders. In addition, the Trust as a matter of practice inserts a clause in its business, management and other contracts which provides that shareholders shall not be personally liable thereunder. Benjamin H. Dorsey, Esquire, General Counsel for the

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Trust, is of the opinion that under the laws of the District of Columbia and most other jurisdictions, no personal liability will attach to the Trust's shareholders for contract claims under any contract containing such a clause where adequate notice is given. However, in respect to tort claims and contract claims where shareholder liability is not so negated, claims for taxes and certain statutory liabilities, the shareholders may, in some jurisdictions, be personally liable to the extent that such claims are not satisfied by the Trust. The Trust carries public liability insurance which the Trustees consider adequate. Thus, any risk of personal liability to shareholders is limited to situations in which the Trust's assets, plus its insurance coverage, would be insufficient to satisfy the claims against the Trust and its shareholders or the Trust's assets were insufficient to satisfy such claims and the Trust's insurance did not cover them.

Outstanding Shares are listed on the American Stock Exchange and application has been made to list the additional Shares that are being offered hereby by the Trust. American Stock Transfer & Trust Company, New York, New York is the transfer agent for the Trust's Shares.

TAXATION

The Trust has elected to be taxed as a real estate investment trust under the Code. Real estate investment trusts which meet certain qualifications are relieved of federal income taxes on ordinary income and capital gains distributed to shareholders. In the opinion of Arent Fox Kintner Plotkin & Kahn, legal counsel for WRIT, the Trust has qualified as a real estate investment trust for the years 1978-1994 and its present and contemplated method of operation will put it in a position to continue to so qualify. David M. Osnos, a Trustee, is a partner of such firm.

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UNDERWRITING

Subject to the terms and conditions set forth in a Purchase Agreement (the "Purchase Agreement"), the Trust has agreed to sell to each of the Underwriters named below, and each of the Underwriters, for whom Merrill Lynch, Pierce, Fenner & Smith Incorporated, Alex. Brown & Sons Incorporated, A.G. Edwards & Sons, Inc. and Legg Mason Wood Walker, Incorporated are acting as representatives (the "Representatives"), has severally agreed to purchase from the Trust, the number of Shares set forth below opposite their respective names. The Underwriters are committed to purchase all of such Shares if any are purchased. Under certain circumstances, the commitments of non-defaulting

Underwriters may be increased as set forth in the Purchase Agreement.

<TABLE>
<CAPTION>

| UNDERWRITER | NUMBER OF SHARES ----- |
|--|------------------------------|
| <S> | <C> |
| Merrill Lynch, Pierce, Fenner & Smith Incorporated..... | |
| Alex. Brown & Sons Incorporated..... | |
| A.G. Edwards & Sons, Inc..... | |
| Legg Mason Wood Walker, Incorporated..... | |
| | ----- |
| Total..... | 3,500,000 ===== |

</TABLE>

The Representatives have advised the Trust that the Underwriters propose initially to offer the Shares to the public at the public offering price set forth on the cover of this Prospectus, and to certain dealers at such price less a concession not in excess of \$. per Share. The Underwriters may allow, and such dealers may realow, a discount not in excess of \$. per Share on sales to certain other dealers. After the initial public offering, the public offering price, concession and discount may be changed.

The Trust has granted to the Underwriters an option exercisable within 30 days after the date hereof to purchase up to 525,000 additional Shares to cover over-allotments, if any, at the initial public offering price less the underwriting discount set forth on the cover page of this Prospectus. If the Underwriters exercise this option, each of the Underwriters will have a firm commitment, subject to certain conditions, to purchase approximately the same percentage thereof that the number of Shares to be purchased by it shown in the foregoing table is of the 3,500,000 Shares initially offered hereby.

The Trust has agreed to indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended.

The Trust and its officers and Trustees have agreed that for a period of 90 days from the date of this Prospectus they will not, without the prior written consent of the Representatives, offer, sell, grant any option for the sale of or otherwise dispose of any Shares, except for grants of options or issuances of Shares upon exercise of options pursuant to the Trust's Incentive Share Option Plan and the Trust's Dividend Reinvestment Plan.

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EXPERTS

The financial statements incorporated in this Prospectus by reference to the Trust's Annual Report on Form 10-K for the year ended December 31, 1994 have been so incorporated in reliance on the report of Price Waterhouse LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

LEGAL OPINIONS

Arent Fox Kintner Plotkin & Kahn, Washington, D.C., legal counsel to the Trust, has delivered an opinion to the effect that the Shares offered hereby are legally issued, fully paid, free of preemptive rights and, subject to the matters discussed under the caption "Shares," non-assessable, and have passed on certain tax matters relating to the qualification of the Trust as a real estate investment trust. Certain legal matters with respect to the Shares offered hereby will be passed on for the Underwriters by Brown & Wood, New York, New York.

AVAILABLE INFORMATION

The Trust is subject to the information requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports and other information with the Securities and Exchange Commission (the "Commission"). Reports, proxy statements and other information filed by the Trust can be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 and at the Commission's Regional Offices at 7 World Trade Center, New York, New York 10048 and 500 West Madison Street, Suite 1400, Chicago, Illinois 60661, and copies of such material can be obtained at prescribed rates from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549. The Trust's Shares are listed on the American Stock Exchange, 86 Trinity Place, New York, New York 10005 and reports, proxy statements and other information filed by the Trust can be inspected at such Exchange. The Trust has filed a Registration Statement on Form S-3 (together with all amendments and exhibits thereto, the "Registration Statement") under the Securities Act of 1933, as amended. This Prospectus does not contain all the

information set forth in the Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the Commission. For further information, reference is made to the Registration Statement.

DOCUMENTS INCORPORATED BY REFERENCE

The Trust hereby incorporates by reference the following documents filed with the Commission pursuant to the Exchange Act: the Annual Report of the Trust on Form 10-K for the year ended December 31, 1994 and the Quarterly Report of the Trust on Form 10-Q for the quarter ended March 31, 1995. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein, or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein, modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

All documents filed by the Trust pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this Prospectus and prior to the termination of this offering shall be deemed to be incorporated by reference into this Prospectus and to be a part hereof from the date of filing such documents.

Copies of all documents incorporated by reference, other than exhibits to such documents not specifically incorporated by reference therein, will be provided without charge to each person who receives a copy of this Prospectus on the written or oral request of such person directed to Larry E. Finger, Washington Real Estate Investment Trust, 10400 Connecticut Avenue, Kensington, Maryland 20895, telephone (301) 929-5900 or (800) 565-9748.

NO DEALER, SALESMAN OR OTHER INDIVIDUAL HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS NOT CONTAINED IN THIS PROSPECTUS IN CONNECTION WITH THE OFFERING COVERED BY THIS PROSPECTUS. IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE TRUST OR THE UNDERWRITERS. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, THE SHARES IN ANY JURISDICTION WHERE, OR TO ANY PERSON TO WHOM, IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE FACTS SET FORTH IN THIS PROSPECTUS OR IN THE AFFAIRS OF THE TRUST SINCE THE DATE HEREOF.

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[WRIT LOGO]
WASHINGTON
REAL ESTATE
INVESTMENT TRUST

BENEFICIAL INTEREST

 PROSPECTUS

MERRILL LYNCH & CO.

ALEX. BROWN & SONS
 INCORPORATED

A.G. EDWARDS & SONS, INC.

LEGG MASON WOOD WALKER
 INCORPORATED

JULY , 1995

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth the expenses in connection with the issuance and distribution of the securities being registered, other than underwriting discounts and commissions:

| <TABLE> <S> | <C> |
|---|-----------|
| Registration fee -- Securities and Exchange Commission..... | \$ 21,687 |
| Filing fee -- NASD..... | 6,790 |
| American Stock Exchange Listing Fee..... | 17,500 |
| *Blue Sky fees and expenses (including legal fees)..... | 15,000 |
| *Accounting fees and expenses..... | 35,000 |
| *Legal fees and expenses..... | 47,500 |
| *Printing and engraving..... | 46,000 |
| *Transfer agent and registrar fees..... | 3,500 |
| *Miscellaneous..... | 17,023 |
| | ----- |
| Total..... | \$210,000 |
| | ===== |

</TABLE>

- -----
 * Estimated.

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

The Amendment to the Trust's Declaration of Trust dated June 24, 1987 provides that no Trustee or officer of the Trust shall be personally liable, in tort, contract or otherwise, in connection with Trust property or the affairs of the Trust, or on account of his own acts or omissions to the Trust, or to any shareholder, Trustee, officer or agent thereof except for (i) any breach of the duty of loyalty of the Trustee or officer to the Trust or its shareholders, (ii) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, or (iii) any transaction from which the Trustee or officer derived any improper personal benefit. All persons shall look solely to the Trust property for satisfaction of claims of any nature in connection with the affairs of the Trust.

The form of Purchase Agreement included in Exhibit 1 to this Registration Statement provides for indemnification of the Trustees and officers against certain liabilities, including liabilities under the Securities Act of 1933.

ITEM 16. EXHIBITS.

| <TABLE> <S> | <C> |
|----------------|--|
| 1. | -- Form of Purchase Agreement. |
| 3. | -- Declaration of Trust and By-Laws. |
| (a) | -- Declaration of Trust, as amended. |
| (b) | -- By-Laws. |
| 5. | -- Opinion of Arent Fox Kintner Plotkin & Kahn.* |
| 8. | -- Tax opinion of Arent Fox Kintner Plotkin & Kahn (included in Exhibit 5).* |

</TABLE>

<TABLE>
 <S> <C>
 10. -- Management contracts, plans and arrangements.
 (a) -- Employment Agreement dated May 11, 1994 with Edmund Cronin, Jr.
 (b) -- 1991 Incentive Stock Option Plan.
 (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.
 23. -- Consents of experts and counsel.
 (a) -- Arent Fox Kintner Plotkin & Kahn (counsel) (included in Exhibit 5).
 (b) -- Price Waterhouse LLP (independent accountants).*
 </TABLE>

- -----
 * Previously filed.

ITEM 17. UNDERTAKINGS.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to Trustees, officers, and controlling persons of the Registrant pursuant to the Registrant's Declaration of Trust or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a Trustee, officer, or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such Trustee, officer, or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, (i) each filing of the Registrant's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof; (ii) the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective; and (iii) each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Amendment No. 2 to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Bethesda, State of Maryland on the 17th day of July, 1995.

WASHINGTON REAL ESTATE INVESTMENT
 TRUST

By: /s/ EDMUND B. CRONIN, JR.

 Edmund B. Cronin, Jr., President and
 Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 2 has been signed by the following persons in the capacities and on the dates indicated.

<TABLE>
 <CAPTION>

| SIGNATURE | TITLE | DATE |
|-----------|-------|-------|
| ----- | ----- | ----- |

| | | |
|---|--|----------------------|
| <S> /s/ ARTHUR A. BIRNEY* ----- Arthur A. Birney | <C> Chairman of the Trustees | <C> July 17, 1995 |
| /s/ WILLIAM N. CAFRITZ* ----- William N. Cafritz | Trustee | July 17, 1995 |
| /s/ EDMUND B. CRONIN, JR. ----- Edmund B. Cronin, Jr. | Trustee, President and Chief Executive Officer | July 17, 1995 |
| /s/ BENJAMIN H. DORSEY* ----- Benjamin H. Dorsey | Trustee | July 17, 1995 |
| /s/ LARRY E. FINGER ----- Larry E. Finger | Senior Vice President and Chief Financial Officer (Principal Accounting Officer) | July 17, 1995 |
| /s/ B. FRANKLIN KAHN* ----- B. Franklin Kahn | Trustee | July 17, 1995 |
| /s/ DAVID M. OSNOS* ----- David M. Osnos </TABLE> | Trustee | July 17, 1995 |

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<TABLE>
<CAPTION>

| SIGNATURE | TITLE | DATE |
|--|----------------|----------------------|
| ----- | ----- | ----- |
| <S> /s/ STANLEY P. SNYDER* ----- Stanley P. Snyder | <C> Trustee | <C> July 17, 1995 |
| ----- | | |
| * Signed by Edmund B. Cronin, Jr., pursuant to a power of attorney previously filed. | | |
| /s/ EDMUND B. CRONIN, JR. ----- Edmund B. Cronin, Jr. | | |
| </TABLE> | | |

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3,500,000 Shares
WASHINGTON REAL ESTATE INVESTMENT TRUST
(a District of Columbia business trust)

Shares of Beneficial Interest

(No Par Value)

PURCHASE AGREEMENT

July __, 1995

MERRILL LYNCH & CO.
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED
ALEX. BROWN & SONS INCORPORATED
A.G. EDWARDS & SONS, INC.
LEGG MASON WOOD WALKER, INCORPORATED
As Representatives of the several Underwriters
c/o Merrill Lynch & Co.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated
Merrill Lynch World Headquarters
North Tower
World Financial Center
New York, New York 10281-1305

Dear Sirs:

Washington Real Estate Investment Trust, a real estate investment trust organized under the laws of the District of Columbia (the "Company"), confirms its agreement with Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch"), Alex. Brown & Sons Incorporated ("Alex. Brown"), A.G. Edwards & Sons, Inc. ("A.G. Edwards") and Legg Mason Wood Walker, Incorporated ("Legg Mason") and each of the other Underwriters named in Schedule A hereto (collectively, the "Underwriters", which term shall also include any underwriter substituted as hereinafter provided in Section 10), for whom Merrill Lynch, Alex. Brown, A.G. Edwards and Legg Mason are acting as representatives (in such capacity, Merrill Lynch, Alex. Brown, A.G. Edwards and Legg Mason shall hereinafter be referred to as the "Representatives"), with respect to the sale by the Company and the purchase by the Underwriters, acting severally and not jointly, of the respective numbers of shares of beneficial interest, no par value, of the Company (the "Shares of Beneficial Interest") set forth in said Schedule A, and with respect to the grant by the Company to the Underwriters of the

option described in Section 2 hereof to purchase all or any part of an additional 525,000 shares to cover over-allotments. The aforesaid 3,500,000 shares (the "Initial Shares"), together with all or any part of the 525,000 shares subject to the option described in Section 2 hereof (the "Option Shares"), are collectively hereinafter called the "Shares".

Prior to the purchase and public offering of the Shares by the several Underwriters, the Company and the Representatives, acting on behalf of the several Underwriters, shall enter into an agreement substantially in the form of Exhibit A hereto (the "Pricing Agreement"). The Pricing Agreement may take the form of an exchange of any standard form of written telecommunication between the Company and the Representatives and shall specify such applicable information as is indicated in Exhibit A hereto. The offering of the Shares will be governed by this Agreement, as supplemented by the Pricing Agreement. From and after the date of the execution and delivery of the Pricing Agreement, this Agreement shall be deemed to incorporate the Pricing Agreement.

The Company has filed with the Securities and Exchange Commission (the "Commission") a registration statement on Form S-3 (No. 33-60581) and a related preliminary prospectus for the registration of the Shares under the Securities Act of 1933, as amended (the "1933 Act"), has filed such amendments thereto, if any, and such amended preliminary prospectuses as may have been required to the date hereof. Such registration statement (as amended, if applicable) and the prospectus constituting a part thereof (including in each case all documents incorporated or deemed to be incorporated by reference therein and the information, if any, deemed to be a part thereof pursuant to Rule 430A(b) or Rule 434 of the rules and regulations under the 1933 Act (the "1933 Act Regulations")), as from time to time amended or supplemented pursuant to the 1933 Act, the Securities Exchange Act of 1934, as amended (the "1934 Act"), or otherwise, are hereinafter referred to as the "Registration Statement" and the "Prospectus", respectively, except that if any revised prospectus shall be provided to the Underwriters by the Company for use in connection with the offering of the Shares which differs from the Prospectus on file at the

Commission at the time the Registration Statement becomes effective (whether or not such revised prospectus is required to be filed by the Company pursuant to Rule 424(b) of the 1933 Act Regulations), the term "Prospectus" shall refer to such revised prospectus from and after the time it is first provided to the Underwriters for such use. All references in this Agreement to financial statements and schedules and other information which is "contained," "included" or "stated" in the Registration Statement or the Prospectus (and all other references of like import) shall be deemed to mean and include all such financial statements and schedules and other

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information which is or is deemed to be incorporated by reference in the Registration Statement or the Prospectus, as the case may be; and all references in this Agreement to amendments or supplements to the Registration Statement or the Prospectus shall be deemed to mean and include the filing of any document under the 1934 Act which is or is deemed to be incorporated by reference in the Registration Statement or the Prospectus, as the case may be. If the Company elects to rely on Rule 434 under 1933 Act Regulations, all references to the Prospectus shall be deemed to include, without limitation, the form of prospectus and the abbreviated term sheet, taken together, provided to the Underwriters by the Company in reliance on Rule 434 under the 1933 Act (the "Rule 434 Prospectus"). If the Company files a registration statement to register a portion of the Shares and relies on Rule 462(b) for such registration statement to become effective upon filing with the Commission (the "Rule 462 Registration Statement"), then any reference to "Registration Statement" herein shall be deemed to be to both the registration statement referred to above (No. 33-60581) and the Rule 462 Registration Statement, as each such registration statement may be amended pursuant to the 1933 Act.

The Company understands that the Underwriters propose to make a public offering of the Shares as soon as the Representatives deem advisable after the Registration Statement becomes effective and the Pricing Agreement has been executed and delivered.

Section 1. Representations and Warranties.

(a) The Company represents and warrants to each Underwriter as of the date hereof, as of the date of the Pricing Agreement (such latter date being hereinafter referred to as the "Representation Date") and as of the Closing Time referred to in Section 2(a) hereof, and agrees with each Underwriter as follows:

(i) At the time the Registration Statement and any amendments thereto become effective and at the Representation Date, the Registration Statement will comply in all material respects with the requirements of the 1933 Act and the 1933 Act Regulations and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. The Prospectus, at the Representation Date (unless the term "Prospectus" refers to a prospectus which has been provided to the Underwriters by the Company for use in connection with the offering of the Shares which differs from the Prospectus on file at the Commission at the time the Registration Statement first becomes effective, in which case at the time

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it is first provided to the Underwriters for such use) and at Closing Time, will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the representations and warranties in this subsection shall not apply to that part of the Registration Statement or Prospectus made in reliance upon and in conformity with information furnished to the Company in writing by any Underwriter through the Representatives expressly for use in the Registration Statement or Prospectus.

(ii) The documents incorporated or deemed to be incorporated by reference into the Prospectus, at the time they were or hereafter are filed with the Commission, complied and will comply in all material respects with the requirements of the 1934 Act and the rules and regulations of the Commission thereunder (the "1934 Act Regulations"), and, when read together with the other information in the Prospectus, at the time the Registration Statement and any post-effective amendments thereto become effective and at Closing Time, will not contain an untrue statement of a material fact or omit to state a

material fact required to be stated therein or necessary to make the statements therein not misleading.

(iii) The Company has been duly organized and is validly existing as a business trust of unlimited duration with transferable shares of beneficial interest in good standing under the laws of the District of Columbia, with full power and authority to own, lease and operate its properties and conduct its business as described in the Prospectus and to enter into and perform its obligations under this Agreement and the Pricing Agreement; the Company has no subsidiaries; and the Company is duly qualified to transact business in all jurisdictions in which the conduct of its business or the ownership or leasing of property requires such qualification.

(iv) The outstanding Shares of Beneficial Interest of the Company have been duly authorized and validly issued and are fully paid and, except as described in the Prospectus under the caption "Shares," non-assessable; the Shares have been duly authorized for issuance and sale to the Underwriters pursuant to this Agreement and, when issued and delivered by the Company pursuant to this Agreement against payment of the consideration set forth in the Pricing Agreement, will be validly issued, fully paid and, except as described in the Prospectus under the caption "Shares,"

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non-assessable; and no preemptive rights of shareholders exist with respect to any of the Shares or the issue and sale thereof.

(v) The capitalization of the Company is as set forth in the Prospectus; the Shares conform with the statements concerning them in the Prospectus.

