

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

OR

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

FOR QUARTER ENDED JUNE 30, 1999 COMMISSION FILE NO. 1-6622

WASHINGTON REAL ESTATE INVESTMENT TRUST
(Exact name of registrant as specified in its charter)

<TABLE>
<CAPTION>
<S>

<C>

MARYLAND

53-0261100

(State or other jurisdiction of incorporation or organization) (IRS Employer Identification Number)
</TABLE>

6110 EXECUTIVE BOULEVARD, ROCKVILLE, MARYLAND 20852

(Address of principal executive office) (Zip code)

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

(Former name, former address and former fiscal year,
if changed since last report)

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the close of the period covered by this report.

SHARES OF BENEFICIAL INTEREST 35,709,789

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve (12) months (or such shorter period that the Registrant was required to file such report) and (2) has been subject to such filing requirements for the past ninety (90) days.

YES X NO _____

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WASHINGTON REAL ESTATE INVESTMENT TRUST

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Part I

FINANCIAL INFORMATION

The information furnished in the accompanying Consolidated Balance Sheets, Statements of Income, Statements of Cash Flows and Statement of Changes in Shareholders' Equity reflect all adjustments, consisting of normal recurring items, which are, in the opinion of management, necessary for a fair presentation of the financial position, results of operations and of cash flows for the interim periods. The accompanying financial statements and notes thereto should be read in conjunction with the financial statements and notes for the three years ended December 31, 1998 included in the Trust's 1998 Annual Report on Form 10-K filed with the Securities and Exchange Commission.

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Part I

Item I. Financial Statements

WASHINGTON REAL ESTATE INVESTMENT TRUST

CONSOLIDATED BALANCE SHEETS

(In Thousands, except per share amounts)

<TABLE>
<CAPTION>

	(Unaudited) June 30, 1999	December 31, 1998
	-----	-----
Assets		
<S>	<C>	<C>
Real estate at cost	\$631,985	\$598,874
Accumulated depreciation	(73,525)	(68,301)
	-----	-----
Total investment in real estate	558,460	530,573
Cash and temporary investments	5,320	4,595
Rents and other receivables, net of allowance for doubtful accounts of \$928 and \$821, respectively	4,741	4,130
Prepaid expenses and other assets	17,290	19,409
	-----	-----
	\$585,811	\$558,707
	=====	=====
Liabilities		
Accounts payable and other liabilities	\$13,795	\$13,524
Tenant security deposits	4,825	4,331
Advance rents	2,319	2,680
Mortgage notes payable	28,642	28,912
Lines of credit payable	66,000	44,000
Notes payable	210,000	210,000
	-----	-----
	325,581	303,447
	-----	-----
Minority interest	1,545	1,527
	-----	-----
Shareholders' Equity		
Shares of beneficial interest; \$.01 par value; 100,000,000 shares authorized: 35,710 and 35,692 shares issued		

and outstanding at June 30, 1999 and December 31, 1998, respectively

Additional paid-in capital	357 258,328	357 253,376
	-----	-----
	258,685	253,733
	-----	-----
	\$585,811	\$558,707
	=====	=====

</TABLE>

See accompanying notes to financial statements

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WASHINGTON REAL ESTATE INVESTMENT TRUST

CONSOLIDATED STATEMENTS OF INCOME
(In Thousands, except per share amounts)
(Unaudited)

<TABLE>
<CAPTION>

30, 1998	Three Months Ended June 30,		Six Months Ended June
	1999	1998	1999
	-----	-----	-----
	<C>	<C>	<C>
Real estate rental revenue	\$28,864	\$25,413	\$56,518
\$49,914			
Real estate expenses	(8,595)	(7,812)	(17,100)
(14,942)			
	-----	-----	-----
Operating income	20,269	17,601	39,418
34,972			
Depreciation and amortization	(4,644)	(3,743)	(9,095)
(7,383)			
	-----	-----	-----
Income from real estate	15,625	13,858	30,323
27,589			
Other income	232	316	437
547			
Interest expense	(5,386)	(4,237)	(10,607)
(8,015)			
General and administrative	(1,706)	(1,650)	(2,939)
(3,178)			
	-----	-----	-----
Income before gain on sale of real estate	8,765	8,287	17,214
16,943			
	-----	-----	-----
Gain on sale of real estate	-	64	7,909
5,926			
	-----	-----	-----
Net Income	\$8,765	\$8,351	\$25,123
\$22,869			
	=====	=====	=====

Per share information based on the weighted average number of shares outstanding

Shares-- Basic	35,710	35,685	35,709
35,685			
Shares-- Diluted	35,732	35,805	35,730
35,798			

Net income per share-- Basic \$0.64	\$0.25	\$0.23	\$0.70
=====	=====	=====	=====
Net income per share-- Diluted \$0.64	\$0.25	\$0.23	\$0.70
=====	=====	=====	=====
Dividends paid \$0.55	\$0.2925	\$0.28	\$0.5725
=====	=====	=====	=====