(vi) The financial statements of the Company together with related notes and schedules as set forth or incorporated by reference in the Registration Statement present fairly the financial position and the results of operations of the Company at the indicated dates and for the indicated periods. Such financial statements have been prepared in accordance with generally accepted accounting principles, consistently applied throughout the periods involved, and all adjustments necessary for a fair presentation of results for such periods have been made. The summary financial and statistical data included in the Prospectus present fairly the information shown therein and have been compiled on a basis consistent with the financial statements presented therein.

(vii) There is no action, suit or proceeding before or by any court or governmental agency or body, domestic or foreign, now pending, or, to the knowledge of the Company, threatened, against or affecting the Company, which is required to be disclosed in the Registration Statement (other than as disclosed therein), or which might reasonably be expected to result in any material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company, or which might reasonably be expected to materially and adversely affect the properties or assets thereof or the consummation of this Agreement and the Pricing Agreement or the performance by the Company of its obligations hereunder or thereunder; all pending legal or governmental proceedings to which the Company is a party or of which any of its property or assets is the subject which are not described in the Registration Statement, including ordinary routine litigation incidental to the business, are, considered in the aggregate, not material.

(viii) There are no contracts or documents which are required to be described in the Registration Statement, the Prospectus or the documents incorporated by reference therein or to be filed as exhibits thereto by the 1933 Act, the 1933 Act Regulations, the 1934 Act or the 1934 Act Regulations which have not been so described and filed as required.

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(ix) The Company has good and marketable title to, or valid and enforceable leasehold estates in, all items of real and personal property referred to in the Prospectus as owned or leased by the Company, in each case free and clear of all liens, encumbrances, claims, security interests and defects, other than those referred to in the Prospectus or which are not material in amount. Each lease of

real property by the Company as lessor requiring annual lease payments in excess of \$100,000 is the legal, valid and binding obligation of the lessee in accordance with its terms (except that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought and to the Bankruptcy Act) and the rents which at present have remained due and unpaid for more than 30 days are not payable under leases such that, were no further rental payments to be received under such leases, the financial condition or results of operations of the Company would be materially adversely affected thereby. The Company has no reason to believe that the lessee under any lease (excluding leases for which rent payments due for the remainder of such lease are less than \$500,000) calling for annual lease payments in excess of \$500,000 is not financially capable of performing its obligations thereunder.

(x) The Company has filed all Federal, State and foreign income tax returns which have been required to be filed and has paid all taxes indicated by said returns and all assessments received by it to the extent that such taxes have become due.

(xi) Since the respective dates as of which information is given in the Registration Statement and the Prospectus, except as otherwise stated therein, there has not been any material adverse change or any development involving a prospective material adverse change in or affecting the condition, financial or otherwise, of the Company or the earnings, business affairs, management, or business prospects of the Company whether or not occurring in the ordinary course of business, and there has not been any material transaction entered into by the Company, other than transactions in the ordinary course of business and changes and transactions contemplated by the Registration Statement and Prospectus. The Company has no material contingent obligations which are not disclosed in the Registration Statement and the Prospectus, as they may be amended or supplemented.

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(xii) The Company is not in violation of its Declaration or Trust or in default under any agreement, lease, contract, indenture or other instrument or obligation to which it is a party or by which it or any of its properties is bound and which default is of material significance in respect of the business or financial condition of the Company. The execution, delivery and performance of this Agreement and the Pricing Agreement and the consummation of the transactions contemplated herein and therein and compliance by the Company with its obligations hereunder and thereunder have been duly authorized by all necessary action on the part of the Company and will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, any contract, indenture, mortgage, loan agreement, note, lease, deed of trust or other agreement or instrument to which the Company is a party, nor will such action result in any violation of the provisions of the Declaration of Trust or By-Laws of the Company or any order, rule or regulation applicable to the Company of any court or of any regulatory body or administrative agency or other governmental body having jurisdiction.

(xiii) Each approval, consent, order, authorization, designation, declaration or filing by or with any regulatory, administrative or other governmental body necessary in connection with the execution and delivery by the Company of this Agreement and the Pricing Agreement and the consummation of the transactions herein and therein contemplated (except such additional steps as may be required by the National Association of Securities Dealers, Inc. (the "NASD") or may be necessary to qualify the Shares for public offering by the Underwriters under State securities or Blue Sky laws) has been obtained or made and is in full force and effect.

(xiv) The Company holds all material licenses, certificates and permits from governmental authorities which are necessary to the conduct of its business; and the Company has not infringed any patents, patent rights, trade names, trademarks or copyrights, which infringement is material to the business of the Company.

(xv) Price Waterhouse LLP, who have certified the financial statements filed with the Commission as part of, or incorporated by reference in, the Registration Statement and Prospectus, are independent public accountants as required by the 1933 Act and the 1933 Act Regulations.

(xvi) With respect to all tax periods regarding which the Internal Revenue Service is or will be entitled to assert any claim, the Company has met the requirements for qualification as a real estate investment trust under Sections 856 through 860 of the Internal Revenue Code, as amended, and the Company's present and contemplated operations, assets and income continue to meet such requirements; and the Company is not an "investment company" or an entity "controlled" by an "investment company" as such terms are defined in the Investment Company Act of 1940, as amended (the "1940 Act").

(xvii) The conditions for use of registration statements on Form S-3 set forth in the General Instructions on Form S-3 have been satisfied and the Company is entitled to use such form for the transaction contemplated herein.

(xviii) The Company has complied with, and is and will be in compliance with, the provisions of that certain Florida act relating to disclosure of doing business with Cuba, codified as Section 517.075 of the Florida statutes, and the rules and regulations thereunder (collectively, the "Cuba Act") or is exempt therefrom.

(xix) The Company has no knowledge of (a) the unlawful presence of any hazardous substances, hazardous materials, toxic substances or waste materials (collectively, "Hazardous Materials") on any of the properties owned by it, or of (b) any unlawful spills, releases, discharges or disposal of Hazardous Materials that have occurred or are presently occurring off such properties as a result of any construction on or operation and use of such properties which presence or occurrence would materially adversely affect the condition, financial or otherwise, or the earnings, business or business prospects of the Company. In connection with the construction on or operation and use of the properties owned by the Company, the Company represents that, as of the date of this Agreement, it has no knowledge of any material failure to comply with all applicable local, state and federal environmental laws, regulations, ordinances and administrative and judicial orders relating to the generation, recycling, reuse, sale, storage, handling, transport and disposal of any Hazardous Materials.

(b) Any certificate signed by any officer of the Company and delivered to the Representatives or to counsel for the Underwriters shall be deemed a representation and warranty by the Company to each Underwriter as to the matters covered thereby.

Section 2. Sale and Delivery to Underwriters: Closing.

(a) On the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Company agrees to sell to each Underwriter, severally and not jointly, and each Underwriter agrees to purchase from the Company, at the price per share set forth in the Pricing Agreement, the number of Initial Shares set forth in Schedule A opposite the name of such Underwriter (except as otherwise provided in the Pricing Agreement), plus any additional number of Initial Shares which such Underwriter may become obligated to purchase pursuant to the provisions of Section 10 hereof.

(1) If the Company has elected not to rely upon Rule 430A under the 1933 Act Regulations, the initial public offering price and the purchase price per share to be paid by the several Underwriters for the Shares have each been determined and set forth in the Pricing Agreement, dated the date hereof, and an amendment to the Registration Statement and the Prospectus will be filed before the Registration Statement becomes effective.

(2) If the Company has elected to rely upon Rule 430A under the 1933 Act Regulations, the purchase price per share to be paid by the several Underwriters for the Shares shall be an amount equal to the initial public offering price, less an amount per share to be determined by agreement between the Representatives and the Company. The initial public offering price per share of the Shares shall be a fixed price to be determined by agreement between the Representatives and the Company. The initial public offering price per share of the Shares shall not be higher than the last reported sale price (regular way) or the last reported asked price, whichever is higher, of the Shares of Beneficial Interest on the American Stock Exchange immediately prior to determination of the initial public offering price. The initial public offering price and the purchase price, when

so determined, shall be set forth in the Pricing Agreement. In the event that such prices have not been agreed upon and the Pricing Agreement has not been executed and delivered by all parties thereto by the close of business on the fourteenth business day following the date of this Agreement, this Agreement shall terminate forthwith, without liability of any party to any other party, unless otherwise agreed to by the Company and the Representatives.

(3) In addition, on the basis of the representations and warranties herein contained and subject to the terms and

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conditions herein set forth, the Company hereby grants an option to the Underwriters, severally and not jointly, to purchase up to an additional 525,000 Shares at the price per share set forth in the Pricing Agreement. The option hereby granted will expire 30 days after the date the Registration Statement becomes effective and may be exercised in whole or in part from time to time only for the purpose of covering over-allotments which may be made in connection with the offering and distribution of the Initial Shares upon notice by the Representatives to the Company setting forth the principal amount of Option Shares as to which the several Underwriters are then exercising the option and the time, date and place of payment and delivery for such Option Shares. Any such time and date of delivery (a "Date of Delivery") shall be determined by the Representatives but shall not be later than seven full business days after the exercise of said option, nor in any event prior to Closing Time, as hereinafter defined, unless otherwise agreed upon by the Representatives and the Company. If the option is exercised as to all or any portion of the Option Shares, the Option Shares shall be purchased by the Underwriters, severally and not jointly, in proportion to their respective Initial Share underwriting obligations as set forth in Schedule A.

(b) Payment of the purchase price for and delivery of certificates for the Initial Shares shall be made at the office of Brown & Wood, One World Trade Center, New York, New York 10048-0557, or at such other place as shall be agreed upon by the Representatives and the Company, at 10:00 A.M. on the fourth business day (unless postponed in accordance with the provisions of Section 10) following the date the Registration Statement becomes effective (or, if the Company has elected to rely upon Rule 430A, the fourth business day after execution of the Pricing Agreement), or such other time not later than ten business days after such date as shall be agreed upon by the Representatives and the Company (such time and date of payment and delivery being herein called "Closing Time"). In addition, in the event that any or all of the Option Shares are purchased by the Underwriters, payment of the purchase price for and the delivery of such Option Shares shall be made at the above-mentioned office of Brown & Wood, or at such other place as shall be mutually agreed upon by the Representatives and the Company, on each Date of Delivery as specified in the notice from the Representatives to the Company. Payment shall be made by certified or official bank check or checks in New York Clearing House or similar next day funds payable to the order of the Company against delivery to the Representatives for the respective accounts of the Underwriters of certificates for the Shares to be purchased by them. The certificates for the Initial Shares and the Option Shares shall

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be in such authorized denominations and registered in such names as the Representatives may request in writing at least one business day before Closing Time or the Date of Delivery, as the case may be. It is understood that each Underwriter has authorized the Representatives, for its account, to accept delivery of, receipt for, and make payment of the purchase price for, the Shares which it has agreed to purchase. Merrill Lynch, Alex. Brown, A.G. Edwards or Legg Mason, individually and not as representatives of the several Underwriters, may (but shall not be obligated to) make payment of the purchase price for the Shares to be purchased by any Underwriter whose check has not been received by Closing Time, but any such payment shall not relieve such Underwriter from its obligations hereunder. The certificates for the Initial Shares and the Option Shares will be made available for examination and packaging by the Representatives not later than 3:00 P.M. on the last business day prior to Closing Time or the Date of Delivery, as the case may be.

Section 3. Covenants of the Company. The Company covenants with each Underwriter as follows:

(a) The Company will notify the Representatives immediately, and confirm the notice in writing, (i) of the effectiveness of the Registration Statement and any amendment thereto (including any post-effective amendment),

(ii) of the receipt of any comments from the Commission, (iii) of any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Prospectus or for additional information, and (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or the initiation of any proceedings for that purpose. The Company will make every reasonable effort to prevent the issuance of any such stop order and, if any stop order is issued, to obtain the lifting thereof at the earliest possible moment. If the Company elects to rely on Rule 434 under the 1933 Act Regulations, the Company will prepare an "abbreviated term sheet" that complies with the requirements of Rule 434 under the 1933 Act Regulations. If Company elects not to rely on Rule 434, the Company will provide the Underwriters with copies of the form of Prospectus, in such number as the Underwriters may reasonably request, and file or transmit for filing with the Commission such Prospectus in accordance with Rule 424(b) of the 1933 Act by the close of business in New York on the business day immediately succeeding the date of the Pricing Agreement. If the Company elects to rely on Rule 434, the Company will provide the Underwriters with copies of the form of Rule 434 Prospectus, in such number as the Underwriters may reasonably request, and file or transmit for filing with the Commission the form of Prospectus complying with Rule 434(c) (2)

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of the 1933 Act in accordance with Rule 424(b) of the 1933 Act by the close of business in New York on the business day immediately succeeding the date of the Pricing Agreement.

(b) The Company will give the Representatives notice of its intention to file or prepare any amendment to the Registration Statement (including any post-effective amendment) or any amendment or supplement to the Prospectus, whether pursuant to the 1933 Act, the 1934 Act or otherwise (including any revised prospectus which the Company proposes for use by the Underwriters in connection with the offering of the Shares which differs from the prospectus on file at the Commission at the time the Registration Statement first becomes effective, whether or not such revised prospectus is required to be filed pursuant to Rule 424(b) of the 1933 Act Regulations, or any abbreviated term sheet prepared in reliance on Rule 434 of the 1933 Act Regulations), will furnish the Representatives with copies of any such amendment or supplement a reasonable amount of time prior to such proposed filing or use, as the case may be, and will not file any such amendment or supplement or use any such prospectus to which the Representatives or counsel for the Underwriters shall reasonably object.

(c) The Company will deliver to the Representatives four signed copies of the Registration Statement as originally filed and of each amendment thereto (including exhibits filed therewith or incorporated by reference therein and documents incorporated by reference into the Prospectus pursuant to Item 12 of Form S-3 under the 1933 Act) and will also deliver to the Representatives a conformed copy of the Registration Statement as originally filed and of each amendment thereto (including documents incorporated by reference into the Prospectus but without exhibits) for each of the Underwriters.

(d) The Company will deliver to each Underwriter, without charge, from time to time until the effective date of the Registration Statement (or, if the Company has elected to rely upon Rule 430A, until such time the Pricing Agreement is executed and delivered), as many copies of each preliminary prospectus as such Underwriter may reasonably request, and the Company hereby consents to the use of such copies for purposes permitted by the 1933 Act. The Company will furnish to each Underwriter, from time to time during the period when the Prospectus is required to be delivered under the 1933 Act or the 1934 Act, such number of copies of the Prospectus (as amended or supplemented) as such Underwriter may reasonably request for the purposes contemplated by the 1933 Act, the 1933 Act Regulations, the 1934 Act or the 1934 Act Regulations.

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(e) If any event shall occur as a result of which it is necessary, in the opinion of counsel for the Underwriters, to amend or supplement the Prospectus in order to make the Prospectus not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, the Company will either (i) forthwith prepare and furnish to the Underwriters a reasonable number of copies of an amendment of or supplement to the Prospectus or (ii) make an appropriate filing pursuant to Section 13, 14 or 15 of the 1934 Act, in form and substance satisfactory to counsel for the Underwriters which will amend or supplement the Prospectus so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time it is delivered to a purchaser, not misleading.

(f) If, at the time that the Registration Statement becomes effective, any information shall have been omitted therefrom in reliance upon Rule 430A of the 1933 Act Regulations, then immediately following the execution of the Pricing Agreement, the Company will prepare, and file or transmit for filing with the Commission in accordance with such Rule 430A and Rule 424(b) of the 1933 Act Regulations, copies of an amended Prospectus, or, if required by such Rule 430A, a post-effective amendment to the Registration Statement (including an amended Prospectus), containing all information so omitted and will use its best efforts to cause such post-effective amendment to be declared effective as promptly as practicable.

(g) The Company will endeavor, in cooperation with the Underwriters, to qualify the Shares for offering and sale under the applicable securities laws and real estate syndication laws of such states and other jurisdictions of the United States as the Representatives may designate. In each jurisdiction in which the Shares have been so qualified the Company will file such statements and reports as may be required by the laws of such jurisdiction to continue such qualification in effect for a period of not less than one year from the effective date of the Registration Statement.

(h) The Company will make generally available to its security holders as soon as practicable, but not later than 60 days after the close of the period covered thereby, an earnings statement (in form complying with the provisions of Rule 158 of the 1933 Act Regulations) covering a twelve month period beginning not later than the first day of the Company's fiscal quarter next following the "effective date" (as defined in such Rule 158) of the Registration Statement.

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(i) The Company will use the net proceeds received by it from the sale of the Shares in the manner specified in the Prospectus under the caption "Use of Proceeds".

(j) The Company will use its best efforts to effect the listing of the Shares on the American Stock Exchange ("AMEX").

(k) The Company will not, during the 90 days following the effective date of the Registration Statement, except with the prior written consent of the Representatives, offer for sale, sell or otherwise dispose of any Shares of Beneficial Interest (except for the issuance of Shares of Beneficial Interest pursuant to the Company's Dividend Reinvestment Plan or pursuant to grants or options pursuant to the Company's Incentive Share Option Plan), or sell or grant options, rights or warrants with respect to any Shares of Beneficial Interest (other than the grant of options pursuant to the Company's Incentive Share Option Plan), otherwise than in accordance with this Agreement or as contemplated in the Prospectus.

(l) Except as provided for in the Prospectus, the Company will cause each officer and trustee of the Company who own Shares of Beneficial Interest to agree not to offer for sale, sell or otherwise dispose of any Shares of Beneficial Interest during the 90 days following the effective date of the Registration Statement, except with the prior written consent of the Underwriters.

(m) The Company will elect to qualify as a "real estate investment trust" under the Internal Revenue Code of 1986, as amended, and will use its best efforts to continue to meet the requirements to qualify as a "real estate investment trust".

Section 4. Payment of Expenses. The Company will pay all expenses incident to the performance of its obligations under this Agreement, including (i) the printing and filing of the Registration Statement as originally filed and of each amendment hereto, (ii) the cost of printing, or reproducing, and distributing to the Underwriters copies of this Agreement and the Pricing Agreement, (iii) the preparation, issuance and delivery of the certificates for the Shares to the Underwriters, (iv) the fees and disbursements of counsel for the Company, referred to in Section 5(b) hereof, (v) the fees and disbursements of the Company's accountants, (vi) the qualification of the Shares under securities law and real estate syndication laws in accordance with the provisions of Section 3(g), including filing fees and the fee and disbursements of counsel for the Underwriters in connection therewith and in connection with the preparation of the Blue Sky Survey, (vii) the printing and delivery to the underwriters of copies of the Registration Statement as originally filed and of each amendment thereto, of the preliminary prospectuses, and of the Prospectus and any

amendments or supplements thereto including the abbreviated term sheet delivered by the Company pursuant to Rule 434 of the 1933 Act Regulations, (viii) the cost of printing or reproducing and delivering to the Underwriters copies of the Blue Sky Survey, (ix) the fee of the NASD, (x) the fees and expenses incurred in connection with the listing of the Shares on the AMEX and (xi) any transfer taxes imposed on the sale of the Shares to the several Underwriters.

If this Agreement is terminated by the Representatives in accordance with the provisions of Section 5 or Section 9(a) (i), the Company shall reimburse the Underwriters for all of their out-of-pocket expenses, including the reasonable fees and disbursements of counsel for the Underwriters.