</TABLE>

See accompanying notes to financial statements

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WASHINGTON REAL ESTATE INVESTMENT TRUST
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 1999
(Unaudited)
(In Thousands)

<TABLE>
<CAPTION>

	Shares	Par Value	Additional Paid in Capital	Shareholders' Equity
	-----	-----	-----	-----
<S>	<C> <C>	<C>	<C>	<C>
Balance, December 31, 1998	35,692	\$357	\$253,376	\$253,733
Net income			25,123	25,123
Dividends			(20,444)	(20,444)
Share Options Exercised	18	0	273	273
	-----	-----	-----	-----
Balance, June 30, 1999	35,710	\$357	\$258,328	\$258,685
	=====	=====	=====	=====

</TABLE>

See accompanying notes to financial statements

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WASHINGTON REAL ESTATE INVESTMENT TRUST
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)

<TABLE>
<CAPTION>

	(Unaudited)	
	Six Months Ended June 30, 1999	1998
	-----	-----
Cash Flow From Operating Activities		
<S>	<C>	<C>
Net income	\$25,123	\$22,869
Adjustments to reconcile net income to net cash provided by operating activities		
Gain on sale of real estate	(7,909)	(5,926)
Depreciation and amortization	9,095	7,383
Changes in other assets	933	388
Changes in other liabilities	596	4,675
	-----	-----
Net cash provided by operating activities	27,838	29,389
	-----	-----

Cash Flow From Investing Activities		
Capital improvements to real estate	(8,524)	(7,847)
Non-real estate capital improvements	(129)	(320)
Real estate acquisitions	(41,879)	(35,342)
Cash received for sale of real estate	22,033	9,239
	-----	-----
Net cash used in investing activities	(28,499)	(34,270)
	-----	-----
Cash Flow From Financing Activities		
Dividends paid	(20,444)	(19,626)
Net proceeds from debt offering	-	102,797
Borrowings - Lines of credit	22,000	17,000
Repayments - Lines of credit	-	(95,250)
Principal payments - Mortgage note payable	(270)	(69)
Share options exercised	100	195
	-----	-----
Net cash provided by financing activities	1,386	5,047
	-----	-----
Net increase in cash and temporary investments	725	166
Cash and temporary investments at beginning of year	4,595	7,908
	-----	-----
Cash and temporary investments at end of period	\$5,320	\$8,074
	=====	=====
Supplemental disclosure of cash flow information:		
Cash paid during the first six months for interest	\$10,068	\$4,690
	=====	=====

</TABLE>

See accompanying notes to financial statements

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WASHINGTON REAL ESTATE INVESTMENT TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 1999 (Unaudited)

NOTE 1: NATURE OF BUSINESS

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

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

NOTE 2: ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and note disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to those rules and regulations, although WRIT believes that the disclosures made are adequate to make the information presented not misleading.

Comprehensive Income

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

Earnings Per Common Share

"Basic earnings per share" is computed as net income divided by the weighted average common shares outstanding. "Diluted earnings per share" is computed as net income divided by the total weighted average common shares outstanding plus the effect of dilutive common equivalent shares outstanding for the period. Dilutive common equivalent shares reflect the assumed issuance of additional

common shares pursuant to certain of WRIT's share based compensation plans that could potentially reduce or "dilute" earnings per share, based on the treasury stock method.

New Accounting Pronouncements

In June 1998, SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," was issued. This statement (as amended by SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities--Deferral of the Effective Date of FASB Statement No. 133) establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts (collectively

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WASHINGTON REAL ESTATE INVESTMENT TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 1999 (Unaudited)

referred to as derivatives) and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. If certain conditions are met, a derivative may be specifically designated as (a) a hedge of the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment, (b) a hedge of the exposure to variable cash flows of a forecasted transaction, or (c) a hedge of the foreign currency exposure to a net investment in a foreign operation, an unrecognized firm commitment, an available-for-sale security, or a foreign-currency-denominated forecasted transaction. This statement is effective for all fiscal quarters of fiscal years beginning after June 15, 2000. Although WRIT currently has no derivative instruments that this statement would apply to, it could affect certain derivative instruments acquired by WRIT in future periods.

Revenue Recognition

Residential properties are leased under operating leases with terms of generally one year or less, and commercial properties are leased under operating leases with average terms of three to five years. WRIT recognizes rental income from its residential and commercial leases when earned and accounts for all rental abatements on a straight-line basis.

Deferred Financing Costs

Costs associated with the issuance of notes payable are capitalized and amortized using the effective interest rate method over the term of the related notes.

Real Estate and Depreciation

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

WRIT recognizes impairment losses on long-lived assets used in operations when indicators of impairment are present and the net undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. No such losses were recorded during 1999.

Cash and Temporary Investments

Cash and temporary investments includes cash equivalents with original maturities of 90 days or less.

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WASHINGTON REAL ESTATE INVESTMENT TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 1999 (Unaudited)

Use of Estimates in the Financial Statements

The preparation of financial statements in conformity with generally accepted

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

Reclassifications

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

NOTE 3: REAL ESTATE INVESTMENTS

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

	June 30, 1999 (In Thousands)
Office buildings	\$341,459
Industrial distribution centers	109,883
Apartment buildings	84,513
Shopping centers	96,130

	\$631,985
	=====

WRIT acquired the following properties during 1999:

<TABLE>
<CAPTION>

Acquisition Date	Property Name	Property Type	Rentable Square Feet	Acquisition Cost (in thousands)
<S>	<C>	<C>	<C>	<C>
January 27, 1999	Dulles South IV	Industrial	83,000	\$ 6,909
April 16, 1999	Sully Square	Industrial	95,000	\$ 7,557
May 21, 1999	600 Jefferson Plaza	Office	115,000	\$14,472
May 21, 1999	1700 Research Boulevard	Office	103,000	\$12,941

	Total		396,000	\$41,879
			=====	

</TABLE>

NOTE 4: UNSECURED LINES OF CREDIT PAYABLE

As of June 30, 1999, WRIT had two unsecured credit commitments in the amount of \$50 million and \$25 million. \$66 million was outstanding under the credit commitments as of June 30, 1999 leaving \$9 million available. Under the terms of the credit commitments, interest only is payable monthly, in arrears, on the unpaid principal balance. Amounts outstanding under the credit commitments during the six months ended June 30, 1999 bore interest at rates ranging from 5.54% to 6.23% per annum. All new advances will bear interest at LIBOR plus a spread based on WRIT's credit rating on its publicly issued debt. All unpaid interest and principal can be prepaid prior to the expiration of WRIT's interest rate lock-in periods subject to a yield maintenance obligation.

WASHINGTON REAL ESTATE INVESTMENT TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 1999 (Unaudited)

The \$50 million credit commitment requires WRIT to pay the lender unused commitment fees at the rate of 0.175% per annum on the amount by which the unused portion of the commitment exceeds the balance of outstanding advances and term loans. The \$25 million credit commitment requires WRIT to pay the lender a facility management fee of 0.175% per annum on the commitment amount of \$25 million. These fees are payable quarterly. The credit commitments also contain certain financial covenants related to debt, net worth, and cash flow, and non-financial covenants which WRIT has met as of June 30, 1999.

NOTE 5: NOTES PAYABLE

On August 13, 1996 WRIT sold \$50 million of 7.125% 7-year unsecured notes due August 13, 2003, and \$50 million of 7.25% unsecured 10-year notes due August 13, 2006. The 7-year notes were sold at 99.107% of par and the 10-year notes were sold at 98.166% of par. Net proceeds to the Trust after deducting underwriting expenses were \$97.6 million. The 7-year notes bear an effective interest rate of 7.46%, and the 10 year notes bear an effective interest rate of 7.49%, for a combined effective interest rate of 7.47%. WRIT used the proceeds of these notes to pay down its lines of credit and to finance acquisitions and capital

improvements to its properties.

On February 20, 1998, WRIT sold \$50 million of 7.25% unsecured notes due February 25, 2028 at 98.653% to yield approximately 7.36%. WRIT also sold \$60 million in unsecured Mandatory Par Put Remarketed Securities ("MOPPRS") at an effective borrowing rate through the remarketing date (February 2008) of approximately 6.74%. The net proceeds to WRIT after deducting loan origination fees was \$102.7 million. WRIT used the proceeds of these notes for general business purposes, including repayment of outstanding advances under its lines of credit and to finance acquisitions and capital improvements to its properties. WRIT's costs of the borrowings of approximately \$7.2 million will be amortized over the lives of the notes using the effective interest method.

These notes contain certain financial and non-financial covenants which WRIT has met as of June 30, 1999.

NOTE 6: SALE OF REAL ESTATE

On February 8, 1999, WRIT sold two office buildings, 444 N. Frederick Road and Arlington Financial Center and one industrial distribution facility, Department of Commerce. The properties were sold for approximately \$21.5 million in cash resulting in a gain of approximately \$7.8 million. On February 26, 1999, WRIT sold the V Street Distribution Center for \$0.6 million in cash resulting in a gain of approximately \$0.1 million. WRIT used the proceeds from these sales towards the purchase of Sully Square industrial property and 600 Jefferson Plaza and 1700 Research Boulevard office properties, thereby deferring income taxes related to the taxable gain on sale.

NOTE 7: SEGMENT INFORMATION

WRIT has four reportable segments: Office Buildings, Industrial Distribution Centers, Apartment Buildings and Shopping Centers. Office Buildings represent 51% of real estate rental revenue and provide office space for various types of businesses. Industrial Distribution Centers represent 14% of real estate rental revenue and are used for warehousing and distribution. Apartment Buildings represent 19% of real estate rental revenue. These properties provide housing for families throughout the Washington Metropolitan area. Shopping Centers represent the

WASHINGTON REAL ESTATE INVESTMENT TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 1999 (Unaudited)

remaining 16% of real estate rental revenue and are typically grocery store or drug store anchored centers and retail outlets for a variety of stores.