Section 5. Conditions of Underwriters' Obligations. The obligations of the Underwriters hereunder are subject to the accuracy of the representations and warranties of the Company herein contained, to the performance by the Company of its obligations hereunder, and to the following further conditions:

(a) The Registration Statement shall have become effective not later than 5:30 P.M. on the date hereof, or, with the consent of the Representatives, at a later time and date, not later, however, than 5:30 P.M. on the first business day following the date hereof or at such later time and date as may be approved by a majority in interest of the Underwriters; and at Closing Time no stop order suspending the effectiveness of the Registration Statement shall have been issued under the 1933 Act or proceedings therefor initiated or threatened by the Commission. If the Company has elected to rely upon Rule 430A of the 1933 Act Regulations, the price of the Shares and any price-related information previously omitted from the effective Registration Statement pursuant to such Rule 430A shall have been transmitted to the Commission for filing pursuant to Rule 424(b) of the 1933 Act Regulations within the prescribed time period, and prior to Closing Time the Company shall have provided evidence satisfactory to the Representatives of such timely filing, or a post-effective amendment providing such information shall have been promptly filed and declared effective in accordance with the requirements of Rule 430A of the 1933 Act Regulations.

(b) At Closing Time the Representatives shall have received:

(1) The favorable opinion, dated as of Closing Time, of Arent Fox Kintner Plotkin & Kahn, special counsel for the Company, in form and substance satisfactory to counsel for the Underwriters, to the effect that:

(i) The Company has been duly organized and is validly existing as a business trust in good standing under the laws of the District of Columbia, with power and authority to own, lease and operate its properties and conduct its business as described in the Prospectus and to enter into and perform its obligations under this Agreement and the Pricing Agreement; and the conditions for use of a registration statement on Form S-3 have been satisfied.

(ii) The Company has authorized and outstanding capital securities as set forth under the caption "Capitalization" in the Prospectus; the authorized Shares of Beneficial Interest of the Company have been duly authorized; the outstanding Shares of Beneficial Interest have been duly authorized and validly issued and are fully paid and, except as set forth in the Prospectus under the caption "Shares," non-assessable.

(iii) The Shares conform to the description thereof contained in the Prospectus; the certificates for the Shares are in due and proper form; the Shares have been duly authorized by the Company for issuance and sale to the Underwriters pursuant to this Agreement and, when issued and delivered by the Company pursuant to this Agreement against payment of the consideration set forth in the Pricing Agreement, will be validly issued, fully paid and, except as set forth in the Prospectus under the caption "Shares," non-assessable; and no preemptive rights of shareholders exist with respect to any of the Shares or the issue and sale thereof.

(iv) The Registration Statement has been declared effective under the 1933 Act and, to the best of the knowledge of such counsel, no stop order proceedings with respect thereto have been instituted or are pending or threatened

under the 1933 Act.

(v) The Registration Statement, all preliminary prospectuses, the Prospectus and each amendment or supplement thereto and any documents incorporated by reference therein, when they became effective or were filed with the Commission, as the case may be, complied as to form in all material respects with the requirements of the 1933 Act or the 1934 Act, as applicable, and the applicable rules and regulations thereunder (except that such counsel need express no opinion as to the financial statements, schedules and other financial information included or incorporated by reference therein); and the Rule 434 Prospectus

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conforms to the requirements of Rule 434 in all material respects.

(vi) The statements under the caption "Shares" in the Prospectus, insofar as such statements constitute a summary of documents referred to therein or matters of law, are accurate summaries and fairly and correctly present the information called for with respect to such documents and matters.

(vii) Such counsel does not know of any contracts or documents required to be filed as exhibits to or incorporated by reference in the Registration Statement or described in the Registration Statement or the Prospectus which are not so filed, incorporated by reference or described as required, and such contracts and documents as are summarized in the Registration Statement or the Prospectus are fairly summarized in all material respects (except that such counsel need express no opinion as to the financial statements, schedules and other financial information included or incorporated by reference therein).

(viii) Such counsel knows of no material legal proceedings pending or threatened against the Company.

(ix) This Agreement and the Pricing Agreement have been duly authorized, executed and delivered by the Company.

(x) No approval, consent, order, authorization, designation, declaration or filing by or with any regulatory, administrative or other governmental body is necessary in connection with the execution and delivery of this Agreement and the Pricing Agreement and the consummation of the transactions herein and therein contemplated by the Company (other than as may be required by the NASD or as required by State securities or Blue Sky laws, as to which such counsel need express no opinion) except such as have been obtained or made, specifying the same.

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(xi) The investments of the Company described in the Prospectus are permitted investments under the Declaration of Trust.

(xii) The Company has qualified to be taxed as a real estate investment trust pursuant to Sections 856-860 of the Internal Revenue Code, as amended, for the fiscal years ended December 31, 1978 through December 31, 1994, and the Company's present method of operation and its assets and contemplated income are such that the Company is in a position under present law to so qualify for the fiscal year ending December 31, 1995, and under present law the federal income tax treatment of the Company and its shareholders will be as set forth in the Prospectus under the heading "Shares".

(xiii) The Company is not an "investment company" or an entity "controlled" by an "investment company" as such terms are defined in the 1940 Act.

In rendering such opinion, Arent Fox Kintner Plotkin & Kahn may rely as to matters governed by the laws of jurisdictions other than the District of Columbia or Federal laws on local counsel in such

jurisdictions, provided that in each case Arent Fox Kintner Plotkin & Kahn shall state that they believe that they and the Underwriters are justified in relying on such other counsel. In addition to the matters set forth above, such opinion shall also include a statement to the effect that nothing has come to the attention of such counsel which leads them to believe that the Registration Statement, as of the time it became effective under the 1933 Act or at the Representation Date, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that the Prospectus at the Representation Date (unless the term "Prospectus" refers to a prospectus which has been provided to the Underwriters by the Company for use in connection with the offering of the Shares which differs from the Prospectus on file at the Commission at the time the Registration Statement becomes effective, in which case at the date of such Prospectus) or at Closing Time, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading (except that such counsel need express no view as to financial statements, schedules and other financial information included or incorporated by reference therein). With respect to such statement, Arent Fox Kintner

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Plotkin & Kahn may state that their belief is based upon the procedures set forth therein, but is without independent check and verification.

(2) The favorable opinion, dated as of Closing Time, of Benjamin H. Dorsey, Esq., General Counsel and Secretary to the Company, in form and substance satisfactory to counsel for the Underwriters, to the effect that: (i) the Company is duly qualified to transact business in all jurisdictions in which the conduct of its business or ownership or leasing of property requires such qualification, or in which the failure to qualify would have a materially adverse effect upon the business of the Company; (ii) the Company has the authorized and outstanding capital securities as set forth under the caption "Capitalization" in the Prospectus; the authorized Shares of Beneficial Interest have been validly authorized and the outstanding Shares of Beneficial Interest have been duly authorized and validly issued and are fully paid and, except as set forth in the Prospectus under the caption "Shares," non-assessable; (iii) the execution and delivery of this Agreement and the Pricing Agreement and the consummation of the transactions contemplated herein and therein and compliance by the Company with its obligations hereunder and thereunder do not and will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, (a) the Declaration of Trust or By-Laws of the Company, (b) any agreement or instrument known to such counsel to which the Company is a party or by which the Company may be bound, or (c) any order, rule or regulation known to such counsel of any court or government agency or body having jurisdiction over the Company or any of its properties; (iv) to the best of such counsel's knowledge, the Company is not in violation of its Declaration of Trust or By-Laws and the Company is in compliance with all material rules, regulations, judgments, decrees, orders and statutes in the jurisdictions in which it is conducting its business; and (v) all pending legal or governmental proceedings to which the Company is a party or to which any of its property is subject which are not described in the Registration Statement, including ordinary routine litigation incidental to the business, are, considered in the aggregate, not material.

(3) The favorable opinion, dated as of Closing Time, of Brown & Wood, counsel for the Underwriters, with respect to the matters set forth in (iii) to (vi), inclusive, and (ix) and (x) of subsection (b)(1) of this Section, except that with respect to the matters referred to in (v), no opinion need be expressed as to the documents incorporated by reference in the Registration Statement. In addition to the matters set forth above, such opinion shall also include a statement to the effect that nothing has come to the attention of such counsel which leads them to believe that the Registration Statement, as of the time it became

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effective under the 1933 Act or at the Representation Date, contained

an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that the Prospectus at the Representation Date (unless the term "Prospectus" refers to a prospectus which has been provided to the Underwriters by the Company for use in connection with the offering of the Shares which differs from the Prospectus on file at the Commission at the time the Registration Statement becomes effective, in which case at the date of such Prospectus) or at Closing Time, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading (except that such counsel need express no view as to financial statements, schedules and other financial information included or incorporated by reference therein). With respect to such statement, Brown & Wood may state that their belief is based upon the procedures set forth therein, but is without independent check and verification.

(c) At Closing Time there shall not have been, since the date hereof or since the respective dates as of which information is given in the Prospectus, any material adverse change in the condition, financial or otherwise, of the Company or in its earnings, business affairs or business prospects, whether or not arising in the ordinary course of business, and the Representatives shall have received a certificate of the President and Chief Executive Officer and the Vice President and Chief Financial Officer of the Company, dated as of Closing Time, to the effect that (i) there has been no such material adverse change, (ii) the representations and warranties set forth in Section 1(a) hereof are true and correct with the same force and effect as though expressly made at and as of Closing Time, (iii) the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to Closing Time and (iv) no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been initiated or threatened by the Commission. As used in this Section 5(c), the term "Prospectus" means the Prospectus in the form first used to confirm sales of the Shares.

(d) At the time of execution of this Agreement, the Representatives shall have received from Price Waterhouse LLP a letter dated such date, in form and substance satisfactory to the Representatives, to the effect that (i) they are independent public accountants with respect to the Company as required by the 1933 Act and the 1934 Act and the applicable published rules and

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regulations thereunder; (ii) it is their opinion that the financial statements and supporting schedules of the Company included or incorporated by reference in the Registration Statement and covered by their opinions therein comply as to form in all material respects with the applicable accounting requirements of the 1933 Act and the 1934 Act and the related published rules and regulations thereunder; (iii) based upon limited procedures set forth in detail in such letter (which shall include, without limitation, the procedures specified by the American Institute of Certified Public Accountants for a review of interim financial information as described in SAS No. 71, Interim Financial Information, with respect to the unaudited condensed financial statements of the Company included or incorporated by reference in the Registration Statement), nothing has come to their attention which causes them to believe that:

(A) any material modifications should be made to the unaudited condensed financial statements included or incorporated by reference in the Registration Statement for them to be in conformity with generally accepted accounting principles;

(B) the unaudited condensed financial statements included or incorporated by reference in the Registration Statement do not comply as to form in all material respects with the applicable accounting requirements of the 1933 Act and the 1934 Act as it applies to Form 10-Q and the related published rules and regulations;

(C) at a specified date not more than three days prior to the date of such letter, there was any change in the capitalization of the Company, any decrease in total assets, any change in long-term debt or any change in short-term borrowings of the Company, as compared with the amounts shown in the March 31, 1995 balance sheet incorporated by reference in the Registration Statement; or

(D) during the period from April 1, 1995 to a specified date not more than three days prior to the date of such letter, there were any decreases, as compared with the corresponding period in the preceding year, in real estate rental revenue, net income or net income per share;

except in all cases for changes, increases or decreases which the Registration Statement discloses have occurred or may occur; (iv) in addition to the limited procedures referred to in clause (iii) above, they have carried out certain specified procedures, not constituting an audit, with respect to certain amounts, percentages and financial information which are derived from the general accounting records of the Company, which are included or

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incorporated by reference in the Registration Statement and which are specified by the Representatives, and have compared such amounts, percentages and financial information with the accounting records of the Company and have found them to be in agreement; and (v) they have compared the information in the Prospectus under the caption "Selected Financial Data" with the disclosure requirements of Regulation S-K and on the basis of limited procedures specified in such letter nothing came to their attention as a result of the foregoing procedures that caused them to believe that this information does not conform in all material respects with the disclosure requirements of Item 301 of Regulation S-K.

(e) At Closing Time, the Representatives shall have received from Price Waterhouse LLP a letter dated as of Closing Time to the effect that they reaffirm the statements made in the letter furnished pursuant to subsection (d) of this Section, except that the "specified date" referred to shall be a date not more than three days prior to Closing Time, and, if the Company has elected to rely on Rule 430A of the 1933 Act Regulations, to the further effect that they have carried out procedures as specified in clause (iv) of subsection (d) of this Section with respect to certain amounts, percentages and financial information deemed to be a part of the Registration Statement pursuant to Rule 430A(b) and have found such amounts, percentages and financial information to be in agreement with the records specified in such clause (iv).

(f) At Closing Time, counsel for the Underwriters shall have been furnished with such documents and opinions as they may reasonably require for the purpose of enabling them to pass upon the issuance and sale of the Shares as herein contemplated and related proceedings, or in order to evidence the accuracy of any of the representations or warranties, or the fulfillment of any of the conditions, herein contained; and all proceedings taken by the Company in connection with the issuance and sale of the Shares as herein contemplated shall be satisfactory in form and substance to the Representatives and counsel for the Underwriters.

(g) In the event the Underwriters exercise their option provided in Section 2 hereof to purchase all or any portion of the Option Shares, the representations and warranties of the Company contained herein and the statements in any certificates furnished by the Company hereunder shall be true and correct as of each Date of Delivery, and the Representatives shall have received:

(1) A certificate of the President and Chief Executive Officer and the Vice President and Chief Financial Officer

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of the Company, dated such Date of Delivery, confirming that the certificate delivered at Closing Time pursuant to Section 5(c) hereof remains true as of such Date of Delivery.

(2) The favorable opinion of Arent Fox Kintner Plotkin & Kahn, special counsel for the Company, in form and substance satisfactory to counsel for the Underwriters, dated such Date of Delivery, relating to the Option Shares and otherwise to the same effect as the opinion required by Section 5(b)(1) hereof.

(3) The favorable opinion of Benjamin H. Dorsey, Esq., General Counsel and Secretary to the Company, in form and substance satisfactory to counsel for the Underwriters, dated such Date of Delivery, relating to the Option Shares and otherwise to the same effect as the opinion required by Section 5(b)(2) hereof.

(4) The favorable opinion of Brown & Wood, counsel for the Underwriters, dated such Date of Delivery, relating to the Option Shares and otherwise to the same effect as the opinion required by Section 5(b)(3) hereof.

(5) A letter from Price Waterhouse LLP, in form and substance satisfactory to the Representatives, dated such Date of Delivery, substantially the same in scope and substance as the letter

furnished to the Representatives pursuant to Section 5(e) hereof, except that the "specified date" in the letter furnished pursuant to this Section 5(g)(5) shall be a date not more than three days prior to such Date of Delivery.

If any condition specified in this Section shall not have been fulfilled when and as required to be fulfilled, this Agreement may be terminated by the Representatives by notice to the Company at any time at or prior to Closing Time, and such termination shall be without liability of any party to any other party except as provided in Section 4 and except that Sections 6 and 7 shall survive any such termination and remain in full force and effect.

Section 6. Indemnification. (a) The Company hereby agrees to indemnify and hold harmless each Underwriter and each person, if any, who controls any Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act as follows:

(1) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of any

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untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto), including the information deemed to be part of the Registration Statement pursuant to Rule 430A(b) or Rule 434 of the 1933 Act Regulations, if applicable, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus or the Prospectus (or any amendment or supplement thereto), or the omission, or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(2) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, if such settlement is effected with the written consent of the Company; and

(3) against any and all expense whatsoever, as incurred (including, subject to Section 6(c) hereof, the fees and disbursements of counsel chosen by the Representatives), reasonably incurred in investigating, preparing or defending against any litigation, or any investigation or proceedings by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under (1) or (2) above;

provided, however, that this indemnity agreement shall not apply to any loss, liability, claim, damage or expense to the extent arising out of any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by any Underwriter through the Representatives expressly for use in the Registration Statement (or any amendment thereto) or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto).

(b) Each Underwriter severally agrees to indemnify and hold harmless the Company, its trustees, each of its officers who signed the Registration Statement, and each person, if any, who

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controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act against any and all loss, liability, claim, damage and expense described in the indemnity contained in subsection (a) of this Section, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto) or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with written information furnished to the Company by such Underwriter through the Representatives expressly for use in the Registration Statement (or any

amendment thereto) or such preliminary prospectus or the Prospectus (or any amendment or supplement thereto).

(c) Each indemnified party shall give notice as promptly as reasonably practicable to each indemnifying party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve such indemnifying party from any liability which it may have otherwise than on account of this indemnity agreement. An indemnifying party may participate at its own expense in the defense of any such action. In no event shall the indemnifying parties be liable for fees and expenses of more than one counsel (in addition to any local counsel) separate from their own counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances. No indemnifying party shall, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever in respect of which indemnification or contribution could be sought under this Section 6 or Section 7 hereof (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement, compromise or consent includes an unconditional release of each indemnified party from all liability arising out of such litigation, investigation, proceeding or claim.

Section 7. Contribution. If the indemnification provided for in Section 6 hereof is for any reason unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, liabilities, claims, damages or expenses referred to therein, then each indemnifying party shall contribute to the aggregate amount of such losses, liabilities, claims, damages and expenses incurred by such indemnified party, as incurred, (i) in

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such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other hand from the offering of the Shares pursuant to this Agreement or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company on the one hand and of the Underwriters on the other hand in connection with the statements or omissions which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other hand in connection with the offering of the Shares pursuant to this Agreement shall be deemed to be in the same respective proportions as the total net proceeds from the offering of the Shares pursuant to this Agreement (before deducting expenses) received by the Company and the total underwriting discount received by the Underwriters, in each case as set forth on the cover of the Prospectus, bear to the aggregate initial public offering price of the Shares as set forth on such cover. The relative fault of the Company on the one hand and the Underwriters on the other hand shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or by the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 7 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 7. The aggregate amount of losses, liabilities, claims, damages and expenses incurred by an indemnified party and referred to above in this Section 7 shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue or alleged untrue statement or omission or alleged omission. Notwithstanding the provisions of this Section 7, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Shares underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation

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(within the meaning of Section 11(f) of the 1933 Act) shall be entitled to

contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section, each person, if any, who controls an Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as such Underwriter, and each trustee of the Company, each officer of the Company who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as the Company. The Underwriters' respective obligations to contribute pursuant to this Section 7 are several in proportion to the number of Initial Shares set forth opposite their respective names in Schedule A hereto and not joint.

Section 8. Representations, Warranties and Agreements to Survive Delivery. All representations, warranties and agreements contained in this Agreement and the Pricing Agreement, or contained in certificates of officers of the Company submitted pursuant hereto, shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of any Underwriter or any controlling person, or by or on behalf of the Company, and shall survive delivery of the Shares to the Underwriters.

Section 9. Termination of Agreement. (a) The Representatives may terminate this Agreement, by notice to the Company, at any time at or prior to Closing Time (i) if there has been, since the date of this Agreement or since the respective dates as of which information is given in the Prospectus, any material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company, whether or not arising in the ordinary course of business, or (ii) if there has occurred any material adverse change in the financial markets in the United States or any outbreak of hostilities or escalation of existing hostilities or other calamity or crisis the effect of which on the financial markets of the United States is such as to make it, in the Representatives' reasonable judgment, impracticable to market the Shares or enforce contracts for the sale of the Shares, or (iii) if trading in the Shares of Beneficial Interest of the Company has been suspended or limited by the Commission or the American Stock Exchange, or if trading generally on either the American Stock Exchange or the New York Stock Exchange has been suspended or limited, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices for securities have been required, by either of said exchanges or by order of the Commission, the NASD or any other governmental authority, or (iv) if a banking moratorium has been declared by Federal, New York or District of Columbia

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authorities. As used in this Section 9(a), the term "Prospectus" means the Prospectus in the form first used to confirm sales of the Shares.

(b) If this Agreement is terminated pursuant to this Section, such termination shall be without liability of any party to any other party except as provided in Section 4, and provided further that Sections 6 and 7 hereof shall survive such termination.

Section 10. Default by One or More of the Underwriters. If one or more of the Underwriters shall fail at Closing Time to purchase the Shares which it or they are obligated to purchase under this Agreement and the Pricing Agreement (the "Defaulted Shares"), the Representatives shall have the right, within 24 hours thereafter, to make arrangements for one or more of the non-defaulting Underwriters, or any other underwriters, to purchase all, but not less than all, of the Defaulted Shares in such amounts as may be agreed upon and upon the terms herein set forth; if, however, the Representatives shall not have completed such arrangements within such 24-hour period, then:

(a) if the number of Defaulted Shares does not exceed 10% of the number of Initial Shares, each of the non-defaulting Underwriters shall be obligated, severally and not jointly, to purchase the full amount thereof in the proportions that their respective underwriting obligations hereunder bear to the underwriting obligations of all non-defaulting Underwriters, or

(b) if the number of Defaulted Shares exceeds 10% of the number of Initial Shares, this Agreement shall terminate without liability on the part of any non-defaulting Underwriter.

No action taken pursuant to this Section shall relieve any defaulting Underwriter from liability in respect of its default.

In the event of any such default which does not result in a termination of this Agreement, either the Representatives or the Company shall have the right to postpone Closing Time for a period not exceeding seven days in order to effect any required changes in the Registration Statement or Prospectus or in any other documents or arrangements.

Section 11. Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed or

transmitted by any standard form of telecommunication. Notices to the Underwriters shall be directed to the Representatives c/o Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated at Merrill Lynch World Headquarters, North Tower, World Financial Center, New York, New

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York 10281-1209, attention of Mr. Fred F. Hessinger, Vice President, Corporate Syndicate; and notices to the Company shall be directed to it at Washington Real Estate Investment Trust, 10400 Connecticut Avenue, Kensington, Maryland 20895, attention of: Benjamin H. Dorsey, Esq.

Section 12. Parties. This Agreement and the Pricing Agreement shall each inure to the benefit of and be binding upon the Underwriters, the Company and their respective successors. Nothing expressed or mentioned in this Agreement or the Pricing Agreement is intended or shall be construed to give any person, firm or corporation, other than the Underwriters and the Company and their respective successors and the controlling persons and officers and trustees referred to in Sections 6 and 7 and their heirs and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Agreement or the Pricing Agreement or any provision herein or therein contained. This Agreement and the Pricing Agreement and all conditions and provisions hereof and thereof are intended to be for the sole and exclusive benefit of the parties hereto and thereto and their respective successors and said controlling persons and officers and trustees and their heirs and legal representatives, and for the benefit of no other person, firm or corporation. No purchaser of Shares from any Underwriter shall be deemed to be a successor by reason merely of such purchase.

Section 13. Governing Law and Time; Miscellaneous. This Agreement and the Pricing Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to agreements made and to be performed in said State. Specified times of day refer to New York City time.

The Washington Real Estate Investment Trust is a common law trust organized under District of Columbia law on November 18, 1960. Under the terms of the Declaration of Trust all persons dealing with the Company shall look solely to the Company property for satisfaction of claims of any nature, and no trustee, officer or agent of the Company shall be held to any personal liability whatsoever, in tort, contract or otherwise as the result of the execution and delivery of this Agreement by the Company.

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If the foregoing is in accordance with your understanding of our agreement, please sign and return to us a counterpart hereof, whereupon this instrument along with all counterparts will become a binding agreement between the Underwriters and the Company in accordance with its terms.

Very truly yours,

WASHINGTON REAL ESTATE INVESTMENT
TRUST

By

President and Chief Executive
Officer

CONFIRMED AND ACCEPTED,
as of the date first above written:

MERRILL LYNCH & CO.
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED
ALEX. BROWN & SONS INCORPORATED
A.G. EDWARDS & SONS, INC.
LEGG MASON WOOD WALKER, INCORPORATED

By: Merrill Lynch & Co.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated

By _____

For themselves and as Representatives
of the other Underwriters named

in Schedule A hereto.

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SCHEDULE A

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| Name of Underwriter ----- | Number of Initial Shares ----- |
|---|---|
| <S> | <C> |
| Merrill Lynch, Pierce, Fenner & Smith Incorporated | |
| Alex. Brown & Sons Incorporated | |
| A.G. Edwards & Sons, Inc. | |
| Legg Mason Wood Walker, Incorporated | |
| | |
| Total | <u>3,500,000</u> ===== |

</TABLE>

Exhibit A

3,500,000 Shares

WASHINGTON REAL ESTATE INVESTMENT TRUST
(a District of Columbia business trust)

Shares of Beneficial Interest

(No Par Value)

PRICING AGREEMENT

July __, 1995

MERRILL LYNCH & CO.
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED
ALEX. BROWN & SONS INCORPORATED
A.G. EDWARDS & SONS, INC.
LEGG MASON WOOD WALKER, INCORPORATED
as Representatives of the several Underwriters
named in the within-mentioned Purchase Agreement
c/o Merrill Lynch & Co.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
Merrill Lynch World Headquarters
North Tower
World Financial Center
New York, New York 10281-1209

Dear Sirs:

Reference is made to the Purchase Agreement, dated July __, 1995 (the "Purchase Agreement"), relating to the purchase by the several Underwriters named in Schedule A thereto, for whom Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Alex. Brown & Sons Incorporated, A.G. Edwards & Sons, Inc. and Legg Mason Wood Walker, Incorporated are acting as representatives (the "Representatives"), of the above shares of beneficial interest (the "Shares") of Washington Real Estate Investment Trust (the "Company").

Pursuant to Section 2 of the Purchase Agreement, the Company agrees with each Underwriter as follows:

1. The initial public offering price per share for the Shares, determined as provided in said Section 2, shall be \$_____.

2. The purchase price per share for the Shares to be paid by the several Underwriters shall be \$_____, being an amount equal to the initial public offering price set forth above less \$_____ per share.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Company a counterpart hereof, whereupon this instrument, along with all counterparts, will become a binding agreement between the Underwriters and the Company in accordance with its terms.

Very truly yours,

WASHINGTON REAL ESTATE INVESTMENT
TRUST

By _____
President and Chief Executive
Officer

CONFIRMED AND ACCEPTED,
as of the date first above written:

MERRILL LYNCH & CO.
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED
ALEX. BROWN & SONS INCORPORATED
A.G. EDWARDS & SONS, INC.
LEGG MASON WOOD WALKER, INCORPORATED

By: Merrill Lynch & Co.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated

By _____
Vice President

For themselves and as Representatives
of the other Underwriters named in
Schedule A to the Purchase Agreement.

DECLARATION OF TRUST

of

WASHINGTON REAL ESTATE INVESTMENT TRUST

as amended to June 20, 1973

as amended to June 26, 1974

as amended to June 19, 1980

as amended to June 24, 1982

as amended to August 9, 1983

as amended to June 19, 1985

as amended to June 24, 1987

WASHINGTON REAL ESTATE INVESTMENT TRUST

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DECLARATION OF TRUST

OF

WASHINGTON REAL ESTATE INVESTMENT TRUST

THIS DECLARATION OF TRUST made this 18th day of November, 1960, by B. Franklin Kahn of Bethesda, Maryland, James K. Sullivan of Washington D.C., and Benjamin H. Dorsey of Westmoreland Hills Maryland,

WITNESS that:

WHEREAS the Trustees are desirous of forming a trust for the purpose of acquiring, holding, managing, improving, dealing with, and disposing of property real and/or personal, wherever situated; and

WHEREAS, in furtherance of such purpose, the Trustees are acquiring and may hereafter acquire certain property and shall hold and manage all such property as such Trustees in the manner hereinafter stated; and

WHEREAS it is likewise proposed that the beneficial interest in the property from time to time held by the Trustees shall be divided into shares to be evidenced by certificates therefor, as hereinafter provided;

NOW, THEREFORE, the Trustees hereby declare that they will hold all property of every type and description which they are acquiring or may hereafter acquire as such Trustees, together with the proceeds thereof, in trust, to manage and dispose of the same or the benefit of the holders from time to time of the certificates of shares being issued and to be issued hereunder and in the manner and subject to the stipulations contained herein, to wit:

ARTICLE 1.

Name and Title to Property.

The name of this Trust shall be "Washington Real Estate Investment Trust" and so far as may be practicable the business of the Trust shall be conducted and transacted under that name, which name (and the words "this Trust" wherever used in this Declaration, except where the context otherwise requires) shall refer to the Trustees as trustees but not personally and shall not refer to the officers, agents, or shareholders of this Trust. All the

property subject from time to time to this Declaration of Trust shall be vested in the Trustees as joint tenant and held by and transferred to the Trustees as joint tenant except as provided in Section 2.4 of Article 2 hereof.

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ARTICLE 2.

Powers of Trustees.

Section 2.1. The Trustees shall have without other or further authorization full and absolute power ad control and authority over the Trust property held by them at any time hereunder and over the business of the Trust to the same extent as if the Trustees were the sole owners of such property and business in their own right, subject only to the limitations herein expressly stated, and to the superior control of the shareholders so far as the same is herein expressly stated. No person (the word "person" whenever used in this Declaration, except where the context otherwise requires, to be deemed to mean any individual, individuals, association, trust, partnership, corporation, or other entity) shall in any event be bound to see to the application of any money or property paid to or delivered to the Trustees or their authorized representative. No investment or reinvestment of the Trust property hereunder shall be deemed improper because of its speculative character or because a greater proportion of the Trust property is invested therein than is usual for trustees, or by reason of any interest therein, direct or indirect, of any Trustee or any other party whatsoever. Without restricting or limiting the generality of the foregoing, such powers of the Trustees shall include among others the powers enumerated in Sections 2.2 to 2.20, inclusive, of this Article 2.

Section 2.2. The Trustees shall have power as principal, agent, or otherwise, for such consideration as they may deem proper, to purchase, acquire through the issuance of shares representing a beneficial interest in the Trust property or through the issuance of notes, debentures, bonds, or other obligations of the Trust, or otherwise acquire, hold, manage, improve, lease (including building leases, part of the consideration for which is the building on or adding to the premises by the lessee) for a term extending beyond the possible termination of the Trust or for a lesser term, rent, convey, sell, exchange, mortgage (with or without power of sale), release, partition, or otherwise deal in real estate of any type and description, including any type of interest therein, and/or buildings and structures and tangible personal property of any type and description situated thereon or elsewhere, such real estate and/or buildings and structures and personal property being located in any part of the United States of America or any of the territories or possessions thereof or the Dominion of Canada; and to erect, construct, alter, repair, demolish or otherwise physically affect any buildings or structures of any type or description located in any part of the United States of America or any of the territories or possessions thereof or the Dominion of Canada.

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Section 2.3. The Trustees shall have power as principal, agent, or otherwise, for such consideration as they may deem proper, to purchase, acquire through the issuance of shares representing a beneficial interest in the Trust property, or through the issuance of notes, debentures, bonds, or other obligations of this Trust, or otherwise acquire, hold, sell, exchange, pledge, collect, pay, underwrite, and in any manner deal in stocks, bonds, notes, certificates of indebtedness, debentures, mortgages and deeds of trust (first or otherwise), bank acceptances, drafts, certificates of interest, securities, obligations, and in general any property or rights (legal or equitable) owned, held, created, or issued by or representing an interest in any corporation, business trust (including the business trust created by these presents), trusts, partnership, or other organization whether domestic or foreign, any individual, the United States of America or any of the several states or territories or any political subdivisions or agencies thereof, or foreign governments or political subdivisions thereof.

Section 2.4. The Trustees shall have power to cause legal title to any property of this Trust to be held by and/or in the name of one or more of the Trustees or by any other person, or on such terms, in such manner, and with such powers as the Trustees hereunder may determine and without disclosure that the Trustees are interested therein.

Section 2.5. The Trustees shall have power to borrow money for the purposes of this Trust, and to give notes, debentures, bonds, and other negotiable or non-negotiable instruments of this Trust therefor, to enter into other obligations on behalf of the Trust, and to mortgage and pledge the real and personal property of this Trust or any part thereof to secure such notes, debentures, bonds, contracts, or other obligations. Any notes, debentures, bonds, instruments, or other obligations of or on behalf of this Trust authorized pursuant to section 2.2, 2.3, or 2.5 of the Article 2 may be convertible into shares of beneficial interest described in Article 4 hereof.

Section 2.6. The Trustees shall have power to loan money and to invest and reinvest any funds of the Trust as they shall deem wise; and to create a reserve fund or reserve funds for such purposes as the Trustees deem

advisable and invest or reinvest the same in such manner as they may deem best.

Section 2.7. The Trustees shall have power to pay all taxes or assessments, of whatever kind or nature imposed upon or against the Trustees individually or collectively in connection with the Trust property, or upon or against the Trust property or any part thereof; and to make with the District of Columbia or any State or other taxing authority any agreement for the payment of taxes to said District of Columbia or any State or other

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taxing authority, whether or not said taxes would otherwise be payable or assessable by or against or in respect of the Trustees or the Trust property or the income therefrom, all as may be required or permitted by any present or future law; and for any of the foregoing purposes to make such returns and do all such other acts and things as may be deemed by the Trustees necessary or desirable.

Section 2.8. The Trustees shall have power to cause to be organized or assist in organizing a corporation or corporations under the laws of any jurisdiction or any other trust, association, or other organization to take over the Trust property or any part or parts thereof or to carry on any business in which this Trust shall directly or indirectly have any interest, and to sell, convey, and transfer the Trust property or any part or parts thereof to any such corporation, trust association, or organization in exchange for the shares or securities thereof or otherwise, and to lend money to, subscribe for the shares or securities of, and enter into any contracts with any such corporation, trust, association, or organization, or any corporation, trust, partnership, association, or organization in which this Trust holds or is about to acquire shares or any other interest.

Section 2.9. The Trustees shall have power to exercise all the rights, powers and privileges appertaining to the ownership of all or any securities forming part of the Trust property to the same extent that an individual might, and without limiting the generality of the foregoing, to vote or give any consent, request, or notice or waive any notice either in person or by proxy or power of attorney with or without power of substitution, to one or more persons, which proxies and powers of attorney may be for meetings or action generally or for any particular meetings or action, and any include the exercise of discretionary powers.

Section 2.10. The Trustees shall have power to delegate from time to time to such one or more of their number or to such other person as the Trustees may deem best, the doing of such things and the execution of such deeds or other instruments either in the names of all the Trustees or as their attorney or attorneys or otherwise, as the Trustees may from time to time deem expedient.

Section 2.11. The Trustees shall have power to collect, sue for, receive and receipt for all sums of money coming due to this Trust, to consent to the extension of the time for payment, or to the renewal, of any bonds or other securities, mortgages, deeds of trust or other obligations, and to engage or intervene in, prosecute, defend, compound, compromise, abandon, or adjust by arbitration or otherwise any actions, suits, proceedings, disputes, claims, demands, or things relating to the Trust

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property; to be parties to reorganizations and to transfer to and deposit with any corporation, committee, voting trustees, or other persons any stocks, shares, or bonds, or other securities or obligations of any corporation, trust, association, or other organization, the securities of which form a part of the Trust property, for the purpose of any reorganization of any such corporation, trust, association, or other organization, or otherwise to participate in any arrangement for enforcing or protecting the interests of the Trustees as the owners or holders of such stocks, shares, bonds, or other securities or obligations and to pay any assessment levied in connection with such reorganization or arrangement; and to give time with or without security for the payment or delivery of any debts or property and to execute and enter into releases, agreements, and other instruments; and to pay or satisfy any debts or claims upon any evidence that the Trustees shall think sufficient.

Section 2.12. The Trustees shall have power to incur and pay any charges or expenses in the opinion of the Trustees necessary or incidental to or proper for carrying out any of the purposes of this Trust; to appoint or contract with any one or more of themselves or any firm in which one or more of them may be members, or with any other person, to carry on and supervise all or any part of the active management of the property and business of the Trust, or to give investment advice, with such rights and such compensation as the Trustees may deem proper; and to employ such clerical assistance as they deem necessary to the transaction of the business of the Trust and such other persons, including consultants, accountants, technical advisers, attorneys, brokers, corporate fiduciaries, depositaries, corporations, escrow agents, partnerships, or trusts (including a corporation, partnership, or trust of which one or more of the Trustees is a stockholder, member, or Trustee) and to fix their duties, periods of employment and compensation.

Section 2.13. The Trustees shall have power to endorse or guarantee

the payment of any notes or other obligations of any person; to make contracts of guaranty or suretyship, or enter into other obligations therefor; and to mortgage and pledge the real and personal property of this Trust or any part thereof to secure any or all of such obligations.

Section 2.14. The Trustees shall have power to deposit any moneys or securities included in the Trust property with any one or more banks, trust companies or other banking institutions deemed by the Trustees to be responsible, such moneys or securities to be subject to withdrawal on notice or upon demand and in such manner as the Trustees may determine, and the Trustees shall have no responsibility for any loss which may occur by reason of the failure of the person with whom the moneys or securities have been deposited properly to account for the moneys or securities so deposited.

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Section 2.15. The Trustees shall have power to determine conclusively whether any moneys, securities, or other properties of the Trust property are for the purposes of the Trust to be considered as capital or income and in what manner any expenses or disbursements are to be borne as between capital and income whether or not in the absence of this provision such moneys, securities, or other properties would be regarded as capital or as income and whether or not in the absence of this provision such expense or disbursement would ordinarily be charged to capital or to income.

Section 2.16. The Trustees shall have power to determine conclusively the value of any of the real estate, securities, or other properties of this Trust and of any services, securities, property or other consideration hereafter to be acquired by this Trust; and to revalue the real estate, securities, or other properties of the Trust from time to time in accordance with appraisals made by one or more of the Trustees or any one or more of such appraisers as they deem responsible and experienced, and to keep the books of the Trust and render reports to the shareholders of the Trust on the basis of the figures so adopted.

Section 2.17. The Trustees shall have power to determine the fiscal year of the Trust and the method or form in which its accounts shall be kept and from time to time change the fiscal year or method or form of accounts.

Section 2.18. No contracts or other transactions between or among the Trustees, the shareholders, or any other person and no act of any of them shall be affected by the fact that such Trustees, shareholders, or any other person are directly or indirectly interested in or are Directors, officers, members, shareholders, or fiduciaries of such other person and/or this Trust or otherwise connected with such other person and/or this Trust.

(a) No contract or other transaction between the Trust and one or more of its Trustees or any other trust, corporation, firm, association or entity in which one or more of the Trustees are trustees, directors or officers or have a material financial interest, shall be void or voidable because of such relationship or interest or because such Trustee or Trustees are present at the meeting of the Trustees or a committee thereof which authorizes, approves or ratifies such contract or transaction, if:

(1) the fact of such relationship or interest is disclosed or known to the Trustees or committee which authorizes, approves or ratifies the contract or transaction by a vote or consent sufficient for the

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purpose without counting the votes or consents of such interested Trustee or Trustees; or

(2) the fact of such relationship or interest is disclosed or known to be the shareholders entitled to vote and they authorize, approve or ratify such contract or transaction by vote or written consent; or

(3) the contract or transaction is fair and reasonable to the Trust.

Common or interested Trustees may be counted in determining the presence of a quorum at a meeting of the Trustees or a committee thereof which authorizes, approves or ratifies such contract or transaction.

Any contract or transaction authorized, approved or ratified in accordance with this Section (a) shall be presumed to be as valid as if such contract or transaction had been entered into with a disinterested party.

Section 2.19. The Trustees shall have power to do all such other matters and things as in their judgment will promote or advance the business which they are authorized to carry on although such matters or things are not herein specifically mentioned.

Section 2.20. The Trustees shall not have the power or authority to issue face amount certificates or periodic payment plan certificates as such terms are defined in the Investment Company Act of 1940, nor shall the Trustees invest in investment securities, including certificates of interest or shares of beneficial interest in other real estate investment trusts, beyond 25% of the net assets of the Trust.

ARTICLE 3.

Limitations of Liability of Shareholders, Trustees, and Others.

Section 3.1.

(a) No Trustee or officer of this Trust shall be personally liable, in tort, contract or otherwise, in connection with Trust property or the affairs of this Trust, or on account of his own acts or omissions to this Trust, or to any shareholder, Trustee, officer or agent thereof except for (i) any breach of the duty of loyalty of the Trustee or officer to the Trust or its shareholders, (ii) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, or (iii) any transaction from which the Trustee or officer derived any improper personal benefit.