The accounting policies of the segments are the same as those described in Note 2. WRIT evaluates performance based upon operating income from the combined properties in each segment. WRIT's reportable segments are consolidations of similar properties. They are managed separately because each segment requires different operating, pricing and leasing strategies. All of these properties have been acquired separately and are incorporated into the applicable segment.

<TABLE>
<CAPTION>

	(in thousands)				
	Office Buildings	Industrial Centers	Apartment Buildings	Shopping Centers	Corporate and Other
Three Months Ended June 30, 1999					
Consolidated					

<S>	<C>	<C>	<C>	<C>	<C>
Real estate rental revenue	\$14,845	\$3,914	\$5,489	\$4,616	\$-
\$28,864					
Real estate expenses	4,578	865	2,079	1,073	-
8,595					

Operating income	10,267	3,049	3,410	3,543	-
20,269					
Depreciation and amortization	2,606	814	664	560	-
4,644					

Income from real estate	7,661	2,235	2,746	2,983	-
15,625					
Other income	-	-	-	-	232
232					
Interest expense	(413)	-	-	(164)	(4,809)
(5,386)					

General and administrative (1,706)	-	-	-	-	(1,706)
=====					
Net income before gain on sale of real estate \$8,765	\$7,248	\$2,235	\$2,746	\$2,819	\$(6,283)
=====					
Capital investments \$38,226	\$29,286	\$8,113	\$621	\$116	\$90
=====					
Total assets \$585,811	\$314,150	\$102,772	\$65,538	\$84,217	\$19,134
=====					

Consolidated	(in thousands)				
	Three Months Ended June 30, 1998				
	Office Buildings	Industrial Centers	Apartment Buildings	Shopping Centers	Corporate and Other
-----	-----				
Real estate rental revenue \$25,413	\$12,555	\$3,256	\$5,290	\$4,312	\$-
Real estate expenses 7,812	4,219	655	2,014	924	-
-----	-----				
Operating income 17,601	8,336	2,601	3,276	3,388	-
Depreciation and amortization 3,743	2,061	542	648	492	-
-----	-----				
Income from real estate 13,858	6,275	2,059	2,628	2,896	-
Other income 316	-	-	-	-	316
Interest expense (4,237)	-	-	-	(167)	(4,070)
General and administrative (1,650)	-	-	-	-	(1,650)
=====					
Net income before gain on sale of real estate \$8,287	\$6,275	\$2,059	\$2,628	\$2,729	\$(5,404)
=====					
Capital investments \$40,206	\$3,292	\$29,594	\$792	\$6,414	\$114
=====					

</TABLE>

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WASHINGTON REAL ESTATE INVESTMENT TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 1999 (Unaudited)

<TABLE>
<CAPTION>

Consolidated	(in thousands)				
	Six Months Ended June 30, 1999				
	Office Buildings	Industrial Centers	Apartment Buildings	Shopping Centers	Corporate and Other
-----	-----				
<S> <C>	<C>	<C>	<C>	<C>	<C>
Real estate rental revenue \$56,518	\$28,847	\$7,742	\$10,887	\$9,042	\$-
Real estate expenses	9,095	1,759	4,153	2,093	-

17,100					

Operating income 39,418	19,752	5,983	6,734	6,949	-
Depreciation and amortization 9,095	5,123	1,560	1,317	1,095	-

Income from real estate 30,323	14,629	4,423	5,417	5,854	-
Other income 437	-	-	-	-	437
Interest expense (10,607)	(827)	-	-	(328)	(9,452)
General and administrative (2,939)	-	-	-	-	(2,939)
=====					
Net income before gain on sale of real estate \$17,214	\$13,802	\$4,423	\$5,417	\$5,526	\$(11,954)
=====					
Capital investments \$50,532	\$32,171	\$15,825	\$1,259	\$1,148	\$129

	(in thousands)				
	Six Months Ended June 30, 1998				
Consolidated	Office Buildings	Industrial Centers	Apartment Buildings	Shopping Centers	Corporate and Other

Real estate rental revenue \$49,914	\$24,917	\$6,117	\$10,449	\$8,431	\$-
Real estate expenses 14,942	8,095	1,212	3,916	1,719	-

Operating income 34,972	16,822	4,905	6,533	6,712	-
Depreciation and amortization 7,383	4,108	1,002	1,285	988	-

Income from real estate 27,589	12,714	3,903	5,248	5,724	-
Other income 547	-	-	-	-	547
Interest expense (8,015)	-	-	-	(334)	(7,681)
General and administrative (3,178)	-	-	-	-	(3,178)
=====					
Net income before gain on sale of real estate \$16,943	\$12,714	\$3,903	\$5,248	\$5,390	\$(10,312)
=====					
Capital investments \$43,510	\$5,220	\$29,898	\$1,097	\$6,975	\$320

</TABLE>

WRIT's Management's Discussion and Analysis of Financial Condition and Results of Operations contains statements that may be considered forward looking. Although WRIT believes that the expectations reflected in such forward-looking statements are based upon reasonable assumptions, it can give no assurance that its expectations will be achieved. Factors that could cause actual results to differ materially from WRIT's current expectations include general economic conditions, local real estate conditions, the performance of properties that WRIT has acquired or may acquire and other risks, detailed from time to time in the WRIT's past and future SEC reports.