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(b) All persons shall look solely to the Trust property for satisfaction of claims of any nature arising in connection with the affairs of this Trust.

Section 3.2.

(a) Each individual who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative ("Proceeding"), by reason of the fact that he, or an individual for whom he is the legal representative, is or was a Trustee or officer of the Trust or is or was serving at the request of the Trust as a director, trustee, officer, employee or agent of another entity (including service with respect to an employee benefit plan) whether the basis of such Proceeding is alleged action in an official capacity as a trustee, director, officer, employee or agent or in any other capacity while serving as a director, trustee, officer, employee or agent, shall be indemnified and held harmless by the Trust to the fullest extent not prohibited to directors and officers of corporations by the District of Columbia Business Corporations Act (the "Law"), as the same exists or hereafter may be amended (but, in the case of any such amendment, only to the extent that such amendment permits broader indemnification rights than the Law permitted prior to such amendment) against all expenses, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such individual in connection therewith. Such right shall include the right to be paid by the Trust expenses incurred in defending any such Proceeding in advance of its final disposition; provided, however, that the payment of such expenses incurred by a Trustee or officer in his capacity as a Trustee or officer (and not in any other capacity in which service was or is rendered by such person while a Trustee or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of such Proceeding, shall be made only upon delivery to the Trust of an undertaking, by or on behalf of such Trustee or officer, to repay all amounts so advanced if it should be determined ultimately that such Trustee or officer is not entitled to be indemnified under this section or otherwise.

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(b) The rights conferred on an individual by Paragraph (a) of this Section shall not be exclusive of any other right which such individual may have or hereafter acquire under any statute, provision of the Declaration of Trust, By-laws, agreement, vote of shareholders or disinterested Trustees or otherwise.

Section 3.3. To shareholder, as such, of this Trust shall be held to any personal liability whatsoever, in tort, contract or otherwise, in connection with Trust property or the affairs of this Trust or upon any obligation of the Trust; and this Trust will indemnify and hold harmless each shareholder from and against any and all losses, damages and liabilities (including any reasonable expenses, including legal expenses, incurred by the shareholder after the giving of the notice hereunder and in conformity with the provisions of this section 3.3), if the shareholder complies with the following conditions. After any claim is asserted in writing, or any suit or action is brought against any shareholder, such shareholder shall notify the Trust

thereof within ten (10) business days after such shareholder has actual knowledge of the same, and shall thereafter fully cooperate with the Trust in defending such claim, suit or action in such manner as the Trust alone may see fit. The Trust shall have the right to employ counsel of its choosing to defend any such claim, suit or action. In the event that the Trust fails to diligently defend against any such claim, suit or action, the shareholder shall have the right to employ counsel of his choosing and to take such other action and incur such other expense as is reasonably necessary to conduct such defense.

ARTICLE 4.

Shares of Beneficial Interest.

Section 4.1. The shares issuable hereunder by the Trustees shall be without par value. No assessment shall ever be made upon shareholders.

Section 4.2. Every shareholder shall be entitled to receive a certificate in such form as the Trustees shall from time to time approve specifying the number of shares held by him. The certificates in the form so approved shall be treated as negotiable and title thereto and to the shares represented thereby shall be transferred by delivery thereof to the same extent in all respects as a stock certificate and the shares represented thereby of any business corporation. Unless otherwise determined by the Trustees, such certificates shall be signed by the President of the Trustees, and shall be countersigned by a Transfer Agent, and registered by a Registrar, if any. There shall be filed with each Transfer Agent and Registrar, if any, a copy of the form of certificate so approved

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by the Trustees, certified by the President of the Trustees, and such form shall continue to be used unless and until the Trustees approve some other form. In case any one or more officers of this Trust who shall have signed certificates shall cease to be such officer or officers before the certificates so signed shall have been actually issued, such certificates nevertheless issued with the same effect as though the persons who signed such certificates had not ceased to be such officers of this Trust. The Trustees may in their discretion authorize certificates to be signed or authenticated by the facsimile signature of the officer or officers who are authorized to sign such certificates; provided that any certificate signed or authenticated by the facsimile signature of an officer shall not be valid unless countersigned by a Transfer Agent.

Section 4.3. The Trustees in their discretion may from time to time without vote of the shareholders issue shares of this Trust, in addition to the then issued and outstanding shares and shares held in the treasury, to such party or parties and for such property or consideration, at such time or times, and on such terms as the Trustees may deem best, and may in such manner acquire other assets (real, personal, or mixed) and businesses, and no prior offering thereof to any of the shareholders hereunder need be made. In connection with any issuance of shares, the Trustees may issue fractional shares or may provide for the issue of scrip for fractions of shares and determine the terms of such scrip including, without limitation, the time within which the same must be surrendered for exchange into full shares and the rights if any of holders of scrip upon the expiration of the time so fixed, the rights if any to receive proportional distributions, and the rights if any to redeem scrip for cash, or the Trustees may in their discretion, or if they see fit at the option of each shareholder, provide in lieu of scrip for the adjustment of fractions in cash. The provisions of Section 4.2 hereinabove relative to certificates for shares shall apply so far as applicable to such scrip, except that such scrip may in the discretion of the Trustees be signed by a Transfer Agent alone. The Trustees may also authorize the issuance of warrants or options to purchase shares from time to time to such persons, including themselves, upon such terms and conditions and for such consideration as they determine to be proper.

ARTICLE 5.

Record and Transfer of Shares.

Section 5.1. A register shall be kept by or on behalf of the Trustees, under the direction of the Trustees, which shall contain the names and addresses of the shareholders and the number of shares held by them respectively and the numbers of the certificates representing the same and a record of all transfers

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thereof. Only shareholders whose certificates are so recorded shall be entitled to vote or to receive dividends or otherwise to exercise or enjoy the rights of shareholders. No shareholder shall be entitled to receive payment of any dividend, nor to have notice given to him as herein provided, until he has given his address to a Transfer Agent or such other officer or agent of the Trustees as shall keep the said register for entry thereon.

Section 5.2. The Trustees shall have power to employ a transfer agent or transfer agents, and if they so determine, a registrar or registrars. The transfer agent or transfer agents may keep the said register and record therein the original issues and transfers, if any, of the said shares and countersign certificates of shares issued to the persons entitled to the same. The transfer agents and registrars shall perform the duties usually performed by transfer agents and registrars of certificates of stock in a corporation, except as modified by the Trustees.

Section 5.3. In accordance with the usual custom of corporations having a transfer agent, signed certificates for shares in blank may be deposited with any transfer agent of this Trust, to be used by the transfer agent in accordance with authority conferred upon it as occasion may require, and in so doing the signers of such certificates shall not be responsible for any loss resulting therefrom.

Section 5.4. Shares shall be transferable on the records of the Trust (other than by operation of law) only by the record holder thereof or by his agent thereunto duly authorized in writing, upon delivery to the Trustees or a transfer agent of this Trust of the certificate or certificates therefor, properly endorsed or accompanied by duly executed instrument or instruments of transfer, together with such evidence of the genuineness of each such endorsement, execution, and authorization and of other matters as may reasonably be required. Upon such delivery the transfer shall be recorded on the register of the Trust and a new certificate for the shares so transferred shall be issued to the transferee, and in case of a transfer of only a part of the shares represented by any certificate a new certificate for the residue shall be issued to the transferor. But until such record is made the shareholder of record shall be deemed to be the holder of such shares for all purposes hereof and neither the Trustees nor any transfer agent or registrar nor any officer or agent of this Trust shall be affected by any notice of the proposed transfer.

Section 5.5. Any person becoming entitled to any shares in consequence of the death, bankruptcy or insolvency of any shareholder, or otherwise by operation of law, shall be recorded as the holder of the said shares and receive a new certificate for the same upon production of the proper evidence thereof and

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delivery of the existing certificate to the Trustees or a transfer agent of this Trust. But until such record is made, the shareholder of record shall be deemed to be the holder of such shares for all purposes hereof and neither the Trustees nor any transfer agent or registrar nor any officer or agent of this Trust shall be affected by any notice of such death, bankruptcy, or insolvency.

Section 5.6. The Trustees may treat two or more persons holding any share as joint tenants of the entire interest therein unless their ownership is expressly otherwise recorded on the register of the Trust, but no entry shall be made in the register or in any certificate that any person is in any other manner entitled to any future, limited or contingent interest in any share; provided, however, that any person recorded as a holder of any share may, subject to the provisions hereinafter contained, be described in the register or in any certificate as a fiduciary of any kind and any customary words may be added to the description of the holder to identify the nature of such fiduciary relationship.

Section 5.7. The Trustees shall not, nor shall the shareholders or any officer, transfer agent or other agent of this Trust or of the Trustees, be bound to see to the execution of any trust, express, implied or constructive, or of any charge, pledge, or equity to which any of the shares of the Trust or any interests therein are subject, or to ascertain or inquire whether any sale or transfer of any such shares or interest therein by any such shareholder or his personal representatives is authorized by such trust, charge, pledge, or equity, or to recognize any person as having any interest therein except for the persons recorded as such shareholders. The receipt of the person in whose name any share is recorded, or if such share is recorded in the names of more than one person, the receipt of any one of such persons or of the duly authorized agent of any such person shall be a sufficient discharge for all dividends and other money and for all shares, bonds, obligations, and other property payable, issuable, or deliverable in respect of such share and from all liability to see to the application thereof.

Section 5.8. If any person, corporation, partnership, trust or any other legal entity is or becomes at any time the beneficial owner, directly or indirectly, of more than ten percent (10%) of the outstanding shares, or if the tax status of the Trust under Public Law 86-779 or any other tax statute or regulation is or can be endangered by the purchase or retention of shares by any person, corporation, partnership, trust or any other legal entity, the Trustees may, in their sole discretion, refuse to sell, transfer or deliver shares to such person or entity, or, may repurchase any or all shares held by such person or entity at cost or at the last sale price of a share as of the date immediately preceding the day on which the demand for

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repurchase is mailed, whichever price is higher. After the mailing of the demand for repurchase, the shares may be cancelled upon the records of the Trust by the order of the Trustees and the Trust shall pay promptly for such shares as above determined.

Section 5.9. Any and all notices to which shareholders hereunder may be entitled and any and all communications shall be deemed duly served or given if mailed, postage prepaid, addressed to shareholders of record at their last known post office address as recorded on the register of the Trustees. In case of the loss, mutilation, or destruction of any certificate of shares hereunder, the Trustees may issue or cause to be issued a new certificate on such terms as they may see fit.

Section 5.10. If the Trustees shall at any time and in good faith be of the opinion that direct or indirect ownership of shares of this Trust has or may become concentrated to an extent which would cause any rent to be paid to this Trust by a "sister corporation," if one existed, to fail to qualify or be disqualified as rent from real property by virtue of Section 856(d)(2)(B) of the Internal Revenue Code of 1954 (the "Code"), or similar provisions of successor statutes, pertaining to the qualification of this Trust as a real estate investment trust, trustees shall have the power (1) by lot or other means deemed equitable by them to call for purchase from any shareholder of this Trust of such number of shares as shall be sufficient in the opinion of the Trustees to maintain or bring the direct or indirect ownership of shares of this Trust into conformity with the requirements of said Section 856(d)(2)(B) pertaining to this Trust, and (2) to refuse to register the transfer of shares to any person whose acquisition of such shares would, in the opinion of the Trustees, result in this Trust being unable to conform to the requirements of said Section 856(d)(2)(B). For purposes of this Section, the term "sister corporation" means a corporation, the shares of which are owned by exactly or substantially the same persons and in exactly or substantially the same numbers as are the shares of this Trust. This Section shall apply even if a "sister corporation" does not exist (1) at the time the Trustees determine that the ownership of shares of this Trust has or may become so concentrated, or (2) at the time the Trustees call shares for purchase or refuse to register the transfer of shares.

The purchase price for the shares purchased pursuant hereto shall be equal to the fair market value of such shares as reflected in the closing price for such shares on the principal stock exchange on which such shares are listed or, if such shares are not listed, then the last bid for the shares, as of the close of business on the date fixed by the Trustees for such purchase or, if no such quotation is available, as shall be determined in good faith by the Trustees. From and after the date fixed for purchase by the Trustees, the holder of any shares so called for purchase shall cease to be entitled to dividends, voting rights

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and other benefits with respect to such shares, except the right to payment of the purchase price fixed as aforesaid.

In order to further assure that ownership of the shares does not become so concentrated, any transfer of shares that would prevent amounts received by this Trust from a "sister corporation," if one existed, from qualifying as "rents from real property" as defined in Section 856(d) of the Code, by virtue of the application of Section 856(d)(2)(B) of the Code, shall be void ab initio and the intended transferee of such shares shall be deemed never to have had an interest therein. If the foregoing provision is determined to be void or invalid by virtue of any legal decision, statute, rule or regulation, then the transferee of such shares shall be deemed to have acted as agent on behalf of this Trust in acquiring such shares and to hold such shares on behalf of this Trust. For purposes of determining whether this Trust is in compliance with Section 856(d)(2)(B), Section 856(d)(5) of the Code, or similar provisions of successor statutes shall be applied. The shareholders of this Trust shall upon demand disclose to the Trustees in writing such information with respect to their direct and indirect ownership of the shares of this Trust as the Trustees deem necessary to determine whether this Trust satisfies the provisions of Section 856(a)(5) and (6) and Section 856(d) of the Code or the regulations thereunder as the same shall be from time to time amended, or to comply with the requirements of any other taxing authority.

ARTICLE 6.

Characteristics of Shares.

Section 6.1. The ownership of the Trust property of every description and the right of the conduct of any business hereinbefore described are vested exclusively in the Trustees, and the shareholders shall have no interest therein other than the beneficial interest conferred by their shares issued hereunder, and they shall have no right to call for any partition or division of any property, profits, rights, or interests.

Section 6.2. The shares issued hereunder shall be personal property giving only the rights in this instrument and in the certificates thereof

specifically set forth. The death of a shareholder during the continuance of this Trust shall not terminate the Trust nor give his or her legal representatives a right to an accounting or to take any action in the courts or otherwise against other shareholders or the Trustees or the property held hereunder, but shall simply entitle the legal representatives of the deceased shareholder to demand any receive a new certificate of shares in place of the certificate held by the deceased shareholder, and upon the acceptance of which such

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legal representatives shall succeed to all the rights of the deceased shareholder under this Trust.

Section 6.3. Shares issued hereunder and purchased or otherwise acquired by the Trustees for the account of the Trust shall not so long as they belong to the Trust either receive dividends (except that they shall be entitled to receive dividends payable in shares of the Trust) or be voted at any meeting of the shareholders. Such shares may in the discretion of the Trustees be cancelled and the number of shares authorized be thereby reduced, or such shares may in the discretion of the Trustees be held in the treasury and be disposed of by the Trustees at such time or times, to such party or parties, and for such consideration as the Trustees may determine.

Section 6.4. The Trustees, or any one of them, may, in their individual capacity, purchase and otherwise acquire or sell and otherwise dispose of shares issued hereunder without restriction or liability to any person.

ARTICLE 7.

Meetings of Shareholders.

Section 7.1. Annual meetings of the shareholders shall be held at a convenient location on proper notice to shareholders following delivery of the annual report. Special meetings of the shareholders shall be called at any time and place when ordered by the President of the Trustees or a majority of the Trustees, or upon the written request of the holders of 25% of the outstanding shares, specifying the purpose or purposes for which such meeting is called. If for any reason the annual meeting of the shareholders as herein provided shall be omitted, a special meeting of the shareholders may subsequently be held in lieu thereof and the business of the annual meeting may be transacted thereat.

Section 7.2. Notice of all meetings of the shareholders shall be given by a Trustee or other officer by mail to each shareholder at his registered address, mailed at least fourteen (14) days before the meeting. No business shall be transacted at any special meeting of shareholders unless notice of such business has been given in the call for the meeting. Any adjourned meeting may be held as adjourned without further notice.

Section 7.3. No action taken by the shareholders at any meeting other than a meeting of the type specified either in Section 10.1 or Section 10.2 hereof (and then only if such action is taken by the percentage of shares in each case therein specified) shall in any way bind the Trustees.

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Section 7.4. For the purpose of determining the shareholders who are entitled to vote or act at any meeting or any adjournment thereof, or who are entitled to participate in any dividend, the Trustees may from time to time close the transfer books for such period not exceeding twenty (20) days as the Trustees may determine; or without closing the transfer books the Trustees may fix a date not less than ten (10) nor more than ninety (90) days (1983 amendment) prior to the date of any meeting of shareholders or dividend payment as a record date for the determination of shareholders entitled to vote at such meeting or any adjournment thereof or to receive such dividend and any shareholder who as a shareholder at the time so fixed shall be entitled to vote at such meeting or any adjournment thereof or to receive such dividend even though he has since that date disposed of his shares, and no shareholder becoming such after said date shall be so entitled to vote at said meeting or any adjournment thereof or to receive such dividend.

Section 7.5. At any meeting of the shareholders, any shareholder of shares entitled to vote thereat may vote by proxy. Only shareholders of record of such shares shall be entitled to vote and each full share shall be entitled to one vote. Fractional shares shall not be entitled to any vote. When any such share is held jointly by several persons, any one of them may vote at any meeting in person or by proxy in respect of such share, but if more than one of them shall be present at such meeting in person or by proxy, and such joint owners or their proxies so present disagree as to any vote to be cast, such vote shall not be received in respect of such share. If the holder of any such share is a minor or a person of unsound mind, and subject to guardianship or to the legal control of any other person as regards the charge or management of such share, he may vote by his guardian or such other person appointed or having such control, and such vote may be given in person or by proxy.

Section 7.6. At each annual meeting of the shareholders the Trustees shall make a report upon the affairs of the Trust and upon its business and operations, together with the statement of its financial standing as shown by the books of account of the Trust. The Trustees shall have prepared and shall submit to the Beneficiaries an annual report consisting of a balance sheet, statement of income, and surplus of the Trust, and an opinion thereon of an independent certified public accountant based on an examination of the books and records of the Trust, which opinion shall not be materially limited in scope and which shall be made in accordance with generally accepted auditing procedures.

The aforesaid annual report shall be filed by the independent certified public accountant who prepares the same with the Trustees and with such federal or state regulatory authorities as shall require such filing with them. The Trustees shall mail a copy of such annual report to each shareholder at

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his address as recorded on the books of the Trustees, as soon as practicable after the close of the period covered by the report.

The Trustees shall have quarterly reports prepared and shall submit a quarterly report to such federal or state regulatory authorities as shall require the same. A quarterly report, which shall contain a current balance sheet and statement of income, and surplus, may be unaudited.

Section 7.7. The records and books of account of the Trust shall be open to the inspection of federal or state regulatory authorities at any reasonable time or times, at the principal office of the Trust. Any shareholder, upon written demand stating the specific purpose thereof, shall have the right to examine the trust records at the principal office of the Trust, as permitted under District of Columbia law to the same extent as is permitted corporate shareholders.

ARTICLE 8.

Trustees.

Section 8.1. The number of Trustees shall not be less than three (3) nor more than seven (7). Whenever a vacancy in the number of Trustees shall occur, until such vacancy is filled, the continuing or surviving Trustee or Trustees shall have all the powers granted to the Trustees and discharge all the duties imposed upon the Trustees by this Declaration. The term "majority of the Trustees" whenever used herein shall mean more than one-half of the total number of Trustees then in office.

The following persons shall be the Trustees subject to the provisions of Section 8.2 below: B. Franklin Kahn, Benjamin H. Dorsey, Arthur A. Birney, William C. Eacho, Jr., Worthington H. Talcott, Jarvis J. Slade, Stanley S. Snyder.