REAL ESTATE RENTAL REVENUE AND OPERATING INCOME: Three Months Ended June 30, 1999 Compared to the Three Months Ended June 30, 1998

Total revenues for the second quarter of 1999 increased 13.6% (\$3.5 million) to \$28.9 million from \$25.4 million in the second quarter of 1998. Operating income increased 15.2% (\$2.7 million) to \$20.3 million from \$17.6 million in the second quarter of 1998.

For the second quarter of 1999, WRIT's office buildings had increases of 18.2% in revenues and 23.2% in operating income, over the second quarter of 1998. These increases were primarily due to the acquisitions of 8230 Boone Boulevard in September 1998, Woodburn Medical Park in November 1998 and 600 Jefferson Plaza and 1700 Research Boulevard in May 1999 offset in part by the sale of 444 N. Frederick and Arlington Financial Center in February 1999, and increased core portfolio operating income. Comparing those office buildings owned by WRIT for the entire second quarters of 1998 and 1999, revenue and operating income increased 7.3% and 11.1% respectively. These increases in revenues and operating income were primarily due to increases in rental rates, occupancy and tenant pass through expense recoveries across the sector. Operating income was partially offset by an increase of \$0.4 million (8.5%) in real estate expenses in the second quarter of 1999.

For the second quarter of 1999, WRIT's industrial distribution center revenues and operating income increased 20.2% and 17.2% respectively, over the second quarter of 1998. This was primarily due to the acquisitions of Northern Virginia Industrial Park in May 1998, 8900 Telegraph Road in September 1998, Dulles South IV in January 1999 and Sully Square in April 1999, offset in part by the sale of Department of Commerce and V Street Distribution Center in February 1999, and due to increased core portfolio operating income. Comparing those industrial distribution centers owned by WRIT for the entire second quarters of 1998 and 1999, revenue and operating income increased by 4.2% and 4.3% respectively. These increases in revenues and operating income were primarily due to increased rental rates and occupancy. Operating income was partially offset by an increase of \$0.2 million (32.1%) in real estate expenses in the second quarter of 1999.

For the second quarter of 1999, WRIT's apartment revenues and operating income increased 3.8% and 4.1% respectively over the second quarter of 1998. These increases were primarily due to increased rental and

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ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

occupancy rates. WRIT did not purchase or sell any apartment properties in 1998 or thus far in 1999.

For the second quarter of 1999, WRIT's shopping center revenues and operating income increased 7.1% and 4.6% respectively over the second quarter of 1998. These increases were primarily due to the acquisition of 800 South Washington Street in June 1998, offset in part by the sale of Dover Mart in December 1998, and due to increased core portfolio revenues and operating income. Comparing those shopping centers owned by WRIT for the entire second quarters of 1998 and 1999, revenue and operating income increased by 8.9% and 10.1% respectively. These increases were primarily due to increased rental and occupancy rates, decreased bad debt expense and increased tenant pass through expense recoveries. Operating income was partially offset by an increase of \$0.1 million (16.1%) in real estate expenses in the second quarter of 1999.

REAL ESTATE RENTAL REVENUE AND OPERATING INCOME: Six Months Ended June 30, 1999 Compared to the Six Months Ended June 30, 1998

Total revenues for the first six months of 1999 increased 13.2% (\$6.6 million) to \$56.5 million from \$49.9 million for the first six months of 1998. Operating income increased 12.6% (\$4.4 million) to \$39.4 million from \$35.0 million in the second quarter of 1998.

For the first six months of 1999, WRIT's office buildings had increases of 15.8% in revenues and 17.4% in operating income, over the first six months of 1998. These increases were primarily due to the acquisitions of 8230 Boone Boulevard in September 1998, Woodburn Medical Park in November 1998 and 600 Jefferson Plaza and 1700 Research Boulevard in May 1999 offset in part by the sale of 444

N. Frederick and Arlington Financial Center in February 1999, and increased core portfolio operating income. Comparing those office buildings owned by WRIT for the first six months of 1998 and 1999, revenue and operating income increased 7.4% and 7.6% respectively. These increases in revenues and operating income were due to increases in rental rates, occupancy, antenna rent and tenant pass through expense recoveries across the sector. Operating income was partially offset by an increase of \$1.0 million (12.4%) in real estate expenses in the second quarter of 1999.