Section 8.2. The Trustees presently serving as such shall be divided into three classes, as nearly equal in number as is feasible, with respect to the term during which they shall severally hold office. One class shall serve until the annual election of Trustees in 1969 and until their respective successors are duly qualified and assume office; one class shall serve until the annual election of Trustees in 1970 and until their respective successors are duly qualified and assume office; and one class shall serve until the annual election of Trustees in 1971 and until their respective successors are duly qualified and assume office. Commencing in 1969 the Trustees shall be elected for three year terms for the class of Trustees whose terms then expire, so that the term of office of one class of Trustees shall expire each year. The Trustees shall be individuals of full age and not under any legal disability, and

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no person shall qualify as a Trustee until he shall have either signed this Declaration of Trust or agreed in writing to be bound in all respects by the Declaration. No Trustee shall be required to give bond, surety or security to secure the performance of his duties or obligations.

Section 8.3. Any Trustee may resign his trust by instrument in writing signed by him and delivered or mailed to the President of the Trustees, and such resignation shall take effect immediately or at a later date according to the terms of the notice, but no such resignation shall become effective unless and until a copy of such instrument shall have been acknowledged by the resigning Trustee and recorded in the Office of the Recorder of Deeds for the District of Columbia (hereinafter in this Declaration called the "Recorder's Office").

Section 8.4. In case a vacancy in the number of Trustees shall occur through death, resignation, or removal (unless the vacancy occurring through removal has already been filled by the shareholders acting pursuant to the

provisions of Section 10.2 hereof), the remaining Trustees or Trustee may fill such vacancy by appointing by an instrument in writing signed by a majority of the Trustees such person as they or he in their or his absolute discretion shall see fit, but no such appointment shall become effective unless and until such instrument bearing the acceptance of the person so appointed shall have been acknowledged by one or more of the existing Trustees and recorded in the Recorder's Office. Thereupon the Trust property shall vest in the new Trustee jointly with the continuing Trustee or Trustees without any further act or conveyance.

Section 8.5. The death, resignation, or removal of any one or more of the Trustees shall not operate to annul the Trust or to revoke any existing agency created pursuant to the terms of this Declaration of Trust. No person interested in any investment advisor to the Trust shall sell real property to the Trust or buy real property from the Trust.

Section 8.6. Meetings of the Trustees shall be held from time to time upon the call of the President of the Trustees or any two of the Trustees. Notice of any meetings shall be given not less than three (3) days before the meeting but may be waived by any Trustee either before or after such meeting. The concurrence of all the Trustees shall not be necessary for the validity of any action taken by them, but a decision expressed in a vote passed at a meeting by a majority of the Trustees or expressed in a writing signed by a majority of the Trustees without a meeting, shall constitute the action of the Trustees and have the same effect as if assented to by all. At any meeting a majority of the Trustees shall constitute a quorum. Any deed, mortgage, lease or other instrument or writing executed by two or more of the Trustees shall be valid and binding upon

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the Trustees and upon the Trust when authorized by a vote or writing passed or signed as above provided.

Section 8.7. The Trustees shall annually elect from among their number a President, who shall be the principal officer of the Trust, and may elect from among their number or otherwise a Secretary and such other officers or agents as they may deem advisable and may act in any manner by or through any such officer or agent. The Trustees shall fix the compensation of all officers whom they may elect or appoint, shall receive reasonable compensation for their general services as Trustees and officers hereunder, and may pay themselves or any one or more of them such compensation for special services as they in good faith may deem reasonable. The aggregate annual expenses of every character paid or incurred by the Trust, excluding interest, taxes, expenses in connection with the issuance of securities, shareholder relations, and acquisition, operation, maintenance, protection and disposition of Trust properties, but including advisory fees and mortgage servicing fees and all other expenses, shall not exceed the greater of: 1. 1-1/2% of the average net assets of the Trust, net assets being defined as total invested assets at cost before deducting depreciation reserves, less total liabilities, calculated at least quarterly on a basis consistently applied; or 2. 25% of the net income of the Trust, excluding provision for depreciation and realized capital gains and losses and extraordinary items, and before deducting fees and mortgage servicing fees and all other expenses, calculated at least quarterly on a basis consistently applied; but in no event shall aggregate annual expenses exceed 1-1/2% of the total invested assets of the Trust at year end.

Section 8.8. The Trustees may adopt a seal and from time to time adopt, amend or repeal by-laws for the conduct of their business, and in such by-laws may define duties of their officers, agents, servants, and representatives.

Section 8.9. The Trustees may appoint from among their own number an executive committee of two or more persons to whom they may delegate such of the powers herein given to the Trustees as they may deem expedient, except as herein otherwise provided.

ARTICLE 9.

Distributions of Property.

Section 9.1. The Trustees shall from time to time distribute ratably among the shareholders such proportions of the net profits, surplus (including paid-in surplus), capital, or assets held by the Trustees as they may deem proper and such distribution may be made in cash or property (including without limitation any type of obligations of the Trust or any assets

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thereof); and the Trustees may distribute ratably among the shareholders additional shares issuable hereunder in such manner and on such terms as the Trustees may deem proper; but the amount of all distributions and the time of declaration and payment thereof shall be wholly in the discretion of the Trustees, as shall also the determination of what constitutes net profits or surplus, and such distributions may be made even though the paid-in capital of this Trust at the time of any distribution exceeds the net assets of the Trust

based either on the market value (as determined by the Trustees under Section 2.16 of Article 2 hereinabove) or the book value; and such distribution may be among the shareholders of record at such other date (not more than twenty (20) days prior to payment of such distribution) as the Trustees shall determine.

Section 9.2. The Trustees may always retain from the net profits such amount as they may deem necessary to pay the debts or expenses of the Trust or to meet obligations of the Trust, or as they may deem desirable to use in the conduct of its affairs or to retain for future requirements or extensions of the business.

ARTICLE 10.

Amendment of Trust; Removal of Trustees.

Section 10.1. The provisions of this Declaration of Trust may be amended by a vote of the holders of a majority of shares, or the Trust may be terminated by the vote of the Trustees with the approval of the holders of a majority of shares; but no amendment, alteration, or termination shall become effective unless and until such instrument shall have been acknowledged and recorded in said Recorder's Office. Notwithstanding the foregoing (and notwithstanding the fact that some lesser percentage may be permitted by law), the affirmative vote of the holders of 70% or more of the outstanding shares of the Trust entitled to vote generally in the election of Trustees shall be required to amend or repeal Sections 5.8, 5.10, 8.1, 8.2, this Section 10.1, or Article 15 of this Declaration of Trust.

Section 10.2. Any Trustee may be removed either (1) at any meeting of shareholders called for the purpose, by the affirmative vote of not less than two-thirds in interest of the shares then outstanding hereunder and entitled to vote; or (2) by the unanimous vote of all other Trustees with the approval of the holders of a majority of the share; provided, however, that no such removal shall become effective unless and until a certificate to that effect signed and acknowledged by an officer of the Trust shall have been recorded in the Recorder's Office.

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Section 10.3. The Trustees shall maintain insurance against possible tort liability on the part of the Trust in an amount customarily carried by prudent businessmen in the operation of the same or a similar type of business.

ARTICLE 11.

Miscellaneous.

Section 11.1. The term "Trustees" as used herein shall mean, where the context admits, such of the undersigned or their duly appointed and qualified successors as shall be at the time acting as Trustees hereunder.

Section 11.2. This instrument is executed by the Trustees and delivered in the District of Columbia and with reference to the laws thereof, and the rights of all parties and the construction and effect of every provision hereof shall be subject to and construed according to the laws of said District of Columbia.

Section 11.3. This Declaration may be simultaneously executed in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts, together, shall constitute but one and the same instrument, which shall be sufficiently evidenced by any such original counterpart.

Section 11.4. Any certificate signed by a person who according to the records in said Recorder's Office appears to be a Trustee hereunder, concerning the number or identity of Trustees or shareholders, that the execution of any instrument or writing has been duly authorized, the form of any vote passed at a meeting of Trustees or shareholders, the fact that the number of Trustees or shareholders present at any meeting or executing any written instrument satisfied the requirements of this Declaration of Trust, the form of any by-law adopted by or the identity of any officer elected by the Trustees or the existence or nonexistence of any fact or facts which in any manner relate to the affairs of the Trust shall be conclusive evidence as to the matters so certified in favor of any person dealing with the Trustees or any one or more of them, and the successors of such person.

Section 11.5. If this Declaration of Trust is filed or recorded in any other recording office, anyone dealing with real estate so located that instruments affecting the same should be filed or recorded in such recording office may rely conclusively upon any certificate of the kind described in Section 11.4 hereof which is signed by a person who according to the records in such recording office appears to be a Trustee hereunder.

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ARTICLE 12.

Duration of Trust.

This Trust shall continue without limitation of time but subject to the provisions of Article 10 hereof.

ARTICLE 13.

Federal Housing Administration Insured Mortgages.

The Trustees shall not have the power to sell or otherwise dispose of any mortgage or mortgages or partial interest in such mortgage or mortgages insured by the Federal Housing Administration which the Trust owns unless such transfer is to a mortgagee approved by the Federal Housing Administration or is otherwise in accordance with the provisions of the National Housing Act, as amended, or Regulations promulgated thereunder.

ARTICLE 14.

Investment Policies.

Section 14.1. It is the policy of the Trust to invest primarily in income producing real estate, including shopping centers, commercial office buildings, apartment houses and industrial buildings. Investments will be made on a long-term basis and not with the intention of resale in the immediate future. It is also a policy to improve and upgrade real estate investments with a view toward increasing income.

Section 14.2. It is the policy of the Trust to finance the purchase of its properties through the use of cash and long-term first mortgages. The Trust may also acquire properties by the issuance of shares or senior securities, which may or may not be convertible to shares of the Trust, or by the exchange of properties.

Section 14.3. [Deleted].

Section 14.4. The Trust may, on a temporary basis, invest in United States government obligations, state or municipal obligations, mortgages, commercial papers, or similar investments, as a means of providing for contingencies and future purchases. Such investments will not be in amounts which would, in the option of counsel for the Trust, disqualify the Trust for treatment as a "real estate investment trust" under the Internal Revenue Code and Regulations thereunder.

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Section 14.5. It is the policy of the Trust to make investments in any state of the United States or the Dominion of Canada where, in the opinion of counsel for the Trust, the Trust may legally operate without affecting the limited liability of the shareholders (other than for tort claims, contract claims where shareholder liability is not negated, claims for taxes, and certain statutory liabilities).

Section 14.6. The Trust may not invest in (1) equity securities in any company holding investment or engaging in activities prohibited by the Declaration of Trust except where the investment is to acquire underlying real estate assets by dissolution of such company, or (2) commodities.

Section 14.7. The Trust may not (1) engage in any short sale, (2) engage in trading as compared with investment activities, (3) issue redeemable securities as that term is defined in the Investment Company Act of 1940, (4) engage in distribution of securities issued by others, (5) engage in underwriting securities of other issuers, (6) invest in securities of other issues for the purpose of exercising control or in securities of or interests in persons primarily engaged in real estate activities, except where the purpose is to acquire the underlying properties of said issuer or persons, (7) make unsecured loans to other persons, (8) enter into any advisory contract for a period of more than one year.

Section 14.8. The Trust shall not, in dealing with any Trustee, investment adviser, officer or employee of the Trust, enter into any transactions, contrary to the obligations imposed upon Trustees by courts of equity.

ARTICLE 15.

Any merger, consolidation or liquidation involving the Trust, or any sale, lease, pledge, exchange or other transfer of all or substantially all of the Trust's assets, shall require the approval of a majority of the Trustees. If any such transaction is with, into or to a Related Shareholder, such transaction also shall require the approval of a majority of the Trustees not appointed or nominated by, acting on behalf of, or representing, such Related

Shareholder, and not an "affiliate" or "associate" of such Related Shareholder.

For purposes of this Article, the terms "affiliate" and "associate" have the meanings assigned to them in Rule 12b-2 under the Securities Exchange Act of 1934 (the "Exchange Act").

For purposes of this Article, the term "Related Shareholder" means any person, corporation or other entity who or which is the beneficial owner (within the meaning of Rule 13d-3 of the

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Exchange Act) of five percent (5%) or more of the outstanding shares of the Trust entitled to vote generally in the election of Trustees after including among his or its shares those owned by an "affiliate" or "associate." A person, corporation or other entity who or which was a "Related Shareholder" at any time remains a "Related Shareholder" so long as he or it remain an "affiliate" of the Trust.

WASHINGTON REAL ESTATE INVESTMENT TRUST

BY-LAWS

AS ADOPTED MARCH 11, 1975

BY-LAWS

- I. Any nomination of a trustee made by a shareholder (who is not a trustee) shall be made in writing to the trustees and received on or before April 15 of any year together with a statement setting forth reasons why the Trust would benefit from the election of such nominee.
- II. The funds in the accounts of the Trust which represent unclaimed Cash Distributions to Shareholders shall be held by the Trust in trust for the shareholder without interest and may be used by the Trust in any manner it deems appropriate.
- III. No merger of the Trust or sale of substantially all of the assets of the Trust shall be valid unless approved by a majority of the Trustees.
- IV. The nomination of an existing trustee for another term must be made by a majority of all trustees then in office, and all trustees present including nominees shall vote on nominations.
- V. Only United States citizens shall be nominated as trustees.
- VI. The trustees may, at the expense of the Trust, procure such Directors and Officers Liability Insurance Policies or Errors and Omissions Policies of Insurance or both on themselves and officers and employees of the Trust as they deem necessary.
- VII. A proxy given by a shareholder shall not be valid after one year from the date hereof.
- VIII. The trustee may, in advance of any annual or special meeting of the shareholders, prescribe additional regulations concerning the manner of execution and filing of proxies and validation of the same, which are intended to be voted at any such meeting.
- IX. Proxies for annual meetings shall be kept by the Secretary until the next annual meeting and thereafter destroyed.
- X. By-laws may be amended at any time by a majority of all trustees after ten days written notice of proposed changes.

EMPLOYMENT AGREEMENT

THIS AGREEMENT is made and entered into on May 11, 1994, effective as of May 1, 1994, by and between Washington Real Estate Investment Trust (hereinafter "the Trust"), a real estate investment trust organized under the laws of the District of Columbia, and Edmund B. Cronin, Jr. (hereinafter the "Executive").

WHEREAS, the Executive desires to obtain employment with the Trust; and

WHEREAS, the Trust desires to employ the Executive upon the terms and conditions hereinafter provided; and

WHEREAS, the Executive knowingly and voluntarily agrees to accept employment with the Trust under such terms and conditions;

NOW, THEREFORE, in consideration of the mutual promises contained herein, and for other good and valuable consideration, the adequacy of which is hereby acknowledged, the parties agree as follows:

1. EMPLOYMENT

The Trust hereby employs the Executive as its President and Chief Operating Officer, to perform and discharge such services and duties as are reasonably assigned from time to time by the Trust's Chief Executive Officer or Board of Trustees, including without limitation direct authority over leasing and property management activities and the normal duties of a chief operating officer. The Executive agrees to accept such employment under the terms and conditions herein, and to devote his full and best efforts, energies and abilities to the Trust on a full-time basis. In addition to his employment hereunder, not later than September 30, 1994 the Board of Trustees of the Trust will consider whether the Executive should be added to the Board of Trustees.

2. TERM

The term of this Agreement shall commence on May 1, 1994 and shall continue for a period of two years and eight months, through December 31, 1996, unless sooner terminated pursuant to

the provisions of Section 11 herein. It is understood and agreed that during the first month of the term of this Agreement, May 1994, the Executive shall work on a half-time basis, and that during said month he shall be paid at one-half of the salary rate specified in Section 3 below. The Executive shall assume full-time duties hereunder effective June 1, 1994.

3. COMPENSATION

As compensation for services rendered by the Executive during the term of this Agreement, the Trust shall pay him a base salary at the rate of two hundred seventy-five thousand dollars (\$275,000.00) per annum, payable in installments in accordance with the Trust's policy governing salary payments to executive employees generally, except that during the first month of the term of this Agreement, the Executive shall work and be paid on a half-time basis. On or about January 2nd of every year during the term of this Agreement, the Executive's compensation will be subject to review by the Compensation Committee of the Trust's Board of Trustees, in the same manner as all other officers of the Trust, it being understood that during the term of this Agreement the Executive's base salary shall not ever be less than the rate of two hundred seventy-five thousand dollars (\$275,000.00) per annum. Except as specifically provided for otherwise herein, the Executive shall not be entitled to salary or other compensation from the Trust for periods of time that he is not actively working for the Trust.

4. BENEFITS

The Executive shall be entitled to the following benefits, which shall be provided in accordance with the Trust's policies:

a. INSURANCE

The Executive shall be eligible to participate in group health, hospitalization, welfare and life insurance plans and all other programs granted to executives of the Trust in accordance with its customary practices, procedures and policies as they may be amended from time to time ("Customary Practices"). The Trust shall furnish to the Executive

information concerning the Trust's medical and hospital insurance, life insurance and disability insurance.

b. VACATION, HOLIDAYS AND SICK LEAVE

The Executive shall be entitled to three (3) weeks of paid vacation per year of employment with the Trust. The Executive shall also be entitled to paid holidays and sick leave in accordance with the Trust's Customary Practices.

c. PENSION PLAN

The Executive shall be eligible to participate in the Trust's pension plan in accordance with the terms of said plan.

5. STOCK OPTIONS

a. INCENTIVE STOCK OPTIONS (QUALIFIED)

In December 1994, December 1995 and December 1996, the Executive shall, except at any such time when he is not employed by the Trust, be granted incentive stock options, as defined in Section 422 of the Internal Revenue Code of 1986, as amended, to purchase one hundred thousand dollars (\$100,000) worth (which worth is based on the exercise price) of shares of beneficial interest ("Shares") in the Trust at an exercise price per Share equal to the market value of the Shares on the date of grant. Such grants shall be made at the same time option grants are made to other Trust executives, and they shall be issued pursuant to and shall be subject to the terms and conditions of Incentive Stock Option Agreements in the form attached hereto and incorporated by reference herein as Appendix A and to the terms and conditions of the Trust's 1991 Incentive Stock Option Plan.

b. NONQUALIFIED STOCK OPTIONS

In December 1994, December 1995 and December 1996, the Executive shall, except at any such time when he is not employed by the Trust, be granted nonqualified stock options to purchase a number of Shares in the Trust with a then-current value (which value is based on the exercise price)

equal to the difference between his base salary rate at the time of the grant and one hundred thousand dollars (\$100,000), at an exercise price per Share equal to the market value of the Shares on the date of the grant, provided that, with respect to the nonqualified stock options issued in December 1994, the exercise price per Share shall be based upon the market value of the Shares as of June 1, 1994. Such nonqualified stock options shall be issued at the same time as the aforesaid incentive stock options, and shall be pursuant to NonQualified Stock Option Agreements in the form attached hereto and incorporated by reference herein as Appendix B.

c. REGISTRATION

In the event the Executive is employed by the Trust upon attainment of age 65, at the request of the Executive, the Trust shall file with the Securities and Exchange Commission a registration statement on Form S-8, or its then-current equivalent, covering (i) any otherwise unregistered Shares then held by the Executive and his family or heirs or distributees as a result of the exercise of any of the options granted pursuant to this Section 5 and (ii) any Shares issuable to the Executive upon the exercise of any unexercised options granted pursuant to this Section 5.

6. EXPENSES

The Trust shall reimburse the Executive for all reasonable and necessary business expenses incurred by him in the performance of his duties hereunder, in accordance with its Customary Practices, and provided they are vouchered in a form satisfactory to the Internal Revenue Service for the deduction of such expenses. Notwithstanding the foregoing, the Executive shall not be reimbursed by the Trust for automobile expenses.

7. COMPLIANCE WITH OTHER AGREEMENTS

The Executive represents and warrants that his performance hereunder shall not conflict with any other agreements to which he was or is a party. He further represents and warrants that he will not use in his performance hereunder any information, material or documents of a former employer which

are trade secrets or are otherwise confidential or proprietary to said employer, unless he has first obtained written authorization from such former employer for their possession or use.