For the first six months of 1999, WRIT's industrial distribution center revenues and operating income increased 26.6% and 22.0% respectively, over the first six months of 1998. This was primarily due to the acquisitions of Northern Virginia Industrial Park in May 1998, 8900 Telegraph Road in September 1998, Dulles South IV in January 1999 and Sully Square in April 1999, offset in part by the sale of Department of Commerce and V Street Distribution Center in February 1999, and due to increased core portfolio operating income. Comparing those industrial distribution centers owned by WRIT for the first six months of 1998 and 1999, revenue and operating income increased by 6.0% and 3.8% respectively. These increases in revenues and operating income were primarily due to increased rental rates and tenant pass through expense recoveries. Operating income was partially offset by an increase of \$0.5 million (45.1%) in real estate expenses in the second quarter of 1999.

For the first six months of 1999, WRIT's apartment revenues and operating income increased 4.2% and 3.1% respectively over the first six months of 1998. These increases were primarily due to increased rental and occupancy rates. Operating income was partially offset by an increase of \$0.2 million (6.1%) in real estate expenses in the second quarter of 1999. WRIT did not purchase any apartment properties in 1998 or thus far in 1999.

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ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the first six months of 1999, WRIT's shopping center revenues and operating income increased 7.2% and 3.5% respectively over the first six months of 1998. These increases were primarily due to the acquisition of 800 South Washington Street in June 1998, offset in part by the sale of Dover Mart in December 1998, and due to increased core portfolio revenues. Comparing those shopping centers owned by WRIT for the first six months of 1998 and 1999, revenue and operating income increased by 3.7% and 2.8% respectively. These increases were primarily due to increased rental and occupancy rates, decreased bad debt expense and increased tenant pass through expense recoveries. Operating income was partially offset by an increase of \$0.4 million (21.8%) in real estate expenses in the second quarter of 1999.

OPERATING EXPENSES AND OTHER RESULTS OF OPERATIONS: Three Months Ended June 30, 1999 Compared to the Three Months Ended June 30, 1998

Real estate expenses increased \$0.8 million or 10.0% to \$8.6 million as compared to \$7.8 million for the second quarter of 1998. This increase is primarily due to expenses relating to properties acquired in 1998 and 1999 partially offset by the impact of the properties sold in 1998 and 1999 as well as an increase of 2.1% in core portfolio operating expense.

Depreciation and amortization expense increased \$0.9 million or 24.1% to \$4.6 million as compared to \$3.7 million for the second quarter of 1998. This is primarily due to 1998 and year to date 1999 acquisitions of \$82.2 million and \$41.9 million, respectively, and 1998 and year to date 1999 capital and tenant improvement expenditures which totaled \$18.7 million and \$8.5 million, respectively.

Total interest expense was \$5.4 million for the second quarter of 1999 as compared to \$4.2 million for the second quarter of 1998. This increase is primarily attributable to the assumption of \$21.6 million in mortgages in November 1998 in connection with the acquisition of Woodburn Medical Park and an increased average balance outstanding on the lines of credit in 1999 due to 1999 property acquisitions. For the second quarter of 1999, notes payable interest expense was \$3.9 million, lines of credit interest expense was \$0.9 million and mortgage interest expense was \$0.6 million. For the second quarter of 1998, notes payable interest expense was \$3.9 million, lines of credit interest expense was \$0.1 million and mortgage interest expense was \$0.2 million.

General and administrative expenses increased \$0.1 million to \$1.7 million as compared to \$1.6 million for the second quarter of 1998. The change is primarily attributable to increased salaries, incentive compensation and shareholder expenses offset by decreased legal fees. For the second quarter of 1999, general and administrative expenses as a percentage of revenue were 5.9% as compared to 6.5% for the second quarter of 1998.

OPERATING EXPENSES AND OTHER RESULTS OF OPERATIONS: Six Months Ended June 30, 1999 Compared to the Six Months Ended June 30, 1998

Real estate expenses increased \$2.2 million or 12.6% to \$17.1 million as compared to \$14.9 million for the first six months of 1998. This increase is primarily due to expenses relating to properties acquired in 1998 and 1999

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ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

as well as increased utilities, repairs and maintenance, operating services and common area maintenance expenses in 1999 as compared to 1998 due to milder weather conditions in the first quarter of 1998 partially offset by the impact of the properties sold in 1998 and 1999.

Depreciation and amortization expense increased \$1.7 million or 23.2% to \$9.1 million as compared to \$7.4 million for the first six months of 1998. This is primarily due to 1998 and year to date 1999 acquisitions of \$82.2 million and \$41.9 million, respectively, and 1998 and year to date 1999 capital and tenant improvement expenditures which totaled \$18.7 million and \$8.5 million, respectively.

Total interest expense was \$10.6 million for the first six months of 1999 as compared to \$8.0 million for the second quarter of 1998. This increase is primarily attributable to the issuance of \$110.0 million in medium term notes in February 1998, the assumption of \$21.6 million in mortgages in November 1998 in connection with the acquisition of Woodburn Medical Park and an increased average balance outstanding on the lines of credit in 1999 due to 1999 property acquisitions. For the first six months of 1999, notes payable interest expense was \$7.9 million, lines of credit interest expense was \$1.6 million and mortgage interest expense was \$1.2 million. For the first six months of 1998, notes payable interest expense was \$6.6 million, lines of credit interest expense was \$1.1 million and mortgage interest expense was \$0.3 million.

General and administrative expenses decreased \$0.2 million to \$2.9 million as compared to \$3.2 million for the first six months of 1998. The change is primarily attributable to decreased incentive compensation and legal fees. For the first six months of 1999, general and administrative expenses as a percentage of revenue were 5.2% as compared to 6.4% for the first six months of 1998.

Gain on sale of real estate for the six months ended June 30, 1999 was \$7.9 million, resulting from the sale of 444 N. Frederick Road, Arlington Financial Center, Department of Commerce and V Street Distribution Center. Gain on sale of real estate for the six months ended June 30, 1998 was \$5.9 million, resulting from the sale of Shirley 395 Business Center and 5410 Port Royal Business Center.

CAPITAL RESOURCES AND LIQUIDITY

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

WRIT has line of credit commitments in place from commercial banks for up to \$75 million which bear interest at an adjustable spread over LIBOR based on the Trust's interest coverage ratio and public debt rating. As of June 30, 1999, WRIT had \$66 million outstanding under its lines of credit. WRIT acquired six properties in 1998 and four properties in 1999 (as of June 30) for total acquisition costs of \$82.2 million and \$41.9 million, respectively. The 1998 acquisitions were primarily financed through line of credit advances, from the February

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ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

1998 issuance of \$110.0 million of medium term notes (after repayment of amounts outstanding under line of credit advances of \$95.3 million), the assumption of mortgages payable of \$21.6 million and from the reinvestment of the proceeds from the sale of three properties in 1998 of \$10.8 million. The 1999 acquisitions was financed through line of credit advances and the use of the proceeds from the property sales in February 1999.

Cash flow from operating activities totaled \$27.8 million for the first six months of 1999, as a result of net income before gain on sale of real estate of \$17.2 million, depreciation and amortization of \$9.1 million, decreases in other assets of \$0.9 million and increases in liabilities (other than mortgage note, senior notes and lines of credit payable) of \$0.6 million. The majority of the increase in cash flow from operating activities was due to a larger property portfolio and increased rental rates.

Net cash used in investing activities for the first six months of 1999 was \$28.5 million, including real estate acquisitions of \$41.8 million and capital improvements to real estate of \$8.5 million offset by cash received from sale of real estate properties of \$22.0 million.

Net cash provided by financing activities for the first six months of 1999 was \$1.4 million, including line of credit borrowings of \$22.0 million, principal repayments of \$0.3 million on the mortgage notes payable and \$20.4 million in dividends paid. Rental revenue has been the principal source of funds to pay WRIT's operating expenses, interest expense and dividends to shareholders.

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

QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

The only material market risk to which WRIT is exposed is interest rate risk. WRIT's exposure to market risk for changes in interest rates relates primarily to refinancing long-term fixed rate obligations, the opportunity cost of fixed rate obligations in a falling interest rate environment and its variable rate lines of credit. WRIT primarily enters into debt obligations to support general corporate purposes including acquisition of real estate properties, capital improvements and working capital needs. In the past, WRIT has used interest rate hedge agreements to hedge against rising interest rates in anticipation of refinancing or new debt issuance.

WRIT's interest rate risk has not changed significantly from its risk as disclosed in its 1998 Form 10-K.

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ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

YEAR 2000

General

WRIT has assessed and continues to assess the impact of the Year 2000 issue on its reporting systems and operations. The Year 2000 issue exists because many computer systems and applications and other systems using computer chips currently use two-digit fields to designate a year. When the century date occurs, date sensitive systems may recognize the year 2000 as 1900 or not at all. This inability to recognize or properly treat the year 2000 may cause the systems to process critical financial and operations information incorrectly.

In 1998, WRIT implemented a new financial reporting system. The implementation was not done in response to Year 2000 issues but in order to improve reporting processes. The new system is Year 2000 compliant. Management has implemented a project to review the remaining operating systems, including building operations, internal operating systems and third party compliance to determine if there are any Year 2000 issues related to such systems.

Project

WRIT's Year 2000 Project (the "Project") is divided into three major sections--Building Operations, Internal Operating Systems and External Agents (i.e. tenants and third party suppliers). The general phases common to each section are: (1) inventorying Year 2000 items; (2) assigning priorities to identified items; (3) assessing the Year 2000 compliance of items determined to be material to WRIT; (4) repairing or replacing material items that are determined not to be Year 2000 compliant; (5) testing material items; and (6) designing and implementing contingency and business continuation plans for each property location and corporate headquarters.

As of June 30, 1999, the inventory, priority assignment and assessment of material items phases of each section of the Project had been completed. Material items are those that WRIT's management believes have a risk involving the safety of individuals, damage to the environment or property or financial loss. The testing phases of the Project are currently being performed by the Trust.