8. EXCLUSIVE SERVICES, CONFIDENTIAL INFORMATION, BUSINESS OPPORTUNITIES AND NON-SOLICITATION

a. EXCLUSIVE SERVICES

(i) Except as otherwise specified in subsection (iii) below, or in the second sentence of Section 2 above, during the term of his employment, the Executive shall at all times devote his entire time, attention, energies, efforts and skills to the business of the Trust, and shall not, directly or indirectly, engage in any other business activity, whether or not for profit, gain or other pecuniary advantages, without the express written permission of the Trust, provided that such prior permission shall not be required with respect to the Executive's charitable, eleemosynary, philanthropic or professional association activities.

(ii) Except as otherwise specified in subsection (iii), below, the Executive shall not, without prior written permission of the Trust, directly or indirectly, either as an officer, director, employee, agent, advisor, consultant, principal, stockholder, partner, owner or in any other capacity, on his own behalf or otherwise, in any way engage in, represent, be connected with or have a financial interest in, any business which is, or to the best of his knowledge, is about to become, engaged in real estate investment, development or finance. Notwithstanding the foregoing, the Executive shall be permitted to own passive investments (not exceeding five percent (5%) of the equity securities of any investee) in publicly-held companies, provided that the Executive shall disclose to the Trust any such investments in companies primarily engaged in real estate investment, finance or development.

(iii) Attached as Appendix C hereto is a list of all businesses in which the Executive, directly or indirectly, has during the last three years performed services as an officer, director, employee, agent, advisor, consultant, principal, stockholder, partner or in any other capacity, on his own behalf or otherwise. Appendix C sets forth the manner in which the Executive has been so connected with

or has had a financial interest in such businesses. Appendix C also sets forth the manner in which the Executive has severed such relationships and holdings, or how and when the Executive will either sever or retain such relationships and holdings, including transactions involving his family members, trusts, rights, options or other agreements, and the amount of time, money, risk and other commitments of the Executive which may or could be involved in the future with respect to such businesses. Appendix C lists only the described relationships or activities of the Executive, and excludes clients or customers of the Executive's employer for which the Executive acted as a consultant, advisor, correspondent or in some other similar capacity and the disclosure of which would violate an understanding concerning confidentiality.

b. CONFIDENTIAL INFORMATION

The Executive shall not at any time during or after his employment with the Trust disclose or use, directly or indirectly, any confidential or proprietary information of the Trust or its affiliates. For the purposes of this Agreement, "confidential or proprietary information" shall mean all information disclosed to the Executive, or known by him as a consequence of or through his employment with the Trust, where such information is not generally known in the trade or industry or was regarded or treated as confidential by the Trust, and where such information refers or relates in any manner whatsoever to the business activities, processes, services or products of the Trust or its affiliates. Such information includes, but is not limited to, business and development plans (whether contemplated, initiated or completed), development sites, business contacts, methods of operation, results of analysis, tenant lists, business forecasts, financial data, costs, revenues, and similar information. Upon termination of this Agreement, the Executive shall immediately return to the Trust all of its property and confidential and proprietary information which is in tangible form, and all copies thereof.

c. BUSINESS OPPORTUNITIES

During the term of his employment, the Executive shall promptly disclose to the Trust each business opportunity of a type which, based upon its prospects and relationship to the business of the Trust or its affiliates, it might reasonably consider pursuing. In the event that the Executive's employment is terminated for any reason, the Trust or its affiliates shall have the exclusive right to participate in or undertake any such opportunity on their own behalf without any involvement by the Executive.

d. NON-SOLICITATION OF EMPLOYEES AND TENANTS

The Executive agrees that during the term of his employment, and for a period of two (2) years after termination of such employment, he shall not, except in the course of his duties hereunder, directly or indirectly, induce or attempt to induce or otherwise counsel, advise, ask or encourage any person to leave the employ of the Trust or its affiliates, or solicit or offer employment to any person who was employed by the Trust at any time during the twelve-month period preceding the solicitation or offer. The Executive further agrees that for a period of two (2) years after the termination of his employment for any reason, he will not directly or indirectly solicit any person or entity who, as of the termination date, was a tenant of the Trust or was in negotiation to become a tenant of the Trust to move from a location owned by the Trust to a location not owned by the Trust, or in the case of a person or entity in negotiation to become a tenant of the Trust, to move to a location not owned by the Trust, instead of a location owned by the Trust.

e. SPECIFIC PERFORMANCE

The Executive agrees that in the event of his breach of any of the provisions of this Section 8, the remedies available at law to the Trust would be inadequate and in lieu thereof or in addition thereto the Trust shall be entitled to appropriate equitable remedies, including specific performance and injunctive relief. The Executive agrees not to enter into any agreement, either written

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or oral, which may conflict with this Agreement, and he authorizes the Trust to make known the terms of Sections 8, 9 and 10 of this Agreement to any person or entity, including, but not limited to, tenants of the Trust or future employers of the Executive.

9. CONFLICTS OF INTEREST

At any time while serving as an employee or trustee (or both) of the Trust, the Executive shall refrain from engaging in any activity, practice or act which conflicts with, or has the potential to conflict with, the interests of the Trust, and he shall avoid any acts or omissions which are disloyal, disruptive, competitive with or damaging to the Trust, specifically including, but not limited to, any such acts or omissions involving persons or entities listed on Appendix C attached hereto. By way of example only, the Executive shall not, directly or indirectly, in any capacity, on his own behalf or on behalf of any other person or entity: 1) participate or be involved in the actual or potential acquisition of any real property by purchasers other than the Trust for other than the Executive's personal use, which real property the Trust might be interested in acquiring; 2) participate in discussions with any tenants or potential tenants concerning the actual or potential rental of property which is or might be in competition with the Trust from landlords other than the Trust; 3) divert, refer or solicit individuals whom the Trust employs or might consider employing for employment with other employers, except for employees who have been or are being terminated by the Trust involuntarily; 4) subject to the fiduciary duties which he owes to the Trust, participate or be involved in any attempt to gain stock control of the Trust, ; or 5) except as specifically permitted in Section 8(a)(ii) above, or as otherwise may be approved in writing by the Board of Trustees of the Trust, invest or become an owner, partner, shareholder or officer in any business enterprise which competes with the actual or intended business activities of the Trust.

10. RELATIONSHIP WITH H.G. SMITHY COMPANY

Upon or prior to the execution of this Agreement, the Executive will resign all positions he may hold as an officer, director or employee with H.G. Smithy Company and its affiliated entities

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(collectively "Smithy"). At any time while serving as an employee, officer

and/or trustee of the Trust, the Executive shall have no direct or indirect business interest in or business relationship with Smithy, except the share ownership described in Appendix C attached hereto, and shall give an irrevocable proxy with respect to voting all shares he owns in Smithy to a person who is from time to time selected by him and approved by the Trust, which approval shall not unreasonably be withheld. The Executive will attempt to sell or otherwise dispose of any and all of his stock and other interests in Smithy as soon as it is reasonably possible to do so on a commercially reasonable basis and in no event more than three years from the date hereof, and will keep the Trust informed of his efforts on a continuing basis.

11. TERMINATION

a. BY THE TRUST

(i) TERMINATION FOR CAUSE

The Trust may terminate the employment of the Executive at any time by written notice prior to the expiration of the term of this Agreement for cause. For purposes of this Agreement, the term "cause" means any one or more of the following: 1) conduct by the Executive which is illegal, dishonest, fraudulent or disloyal; 2) conduct by the Executive which jeopardizes the Trust's right or ability to operate its business; 3) the breach or violation by the Executive of any of the material provisions of this Agreement, provided that the Executive must first be given notice by the Trust of the alleged breach or violation and a reasonable opportunity promptly and diligently to cure said alleged breach or violation; 4) the Executive's use of illegal drugs or abuse of alcohol or drugs which impairs the Executive's ability to perform his duties hereunder; 5) the breach of any fiduciary duties the Executive owes to the Trust; 6) the Executive's knowing and willful neglect of duties or gross negligence in the performance of his duties which materially affects the business of the Trust, provided that the Executive must first be given notice by the Trust of such alleged neglect or negligence and a reasonable opportunity promptly and diligently to cure said alleged neglect or negligence; and 7) conduct by the

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Executive constituting a material conflict of interest as defined in Section 9 above. To provide the Executive with an opportunity to exercise the then-exercisable portion of his incentive stock options granted hereunder, in the event of termination pursuant to clauses 1, 2, 4, 5 or 7 above the termination shall be effective three (3) business days after the date the Executive receives notice of termination, but the Executive shall be relieved of all of his duties hereunder in the interim.

(ii) TERMINATION WITHOUT CAUSE

The Trust may, in its sole discretion, without any cause whatsoever, terminate the Executive's employment by providing him with 30 days' prior written notice at any time during the term hereof. In the event the Trust exercises its right of termination, the Trust shall provide the Executive with a severance benefit (payable in equal monthly installments) equal to the salary the Executive would have received in the remainder of the term through December 31, 1996, plus the continuation of medical and hospitalization benefits during said period. If the Trust exercises its right of termination pursuant to this subparagraph (ii), the Executive shall not be entitled to the accrual or provision of any benefits other than the severance benefit described above for the period after the date of termination, including without limitation new pension contributions or new pension rights or new stock options. For the purposes of this Section 11(a)(ii), the Executive shall be deemed to have been terminated without cause if he resigns his employment because : 1) he has not been appointed to the Trust's Board of Trustees by December 31, 1994; or 2) the Trust willfully, substantially and consistently fails or refuses to provide the Executive with meaningful authority over and involvement in the Trust's leasing and property management operations or fails to consult with him about acquisitions, major capital expenditures and finance, including debt and equity raised publicly or privately or both, over which the Chief Executive Officer will maintain authority. In any proceeding in which there is a disagreement as to whether the Executive resigned for the second reason specified in the preceding sentence, the Executive shall have the burden of proving the existence of such reason.

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b. DEATH OR DISABILITY

The Executive's employment shall be terminated in the event of his death or 30 days after notice from the Trust's Board of Trustees

in the event of his disability. The term "disability" shall mean inability of the Executive to perform all of the essential functions of his position hereunder as determined by the Trust for a period of 26 consecutive weeks or for an aggregate of 150 work days during any 12-month period by reason of illness, accident or any other physical or mental incapacity, as may be permitted by applicable law.

c. BY THE EXECUTIVE

The Executive may, in his sole discretion, terminate this Agreement without any cause whatsoever upon 120 days' written notice to the Trust. In the event that the Executive exercises his right of termination hereunder, the Trust may, at its option, at any time after receiving such notice from the Executive, relieve him of his duties and terminate this Agreement at any time prior to the expiration of said notice period. If this Agreement is terminated by the Executive or the Trust pursuant to this section, unless the Executive is deemed pursuant to Section 11 (a) (ii) to have been terminated without cause by the Trust, the Executive shall not be entitled to the accrual or provision of any benefits for the period following the termination date, including without limitation any of the severance benefits described in Section 11(a) (ii) above.

12. ARBITRATION

Whenever a dispute arises between the parties concerning this Agreement or any of the obligations hereunder, or the Executive's employment generally, the parties shall use their best efforts to resolve the dispute by mutual agreement. If such a dispute cannot be so resolved, it shall be submitted to arbitration to the exclusion of all other avenues of relief and adjudicated pursuant to the American Arbitration Association's Rules for Commercial Arbitration then in effect. The decision of the arbitrator must be in writing and shall be final and binding on the parties, and judgment may be entered on the

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arbitrator's award in any court having jurisdiction thereof. The arbitrator's authority in granting relief to the Executive shall be limited to an award of compensation, benefits, stock options and unreimbursed expenses as described in Sections 3, 4, 5 and 6 above, and the arbitrator shall have no authority to award other types of damages or relief to the Executive, including but not limited to consequential or punitive damages. The arbitrator shall also have no authority to award consequential or punitive damages to the Trust for violations of this Agreement by the Executive. The expenses of the arbitration shall be borne equally by the parties, and each party shall be responsible for his or its own costs and attorneys' fees. Nothing in this Section shall be construed to derogate the Trust's right to seek legal and equitable relief in a court of competent jurisdiction as contemplated by Section 8(e) hereof.

13. NON-WAIVER

It is understood and agreed that one party's failure at any time to require the performance by the other party of any of the terms, provisions, covenants or conditions hereof shall in no way affect the first party's right thereafter to enforce the same, nor shall the waiver by either party of the breach of any term, provision, covenant or condition hereof be taken or held to be a waiver of any succeeding breach.

14. SEVERABILITY

In the event that any provision of this Agreement conflicts with the law under which this Agreement is to be construed, or if any such provision is held invalid or unenforceable by a court of competent jurisdiction or any arbitrator, such provision shall be deleted from this Agreement and the Agreement shall be construed to give full effect to the remaining provisions thereof.

15. SURVIVABILITY

Upon termination or expiration of this Agreement, the provisions of Sections 5(c), 8(b) and 8(d) shall nevertheless remain in full force and effect.

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16. GOVERNING LAW

This Agreement shall be interpreted, construed and governed according to the laws of the State of Maryland, without regard to the conflicts

of law provisions thereof.

17. HEADINGS AND CAPTIONS

The paragraph headings and captions contained in this Agreement are for convenience only and shall not be construed to define, limit or affect the scope or meaning of the provisions hereof.

18. DISCLAIMER OF INDIVIDUAL LIABILITY OF TRUSTEES AND SHAREHOLDERS

Each and every agreement made by the Trust in this Agreement is binding only upon the Trust and upon the Trustees of the Trust in their capacity as Trustees, and is not binding upon the Trustees of the Trust in their individual capacities or upon holders of the shares of beneficial interest in the Trust (the "Shareholders"). The Trustees of the Trust are acting herein in their representative or fiduciary capacity pursuant to the Declaration of Trust dated as of November 18, 1960, as amended, establishing the Trust for the benefit of the Shareholders. The Shareholders shall in no way be held liable for any agreement, debt, demand or liability incurred by or under the authority of the Trustees and no such agreement, debt, demand or liability shall have any force and effect against the Shareholders or their respective successors or assigns nor shall any such agreement, debt, demand or liability have any force and effect against the Trustees individually or against their respective legal representatives, distributees or assigns. The Executive agrees for himself and his legal representatives that the Shareholders and the Trustees shall not be personally liable under this Agreement or any written agreement, undertaking or obligation made or issued on behalf of the Trust pursuant to, or in connection with, this Agreement, that the Executive will look solely to the assets of the Trust for any claim which he may have hereunder and that he shall assert no claim against the Shareholders or against the Trustees in their individual capacity.

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19. ENTIRE AGREEMENT

This Agreement contains and represents the entire agreement of the parties and supersedes all prior agreements, representations or understandings, oral or written, express or implied with respect to the subject matter hereof. This Agreement may not be modified or amended in any way unless in a writing signed by both the Executive and the Trust. No representation, promise or inducement has been made by either party hereto that is not embodied in this Agreement, and neither party shall be bound by or liable for any alleged representation, promise or inducement not specifically set forth herein.

20. ASSIGNABILITY

Neither this Agreement nor any rights or obligations hereunder may be assigned by either party without the prior written consent of the other. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, successors and assigns.

21. NOTICES

All notices required or permitted hereunder shall be in writing and shall be deemed properly given if delivered personally or sent by certified or registered mail, postage prepaid, return receipt requested, or sent by telegram, telex, telecopy or similar form of telecommunication, and shall be deemed to have been given when received. Any such notice or communication shall be addressed:

(a) if to the Trust, to B. Franklin Kahn, Chairman, Washington Real Estate Investment Trust, 10400 Connecticut Avenue, Concourse Level, Kensington, MD 20895 with a copy to: David M. Osnos, Esquire, Arent Fox Kintner Plotkin & Kahn, 1050 Connecticut Avenue, N.W., Washington, D.C. 20036-5339 or (b) if to the Executive, to his last known home address on file with the Trust with a copy to Martin D. Krall, Esquire, Shaw, Pittman, Potts & Trowbridge, 2300 N Street, N.W., Washington, D.C., 20037-1128; or to such other address as either party shall have furnished to the other in writing.

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IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement, to be effective as of the day and year first above written.

WASHINGTON REAL ESTATE
INVESTMENT TRUST

/s/ Edmund B. Cronin, Jr.

By:/s/ B. Franklin Kahn

Edmund B. Cronin, Jr.

B. Franklin Kahn
Chairman and Chief Executive Officer

Date: 5/11/94

Date: 5/11/94

WASHINGTON REAL ESTATE INVESTMENT TRUST
1991 INCENTIVE STOCK OPTION PLAN

1. Purpose. This 1991 Incentive Stock Option Plan ("Plan") is intended to provide incentive to selected employees of Washington Real Estate Investment Trust (the "Trust") by providing those employees with opportunities to purchase shares of beneficial interest of the Trust ("Shares") under incentive stock options ("Options") as such term is defined in Section 422(b) of the Internal Revenue Code of 1986, as amended ("Code"). The Plan is intended to be a successor plan to the Washington Incentive Stock Option Plan approved by the shareholders of the Trust in 1982 and thereafter amended from time to time and is intended to become effective on June 26, 1991.

2. Administration. The Plan shall be administered by a committee (the "Committee") comprised of all of the members of the Board of Trustees of the Trust (the "Board") other than those, if any, who, during the one-year period prior to making any determination concerning the timing, pricing or amount of any Option grant, have been granted Options under the Plan or equity securities pursuant to any other plan of the Trust. The Committee shall have authority, subject to the terms of the Plan, to determine the employees to whom Options shall be granted, the number of Shares to be covered by each Option, the purchase price of the Shares covered by each Option, the time or times at which Options shall be granted, and the terms and provisions of the instruments by which Options shall be evidenced; to interpret the Plan; and to make all determinations necessary or advisable for the administration of the Plan. Business shall be transacted by a majority vote of the members of the Committee (except that any member of the Committee who would be directly affected by a particular proposed action in respect of the Plan, including the issuance of an Option to such member, shall abstain from voting in connection with such proposed action) and any decision or determination reduced to writing and signed by a majority of the members of the Committee shall be fully effective as if it has been made by a majority vote at a meeting duly called and held. No member of the Board shall be liable for any action or determination made in good faith with respect to the Plan or any Option granted under the Plan.

3. Eligibility. Options may be granted for the benefit of employees of the Trust. The fact that an employee is a Trustee of the Trust shall not make him ineligible for an Option grant. Granting of any Option to an employee shall neither entitle such employee to, nor disqualify him from, participation in any other grant of Options.

4. Shares. The Shares as to which Options may be granted shall be shares of beneficial interest of the Trust. When Options are exercised, the Trust may either issue unissued Shares or transfer issued Shares held in its treasury. The total amount

of Shares which may be granted under the Plan shall not exceed 1,010,161 Shares (subject to adjustment as provided in Section 7). In the event that any outstanding Option under the Plan for any reason expires or is terminated prior to the end of the period during which Options may be granted, the Shares allocable to the unexercised portion of such Option may again be subject in full or in part to any Option under the Plan.

5. Granting of Options. Options may be granted under the Plan at any time prior to June 25, 2001. The date of grant of an Option under the Plan will be the date on which the Option is awarded by the Board.

6. Terms and Conditions. Options shall be evidenced by instruments in such form as the Board may from time to time approve. Such instruments shall conform to the following terms and conditions:

(a) Option Price. The Option price per Share shall not be less than the fair market value of a Share on the day the Option is granted. The "fair market value" of a Share shall be determined as the price equal to the mean of the highest and lowest selling prices for a Share on the stock exchange on which the Shares are traded as of the day the Option is granted. The Option price of any Share as to which an Option is exercised shall, upon delivery of the Shares, be paid in full in cash, by check or by delivery of Shares already owned by the holder of the Option (at the current fair market value of such Shares).

(b) Terms of Options. Each Option shall expire no later than the tenth (10th) anniversary of the date of its grant.