The Building Operations section consists of testing key systems at the property locations, such as fire detection/ prevention, elevators, heating/ ventilation and air conditioning, telephone and utility services. The assessment section is on schedule, and WRIT estimates that approximately 95% of the activities relating to this section were completed as of June 30, 1999. The process of replacing items that are not in compliance and the subsequent testing of these items is ongoing and is expected to be completed by September 30, 1999. There have not been any significant repairs or replacements related to this phase of the project. Contingency planning for this section is underway. All Building Operations activities are expected to be completed in the fourth quarter of 1999.

The Internal Operating Systems section includes the assessment of existing hardware and software and, where applicable, the replacement of hardware/ software that is not Year 2000 compliant. The assessment phase is complete, and WRIT believes that all of the significant hardware and software is Year 2000 compliant. Contingency planning and testing for this section is expected to be completed by the third quarter 1999. All Internal Operating Systems activities are expected to be completed by the third quarter 1999.

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ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The External Agents section includes the process of identifying and prioritizing critical suppliers and customers at the direct interface level and communicating with them about their plans and progress in addressing the year 2000 problem. Evaluations of critical third parties, documentation and development of contingency plans is complete as of June 30, 1999. The testing of certain material vendors is underway with completion scheduled for the fourth quarter of 1999.

Costs

WRIT has not had any material expenditures related to the Year 2000 project as of June 30, 1999. The total cost associated with required modifications to become Year 2000 compliant is not expected to be material to WRIT's financial position.

Risks

The failure to correct a material Year 2000 problem could result in an interruption in, or failure of, certain normal business activities or operations. Material failures could materially and adversely affect WRIT's results of operations, liquidity and financial condition. Due to the general uncertainty inherent in the Year 2000 problem, resulting in part from the uncertainty of the Year 2000 readiness of tenants and third party suppliers, WRIT is unable to determine at this time whether the consequences of Year 2000 failures will have a material impact on WRIT's results of operations, liquidity or financial condition. The Year 2000 Project is expected to significantly reduce WRIT's level of uncertainty about the Year 2000 problem and, in particular, about the Year 2000 compliance and readiness of its material External Agents. WRIT's management believes that with the completion of the Project as scheduled, the possibility of significant interruptions should be reduced.

Readers are cautioned that forward looking statements contained in the Year 2000 update should be read in conjunction with WRIT's disclosures under the heading: "FORWARD LOOKING STATEMENTS."

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PART II

OTHER INFORMATION

- | | |
|---------|-----------------------------------------------------|
| Item 1. | Legal Proceedings |
| | None |
| Item 2. | Changes in Securities |
| | None |
| Item 3. | Defaults Upon Senior Securities |
| | None |
| Item 4. | Submission of Matters to a Vote of Security Holders |

At WRIT's annual meeting of the Shareholders on May 24, 1999, the following members were elected to the Board of Trustees for a period of three years:

	Affirmative Votes	Negative Votes
Ms. Susan J. Williams	31,750,423 (98%)	653,159 (2%)
Mr. Clifford M. Kendall	31,823,452 (98%)	580,132 (2%)

Ms. Williams and Mr. Kendall were elected as successor Trustees for Mr. William N. Cafritz and Mr. Stanley P. Snyder. Trustees whose term of office continued after the meeting were Mr. Arthur A. Birney, Mr. John M. Derrick, Jr., Mr. Edmund B. Cronin, Jr., Mr. John P. McDaniel and Mr. David M. Osnos.

The Shareholders approved an amendment to the Declaration of Trust pertaining to the settlement of share trades with 30,920,113 votes in favor (representing 95% of voting shares), 792,752 votes opposed (representing 2% of voting shares) and 690,711 votes abstaining (2% of voting shares).

The Shareholders did not approve an amendment to the Declaration of Trust that would have authorized the issuance of preferred shares. This amendment required the approval of 70% of outstanding shares, with non-votes counting as votes against. The proposed amendment received 22,413,818 votes in favor (representing 91% of nonabstaining shares and 63% of outstanding shares), 2,250,684 votes against (9% of nonabstaining shares and 6% of outstanding shares) and 527,560 votes abstaining (1% of outstanding shares).

Item 5. Other Information

None

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Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

(3) Articles of Amendment to Declaration of Trust dated June 24, 1999--incorporated by reference to Exhibit 4c to Amendment No. 1 to the Trust's Form S-3 registration statement filed with the Securities and Exchange Commission as of July 14, 1999.

(27) Financial Data Schedule

(b) Reports on Form 8-K

1. May 3, 1999--Report pursuant to Item 5 on the release of the Trust's March 31, 1999 earnings information
2. July 26, 1999--Report pursuant to Item 5 on the release of the Trust's June 30, 1999 earnings information

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has fully caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

WASHINGTON REAL ESTATE INVESTMENT TRUST

s/Larry E. Finger/

Larry E. Finger,
Senior Vice President
and Chief Financial Officer

s/Laura M. Franklin/

Laura M. Franklin,
Vice President,
Chief Accounting Officer and
Corporate Secretary

Date: August 13, 1999

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