(c) Exercisability. Each Option shall become exercisable in one or more installments at the time or times provided in the instrument evidencing the Option, provided, however, that no Option shall become exercisable prior to one year from the date of its grant.

The holder of an Option shall have none of the rights or privileges of a shareholder with respect to the Shares issuable upon

the exercise of the Option until certificates representing such Shares shall have been issued and delivered to him upon the exercise of his Option.

The Trust shall make delivery of such Shares within a reasonable period of time, provided, however, that if any law, regulation, or agreement requires the

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Trust to take any action with respect to such Shares before the issuance thereof, then the date of delivery of such Shares shall be extended for the period necessary to take such action.

(d) Termination of Employment. If an Optionee ceases to be employed by the Trust other than by reason of death, termination for cause or retirement on or after attaining age sixty-five (65), any Option or unexercised portion thereof granted to him (whether or not otherwise currently exercisable) shall terminate three (3) months after the date of such termination of employment, but in no event later than the date of expiration of the Option. If an Optionee ceases to be employed by the Trust due to termination of employment for cause, the Option or unexercised portion thereof (whether or not otherwise currently exercisable) shall terminate as of the date of such termination of employment. If an Optionee ceases to be employed by the Trust due to retirement on or after attaining age sixty-five (65), the Option shall continue in accordance with its terms and shall expire on its normal date of expiration unless previously exercised. However, the Option shall cease to be an incentive stock option (as defined in Section 422(b) of the Internal Revenue Code of 1986, as amended) upon the expiration of three (3) months from the date of the Optionee's retirement and shall thereafter be treated as a nonqualified stock option.

(e) Death. If an Optionee dies, any Option of the deceased Optionee may be exercised, to the extent of the number of Shares with respect to which he could have exercised the Option on the date of his death, by his estate, personal representative or beneficiary who acquires the Option by will or by the laws of descent and distribution, within twelve (12) months from the date of the Optionee's death, but in any event not later than ten (10) years from the date of granting thereof. On the earlier of such dates, the Option shall then terminate.

(f) Assignability. No Option shall be assignable or transferable by the Optionee except by will or the laws of descent and distribution, and during the lifetime of the Optionee, each Option shall be exercisable only by the Optionee or the Optionee's guardian or legal representative. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of an Option or any of the rights of the Optionee thereunder (other than by will or the laws of descent and distribution), such Option shall

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immediately become null and void, and the rights and privileges of the Optionee thereunder shall immediately terminate.

(g) Withholding. The Trust's obligation to deliver Shares upon the exercise of any Option shall be subject to applicable federal, state and local tax withholding requirements.

(h) Limit. Options shall not be granted to any employee to the extent that the grant of such Options to such employee would otherwise cause the aggregate fair market value (as determined at the time each Option is granted) of the Shares subject to Options held by such employee which first become exercisable during a particular calendar year to exceed \$100,000; provided that such limitation shall be increased to any greater amount permitted by the Code from time to time.

(i) Number of Shares Subject to Each Option. In respect of Options granted during the first year of the plan, the Committee shall determine the number of Shares subject to each Option granted to each selected employee so that the current value of the Shares for which each employee receives an Option shall be equal to the following percentage of his then current annual salary on the basis of the following schedule:

<TABLE>
<CAPTION>

| Years of Service at Date of Grant ----- | Percentage of Then Annual Salary ----- |
|---|--|
| <S> | <C> |
| 1 | 40% |
| 2 | 50% |
| 3 | 60% |
| 4 | 70% |
| 5 | 80% |
| 6 | 90% |
| 7 or more | 100% |

</TABLE>

For these purposes, the term "Years of Service" shall be defined as twelve-month periods of employment, together with any twelve-month periods of time during which an individual was not employed by the Trust but served as a Trustee of the Trust.

The Committee may modify the above schedule in its sole discretion in respect of Options granted in future years.

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Instruments evidencing Options may contain such other provisions, not inconsistent with the Plan, as the Committee deems advisable. Among those provisions may be a requirement that the Optionee represent to the Trust in writing, when an Option is granted or when he purchases Shares on its exercise, that he is accepting such Option or purchasing such Shares (unless they are then covered by a registration statement under the Securities Act of 1933) for his own account for investment only. All shares which are not registered under the Securities Act of 1933 at the time of the exercise of any Option shall be, at the direction of the Committee and upon advice of counsel to the Trust, marked with an appropriate legend restricting their transfer to insure compliance with said Act.

7. Capital Adjustments. The number and price of the Shares covered by each Option and the total number of Shares that may be granted under the Plan shall be proportionately adjusted to reflect, as deemed equitable and appropriate by the Committee, any stock dividends, stock split or share combination of the Shares or recapitalization of the Trust or any new underwriting of the Trust. To the extent deemed equitable and appropriate by the Committee, subject to any required action by shareholders, in any merger, consolidation, reorganization, liquidation or dissolution, any Option granted under the Plan shall pertain to the securities and other property to which a holder of the number of Shares covered by the Option would have been entitled to receive in connection with such event.

Upon the dissolution or liquidation of the Trust, each Option granted under the Plan shall terminate; but the Optionee shall have the right, immediately prior to such dissolution or liquidation, to exercise his Option in full to the extent not theretofore exercised regardless of any provision in the Option contract providing for the deferment of the exercise thereof.

8. Indemnification of Board. In addition to such other rights of indemnification as they may have as members of the Board, the members of the Board shall be indemnified by the Trust against all costs and expenses reasonably incurred by them in connection with any action, suit or proceeding to which they or any of them may be party by reason of any action taken or failure to act under or in connection with the Plan, or any Option granted thereunder, and against all amounts paid by them in settlement thereof (provided such settlement is approved by legal counsel selected by the Trust) or paid by them in satisfaction of a judgment in any such action, suit or proceeding, except a judgment based upon a finding of bad faith. Upon the institution of any such action, suit or proceeding, a Board member shall notify the Trust in writing, giving the Trust an opportunity, at its own expense, to handle and defend the same before such Board member undertakes to handle it on his own behalf.

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9. Term and Amendment of Plan. The Plan shall expire on June 25, 2001 (except as to Options outstanding on that date). The Plan may be terminated or amended with the approval of the shareholders of the Trust, or by the Board as provided below.

The Board by majority vote and without shareholder approval may

terminate the Plan and at any time and from time to time may amend the Plan in such respects as it shall deem advisable to conform to any change in the law or for any other purpose, but shall not have the authority to change:

(a) the maximum number of Shares for which Options may be granted under the Plan (except by operation of the adjustment provision of the Plan); or

(b) the periods during which Options may be granted or exercised; or

(c) the provisions relating to adjustments to be made upon changes in capitalization.

The amendment of the Plan shall not, without the written consent of the employee, affect his rights under the Option theretofore granted to him.

WASHINGTON REAL ESTATE INVESTMENT TRUST
NONQUALIFIED STOCK OPTION AGREEMENT

This Nonqualified Stock Option Agreement dated June 27, 1990.

WITNESSETH:

1. Washington Real Estate Investment Trust, a real estate investment trust organized under the laws of the District of Columbia (the "Trust") on the date set forth above has granted, and hereby evidences the grant to B. Franklin Kahn, 5215 Edgemoor Lane, Bethesda, Maryland 20814 (the "Optionee"), subject to the terms and conditions set forth herein, of the right and option to purchase from the Trust an aggregate of 100,000 shares of beneficial interest of the Trust ("Shares") at the purchase price of \$17.56 per share, such option to be exercisable as hereinafter provided.

2. The above-referenced option is exercisable (a) immediately, to the extent of Twenty Thousand (20,000) Shares; (b) to the extent of an additional Twenty Thousand (20,000) Shares on the first anniversary of the date upon which this Agreement was executed; (c) to the extent of an additional Twenty Thousand (20,000) Shares on the second anniversary of the date upon which this Agreement was executed; (d) to the extent of an additional Twenty Thousand (20,000) Shares on the third anniversary date upon which this Agreement was executed; and (e) to the extent of an additional Twenty Thousand (20,000) Shares on the fourth anniversary date upon which this Agreement was executed.

Notwithstanding the above, the above-referenced option shall become exercisable in full as to the total number of Shares hereinabove referred to in the event of Optionee's termination of employment from the Trust (i) due to death, (ii) due to the incurrance of a total and permanent disability or (iii) due to an involuntary discharge without cause by the Trust. The option is cumulative; any portion of the option not exercised at the time it first becomes exercisable may be exercised at any time thereafter prior to the expiration of the term hereof.

The Shares may be purchased by giving the Trust written notice to exercise by written notice specifying the number of Shares to be purchased and the date on which the purchase will be completed. Such notice shall contain a statement by the Optionee that the Optionee has represented to it that it is his present intention to acquire the Shares being purchased for investment and not with a view to resale or distribution. The certificates representing the Shares shall be legended appropriately to reflect the fact that the Shares have not been registered under the Securities Act of 1933 and that no sale or other distribution of such Shares may be made except pursuant to an effective

registration statement under said Act or in a transaction exempt from such registration requirements. Upon the date of purchase so specified, Optionee shall deliver to the Trust the purchase price of the Shares to be purchased against delivery thereof to Optionee. The purchase price shall be paid in the form of cash, personal check and/or Shares of the Trust (at the current fair market value of such Shares). The Trust shall deliver such Shares on such date of purchase or within a reasonable period of time thereafter, provided, however, that if any law, regulation, or agreement requires the Trust to take any action with respect to such Shares before the issuance thereof, then the date of delivery of such Shares shall be extended for the period necessary to take such actions.

Prior to delivery of such Shares, the Optionee shall pay to the Trust such amount as the Trust determines is necessary to enable the Trust to meet any Federal and estate tax withholding obligations attributable to the exercise of the option or make appropriate arrangements with the Trust to effectuate such Federal and local tax withholding obligations.

3. Without limiting the generality of the preceding paragraphs, it is understood and agreed that this Agreement and the option evidenced hereby are subject to the following conditions:

(a) the option shall not in any event be exercisable after the close of business on June 27, 2000;

(b) the option shall not be assignable or transferable by the Optionee except by will or the laws of descent and distribution, and during the lifetime of the Optionee shall be exercisable only by the Optionee or the Optionee's guardian or legal representative. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of the option or any of the rights of the Optionee hereunder (other than by will or the laws of descent and distribution), the option shall immediately become null and void and the rights and privileges of the Optionee hereunder shall immediately terminate;

(c) upon the death of the Optionee, the option or unexercised portion thereof shall terminate one year after the date of such

death but in no event later than the date of expiration of the option. During this period of time, the option may be exercised by the Optionee's estate, personal representative or beneficiary who acquires the option by will or by the laws of descent and distribution;

(d) if the Optionee ceases to be employed by the Trust due to termination of his employment for cause, the option or unexercised portion thereof (whether or not otherwise currently

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exercisable) shall terminate as of the date of such termination of employment;

(e) if the Optionee ceases to be employed by the Trust due to retirement, the option shall continue in accordance with its terms and shall expire on its normal date of expiration unless previously exercised;

(f) the Optionee shall have none of the rights or privileges of a shareholder with respect to the Shares issuable upon the exercise of the option until certificates representing such Shares shall have been issued and delivered to him upon the exercise of his Option;

4. The number and price of the Shares subject to this option shall be proportionately adjusted to reflect, as deemed equitable and appropriate by the Trust, any stock dividends, stock split or share combination of the Shares or recapitalization of the Trust or any new equity underwriting of the Trust. To the extent deemed equitable and appropriate by the Trust, subject to any required action by shareholders, in any merger, consolidation, reorganization, liquidation or dissolution, this option shall pertain to the securities and other property to which a holder of the number of Shares covered by the option would have been entitled to receive in connection with such event.

Upon the dissolution or liquidation of the Trust, this option shall terminate; but the Optionee shall have the right, immediately prior to such dissolution or liquidation, to exercise this option in full to the extent not theretofore exercised regardless of any provision in this Agreement providing for the deferment of the exercise thereof.

5. Neither the execution and delivery hereof, the granting of the option evidenced hereby, nor the Trust's obligation to deliver Shares upon the exercise of the option evidenced hereby shall constitute or be evidence of any agreement or understanding, express or implied, on the part of the Trust to employ the Optionee nor the Optionee to continue such employment for any specified period.

6. Any notice required to be given hereunder to the Trust shall be addressed to the Trust as follows: Washington Real Estate Investment Trust, 4936 Fairmont Avenue, Bethesda, Maryland 20814, and any notice required to be given hereunder to the Optionee shall be addressed to him at his address shown hereinabove, or to such other address as either party shall furnish in writing to the other.

7. The Optionee and the Trust agree to be bound by the terms and conditions hereof.

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8. This Agreement may be amended at any time by the written consent of both parties hereto, but shall not be amended so as to increase the number of Shares purchasable hereunder or decree the purchase price thereof (other than as herein provided) without the approval by vote of Shareholders owning a majority of the Trust's outstanding Shares.

IN WITNESS WHEREOF, the Trust, by its duly authorized officer, and the Optionee have executed this agreement in duplicate as of the day and year first above written.

ATTEST:

WASHINGTON REAL ESTATE
INVESTMENT TRUST

/s/ Mary T. Dean

By: /s/ Benjamin H. Dorsey

WITNESS:

OPTIONEE:

/s/ Mary T. Dean

/s/ B. Franklin Kahn

B. Franklin Kahn

WASHINGTON REAL ESTATE INVESTMENT TRUST
NONQUALIFIED STOCK OPTION AGREEMENT

This Nonqualified Stock Option Agreement dated December 14, 1994.

WITNESSETH:

1. Washington Real Estate Investment Trust, a real estate investment trust organized under the laws of the District of Columbia (the "Trust"), on the date set forth above has granted, and hereby evidences the grant to Edmund B. Cronin, Jr. residing at 16320 Batchelors Forest Road, Olney, Maryland 20832 (the "Optionee"), subject to the terms and conditions set forth herein, of the right and option to purchase from the Trust an aggregate of 9,091 shares of beneficial interest of the Trust ("Shares") at the purchase price of \$19.25 per share, such option to be exercisable as hereinafter provided.

2. The above-referenced option is exercisable as follows: fifty percent (50%) of such Shares may be purchased from the Trust in whole at any time or in part from time-to-time after the first anniversary date hereof, and one hundred percent (100%) may be so purchased after the second anniversary of such date.

Notwithstanding the above, the above-referenced option shall become exercisable in full as to the total number of Shares hereinabove referred to in the event of Optionee's termination of employment from the Trust (i) due to death or (ii) due to the incurrence of a total and permanent disability.

The option is cumulative; any portion of the option not exercised at the time it first becomes exercisable may be exercised at any time thereafter prior to the expiration of the term hereof.

The Shares may be purchased by giving the Trust written notice to exercise by written notice specifying the number of Shares to be purchased and the date on which the purchase will be completed. Such notice shall contain a statement by the Optionee that the Optionee has represented to the Trust that it is his present intention to acquire the Shares being purchased for investment and not with a view to resale or distribution. The certificates representing the Shares shall be legended appropriately to reflect the fact that the Shares have not been registered under the Securities Act of 1933 and that no sale or other distribution of such Shares may be made except pursuant to an effective registration statement under said Act or in a transaction exempt from such registration requirements. Upon the date of purchase so specified, Optionee shall deliver to the Trust the purchase price of the Shares to be purchased against delivery thereof to Optionee. The purchase price shall be paid in the form of cash, personal check and/or Shares of the Trust (at the current fair market value of such Shares). The Trust shall deliver such Shares on such date of purchase or within a reasonable period of time thereafter, provided, however, that if any law, regulation, or agreement requires the Trust to take any action with respect to such Shares before the issuance thereof, then the date of delivery of such Shares shall be extended for the period necessary to take such actions.

Prior to delivery of such Shares, the Optionee shall pay to the Trust such amount as the Trust determines is necessary to enable the Trust to meet any Federal and state tax withholding obligations attributable to the exercise of the option or make appropriate arrangements with the Trust to effectuate such Federal and state tax withholding obligations.

3. Without limiting the generality of the preceding paragraphs, it is understood and agreed that this Agreement and the option evidenced hereby are subject to the following conditions:

(a) The option shall not in any event be exercisable after the close of business on the day ("Expiration Date") which is ten (10) years after the date hereof;

(b) the option shall not be assignable or transferable by the Optionee except by will or the laws of descent and distribution, and during the lifetime of the Optionee shall be exercisable only by the Optionee or the Optionee's guardian or legal representative. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of the option or any of the rights of the Optionee hereunder (other than by will or the laws of descent and distribution), the option shall immediately become null and void and the rights and privileges of the Optionee hereunder shall immediately terminate;

(c) upon the death or total and permanent disability of the Optionee, the then exercisable portion of the option shall terminate one year after the date of such event but in no event later than the Expiration Date of the option. During this period of time, the option may be exercised by the Optionee, or the Optionee's guardian or legal representative, or in the event of the Optionee's death, the Optionee's estate, personal representative or beneficiary who acquires the option by will or by the laws of descent and distribution;

(d) if the Optionee ceases to be employed by the Trust due to termination of his employment without cause by the Trust, or expiration of the Optionee's Employment Agreement with the Trust without continuation of employment by the Trust, the then non-exercisable portion of the option shall terminate immediately and the then exercisable portion of the option shall terminate one year after the date of such termination of employment.

(e) if the Optionee ceases to be employed by the Trust due to termination of his employment for cause or voluntary termination by the Optionee, the then non-exercisable portion of the option shall terminate immediately and the then exercisable portion of the option shall terminate ninety (90) days after the date of such termination of employment;

(f) if the Optionee ceases to be employed by the Trust due to retirement at or after age 65, the option shall continue in accordance with its terms and shall expire on its Expiration Date unless previously exercised;

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(g) the Optionee shall have none of the rights or privileges of a shareholder with respect to the Shares issuable upon the exercise of the option until certificates representing such Shares shall have been issued and delivered to him upon the exercise of his Option;

4. The number and price of the Shares subject to this option shall be proportionately adjusted to reflect, as deemed equitable and appropriate by the Trust, any stock dividends, stock split or share combination of the Shares or recapitalization of the Trust or any new equity underwriting of the Trust. To the extent deemed equitable and appropriate by the Trust, subject to any required action by shareholders, in any merger, consolidation, reorganization, liquidation or dissolution, this option shall pertain to the securities and other property to which a holder of the number of Shares covered by the option would have been entitled to receive in connection with such event.

Upon the dissolution or liquidation of the Trust, this option shall terminate; but the Optionee shall have the right, immediately prior to such dissolution or liquidation, to exercise this option in full to the extent not theretofore exercised regardless of any provision in this Agreement providing for the deferment of the exercise thereof.

5. Neither the execution and delivery hereof, the granting of the option evidenced hereby, nor the Trust's obligation to deliver Shares upon the exercise of the option evidenced hereby shall constitute or be evidence of any agreement or understanding, express or implied, on the part of the Trust to employ the Optionee for any specific period.

6. Any notice required to be given hereunder to the Trust shall be addressed to the Trust as follows: Washington Real Estate Investment Trust, 10400 Connecticut Avenue, Concourse Level, Kensington, MD 20895 and any notice required to be given hereunder to the Optionee shall be addressed to him at his address shown hereinabove, or to such other address as either party shall furnish in writing to the other.

7. The Optionee agrees to be bound by the terms and conditions hereof.

8. This Agreement may be amended at any time by the written consent of both parties hereto, but shall not be amended so as to increase the number of Shares purchasable hereunder or decrease the purchase price thereof without the approval by vote of Shareholders owning a majority of the Trust's outstanding Shares.

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IN WITNESS WHEREOF, the Trust, by its duly authorized officer, and the Optionee have executed this agreement in duplicate as of the day and year first above written.

ATTEST: WASHINGTON REAL ESTATE
INVESTMENT TRUST

/s/ Mary T. Dean By: /s/ B. Franklin Kahn

WITNESS:

/s/ Mary T. Dean /s/ Edmund B. Cronin, Jr.

Edmund B. Cronin, Jr.